MINUTES
ROCKFORD POLICE PENSION BOARD
MAY 15, 2014

MEMBERS PRESENT: Jeff Nielsen, President
Matt Williams, Secretary
Mike McDonald, Assist Secretary
Scott Laue, Trustee

ABSENT: Marcia Mueller, VP

ALSO PRESENT: Roberta Holzwarth - Holmstrom & Kennedy
Mike Piotrowski – Marquette Associates
Eric Gaylord – Marquette Associates

GUESTS: Tim Bowen – Mesirow Financial
Elizabeth Philipp - PIMCO

STAFF: Ted Dutkiewicz, Finance
Linda Wlaznik, Finance

The May 15, 2014 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order at 8:05 am.

Motion by Laue and seconded by McDonald to approve the April 17, 2014 minutes of the Board meeting pending changes noted. APPROVED.

Motion by Laue and seconded by McDonald to approve the April 30, 2014 minutes of the Ahrens hearing. APPROVED.

Motion by Laue and seconded by McDonald to approve the April 30, 2014 closed session minutes of the Ahrens hearing. APPROVED.

PUBLIC COMMENT

NONE

CASH & INVESTMENT REPORT

Piotrowski stated that the results of the Gross Domestic Product (GDP) showed that the growth of the economy was much worse than expected. The weather this past winter played a part in the economy. The consumer component of the GDP was very positive, but business investment was negative. The GDP figures are expected to significantly improve the second quarter.

Bond yields continue to be very low, stocks are still positive, but investors are moving into higher quality sectors of the market. Year to date the fund is up 2.1%. Gaylord stated that the Mortgage fund was up 1% and Segall Bryant & Hamill was up .6%. Large Cap stocks performed better than Small Cap stocks. For the non U.S. equity portion of the portfolio, the Fidelity fund was up .4%, the

DFA fund was down .4% for the month. The REIT fund index was up 13.7% year-to-date. PIMCO was up 1.2% for the month.

Motion by Laue and seconded by McDonald to approve withdrawal of $400,000 from Vanguard Institutional Value and $300,000 from Vanguard Institutional Index for cash needs. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by McDonald to approve purchases and sales. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

MESIROW

Mr. Bowen stated that he had formal proposals, formal terms and conditions, not only from Chubb, but also from their top competitor. Mr. Bowen explained the difference in the carrier responses. Ullico would offer the choice of counsel where Chubb would not.

Mr. Bowen briefly discussed the exclusions and the premium summary.

Attorney Holzwarth questioned the importance of the insurance ratings. Mr. Bowen commented that a rating of A (XV) is better. Attorney Holzwarth asked if there was a difference in client relationships. Mr. Bowen reported that Chubb and Ullico are the two best insurance companies; although no one compares to Chubb with the willingness and ability to pay claims of their clients.

Mr. Bowen stated that insurance carriers for fiduciary liability pay on a commission basis directly to the insurance broker. Mesirow Insurance Services would not charge the board of trustees a fee. The premiums would be paid on an annual basis. Every insurance carrier that works with Mesirow pays 15% of the annual premium.

Attorney Holzwarth stated that she would not be concerned with the fact that Chubb would choose the counsel to represent the board if a claim arose. Further discussion ensued.

Williams suggested Chubb and option 2.

Motion by Laue and seconded by Williams to table the Joint Board meeting minutes of March 20, 2014. APPROVED.

PIMCO PRESENTATION

Ms. Philipp introduced herself and gave a short biographical description. The company was founded in 1971. PIMCO is a full solutions provider to their clients. PIMCO manages approximately $2 trillion in assets under management. There are approximately 2,500 employees located in 13 offices around the globe.

The Police Pension fund is allocated between bonds and stocks like most plans. The All Asset Fund adds another dimension to diversify the traditional assets. The All Asset fund intent is to add another dimension to diversify those particular assets. Ms. Philipp briefly discussed the PIMCO all asset fund's historical allocations: Third Pillar assets are the "core".

In 2013 the big story was the booming stock market; US equities returned 32%, developed equities not including the US 2%.

Year-to-date the fund was at 3.6%, outperforming the TIPS benchmark by 1.6%.

CITY BILLS

Motion by Laue and seconded by Williams to approve May City Services of $9,933.33. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by Williams to approve April postage charges of $135.36. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by Williams to approve payment to Holmstrom & Kennedy, P.C. for April attorney fees for general in the amount of $3,251.25. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by Williams to approve payment to Holmstrom & Kennedy, P.C. for April attorney fees for the Soria disability matter in the amount of $157.50. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by Williams to approve payment to Holmstrom & Kennedy P.C. for April attorney fees for the Ahrens disability matter in the amount of $3,870.00. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by Williams to approve payment to Holmstrom & Kennedy P.C. for April attorney fees for the Statler disability matter in the amount of $9,190.00, which includes services in the amount of $1,350.00 and disbursements in the amount of $7,840.00. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by Williams to approve payment to Kayne Anderson Rudnick for investment management fees from January 1, 2014 through March 31, 2014 in the amount of $32,162.00. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by Williams to approve payment to Segall Bryant & Hamill for investment management fees from April 1, 2014 through June 30, 2014 in the amount of $19,164.55. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by Williams to approve payment to Marquette Associates for investment management fees from May1, 2014 through July 31, 2014 in the amount of $16,250.00. APPROVED.

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

ATTORNEY'S REPORT

Motion by Laue and seconded by Williams to approve the findings and order for the Ahrens disability matter as presented with changes discussed. APPROVED.

Motion by Laue and seconded by McDonald to approve the annual exam policy with changes as noted. APPROVED.

The board discussed the cons for having the police pension board approve the Law Enforcement Safety Act for officers.

Attorney Holzwarth asked if there was an update on the actuarial report. Dutkiewicz stated that the information was forwarded to Tim Sharpe and requested a variety of scenarios. The first scenario would be based on last year's assumption; also requested a calculation at entry age at 90%, entry age at 95%, and entry age at 100%.

OLD BUSINESS

NONE

NEW BUSINESS

Motion by Laue and seconded by McDonald to approve the officer elections of Nielsen - President, Mueller - Vice President, Williams - Secretary, and McDonald - Assistant Secretary. APPROVED.

Motion by Williams and seconded by McDonald to approve the new hires as listed. APPROVED.

NICOLAS	JR	ALEJO
BRANDON	P	BRADBURY
ADAM	J	COX
GEORGE	S	GEORGIAFANDIS
KYLE	B	ROBERTSON
DARYN	B	STREED
JOHNNY	R	VAZQUEZ

Motion by Laue and seconded by Williams to approve the first pension increase for Joseph Viola to $4,980.74 monthly effective May 1, 2014. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

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

Motion by Laue and seconded by Williams to approve the retirement pension of William Jacobson in the amount of $5,265.15 monthly effective April 26, 2014. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

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

Motion by Laue and seconded by Williams to approve the duty disability pension for Sara Ahrens in the amount of $4,998.70 monthly effective April 30, 2014. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

Motion by Laue and seconded by Williams to approve the duty disability pension for Phillip Statler in the amount of $3,990.20 effective May 14, 2014. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

PAYROLL

Motion by Laue and seconded by McDonald to approve the estimated May payroll amount of $1,219,224.14. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.
Ayes: Nielsen, Williams, McDonald, and Laue
Nays: None

A motion to adjourn was made and seconded at 10:07 a.m.