

**MINUTES**  
**ROCKFORD POLICE PENSION BOARD**  
**FEBRUARY 21, 2013**

**MEMBERS PRESENT:** Jeff Nielsen, President  
Marcia Mueller, VP  
Terry Peterson, Secretary  
Matt Williams, Assist. Secretary  
Scott Laue, Trustee

**ABSENT:**

**ALSO PRESENT:** Al Mezny – Holmstrom & Kennedy  
Mike Piotrowski – Marquette Associates

**GUESTS:** Chip Tatlow – Dimensional Fund Advisors

**STAFF:** Ted Dutkiewicz, Finance  
Linda Wlaznik, Finance

The February 21, 2013 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order at 8:14 a.m.

**MINUTES**

Motion by Mueller and seconded by Laue to approve minutes of the January 18, 2013 Board meeting. APPROVED.

**PUBLIC COMMENT**

NONE

**BILLS**

Motion by Mueller and seconded by Laue to approve February City Services of \$9,300.00. APPROVED.

Ayes: Nielsen, Mueller, Williams, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve January postage charges of \$247.17. APPROVED.

Ayes: Nielsen, Mueller, Williams, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom & Kennedy, P.C. for January attorney fees for general in the amount of \$900.00. APPROVED.

Ayes: Nielsen, Mueller, Williams, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom & Kennedy P.C. for January attorney fees for the Kuznets disability matter in the amount of \$545.00, which includes \$472.50 for services and \$72.50 for net disbursements. APPROVED.

Ayes: Nielsen, Mueller, Williams, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom & Kennedy, P.C. for January attorney fees for the Soria disability matter in the amount of \$277.20, which includes \$270.00 for services and \$7.20 for disbursements. APPROVED.

Ayes: Nielsen, Mueller, Williams, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Kayne Anderson Rudnick for investment management fees for October 1, 2012 through December 31, 2012 in the amount of \$32,536.00. APPROVED.

Ayes: Nielsen, Mueller, Williams, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Rockford Orthopedic Associates for Roger Farrar and Mark Valadez in the amount of \$500.00. APPROVED.

Ayes: Nielsen, Mueller, Williams, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Marianne Geiger in the amount of \$240.00 regarding the Mark Hollis evaluation. APPROVED.

Ayes: Nielsen, Mueller, Williams, and Laue  
Nays: None

Peterson joined the meeting at 8:22 a.m.

Motion by Laue and seconded by Williams to approve payment to Orthopedic Associates of Northern Illinois for Holly Berke in the amount of \$850.00. APPROVED.

Ayes: Nielsen, Peterson, Williams, and Laue  
Nays: None  
Abstain: Mueller

Motion by Laue and seconded by Peterson to approve travel reimbursement (IPPPFA Conference) to Marcia Mueller in the amount of \$65.61. APPROVED.

Ayes: Nielsen, Peterson, Williams, and Laue  
Nays: None  
Abstain: Mueller

## **ATTORNEY'S REPORT**

Attorney Mezny referred the board to a draft letter. Mueller stated that a decision was needed whether to add a description of the trustee's obligations such as attending meetings, review of materials, continuing education, etc. so that people understand the obligation before being nominated. Wlaznik stated that the information was explained to anyone that is nominated. It was decided that all ballots must be received by April 15.

Motion by Mueller and seconded by Laue to set the date of April 15<sup>th</sup> for the return of the ballots. APPROVED.

Attorney Mezny reminded the board of the Open Meetings Act training. Attorney Mezny also mentioned finding the minutes for mid 1998 through the time that Holmstrom & Kennedy starting representing the Police Pension Board.

Attorney Mezny stated that the order for Haske-Whisenand had a scrivener's error in the last page.

Motion by Mueller and seconded by Williams to approve the corrected order for the Haske-Whisenand disability pension order. APPROVED.

Attorney Mezny suggested going into closed session.

Motion to go into closed session pursuant to Open Meetings Act section 2(c) (1) with respect to hearings regarding the compensation of a member of the fund was made by Mueller and seconded by Peterson at 8:40 a.m.

Ayes: Nielsen, Mueller, Peterson, Williams, and Laue

Nays: None

The meeting returned to open session at 8:59 a.m. and found the following members present: Marcia Mueller, Terry Peterson, Matt Williams, Scott Laue, Jeff Nielsen, and Attorney Mezny.

Nielsen reported that the spouse of Ron Gessner died last week.

Motion by Mueller and seconded by Peterson to approve continuance of disability pensions of Roger Farrar, Mark Valadez, Mark Hollis, and Holly Berke based on the medical opinions received with attached invoices.

Ayes: Nielsen, Mueller, Peterson, Williams, and Laue

Nays: None

Nielsen stated that the board is aware of the Aaron Lesmeister duty/non-duty disability application.

## **PAYROLL**

Motion by Mueller and seconded by Williams to approve the February estimated payroll amount of \$1,127,022.88. APPROVED.

Ayes: Nielsen, Mueller, Peterson, Williams, and Laue

Nays: None

## **MARQUETTE ASSOCIATES**

Piotrowski stated that the fund finished strong last year. Bonds had a negative return for the month of February. As Yield prices go up, bonds go down. The Intermediate Government Index Fund was down 40 basis points for the month. The S & P had the best start to the year since 1997, up 5.2%. Small Caps outperformed Large Caps.

The total assets are north of \$162 million. The PIMCO fund was up 1% over the entire month. The Diversified Fund Advisors had a difficult period in 2011, but their performance improved in 2012.

Motion by Mueller and seconded by Peterson to approve withdrawal of \$500,000 from Vanguard REITs and \$540,000 from the Vanguard Midcap Index Fund for cash needs for the payment of benefits. APPROVED.

Ayes: Nielsen, Mueller, Peterson, Williams, and Laue

Nays: None

Peterson asked why Diversified Fund Advisor's was on alert status. Piotrowski stated that the alert status was due to performance.

Motion by Mueller and seconded by Laue to approve Purchases and Sales.

Ayes: Nielsen, Mueller, Peterson, Williams, and Laue

Nays: None

### **Presentation by Dimensional Fund Advisor's**

Piotrowski introduced Chip Tatlow of Dimensional Fund Advisors. Mr. Tatlow briefed the board on the updates. Currently Dimensional Fund Advisors has \$262 billion in assets under management.

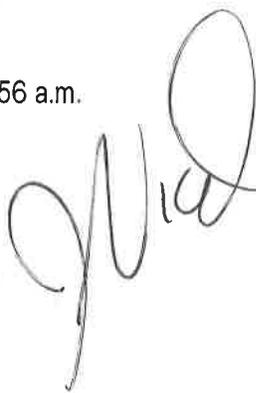
Mr. Tatlow stated that the market price in a liquid market generally reflects public information. There are ways of structuring the portfolio to focus on certain dimensions of the market place, which over time will earn higher expected returns. Mr. Tatlow discussed the Dynamic Investment Process. Mr. Tatlow explained the Strategy Construction. Dimensional Fund Advisors looks for stocks to exclude from the portfolio; for example, utilities are excluded. The firm avoids the negative impact of momentum. Trading International Small Cap stocks can be costly.

For 2012 the International Small Cap portfolio added 22.26% net of fees. Mr. Tatlow referred the board to page 22, which detailed the attributions by Book-to-Market.

Piotrowski stated that depending on the stock market, Dimensional Fund Advisors performance should improve. Mr. Tatlow referred the board to pages 31 and 32, which illustrates the yearly observations of premiums and the 5-year moving average of premiums.

Piotrowski stated that he had provided the board with an updated red-lined copy of the updated Investment Policy. The board suggested changes; Piotrowski stated that the Investment Policy could be postponed one month.

A motion to adjourn was made and seconded at 9:56 a.m.

A handwritten signature in black ink, appearing to be 'M. Nielsen', is written over the text of the adjournment motion.