

**AMENDED MINUTES  
ROCKFORD POLICE PENSION BOARD  
NOVEMBER 19, 2015**

**MEMBERS PRESENT:** Jeff Nielsen, President  
Marcia Mueller, V.P.  
Joe Stevens, Secretary  
Paul Swanberg, Assist. Secretary  
Scott Laue, Trustee

**ABSENT:**

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

**GUESTS:** Ed Schollmeyer and Yasmin Landy – Fidelity Investments

**STAFF:** Linda Wlaznik, Finance  
Chris Black, Finance Director

The November 19, 2015 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order at 8:07 a.m.

Motion by Mueller and seconded by Laue to approve the September 17, 2015 minutes of the Board meeting as amended. APPROVED.

Motion by Mueller and seconded by Laue to approve the October 15, 2015 minutes of the Board meeting as amended. APPROVED.

**PUBLIC COMMENT**

NONE

**CASH & INVESTMENT REPORT**

Gaylord reviewed the October investment report. The Growth Domestic Product (GDP) was lower in the third quarter compared to the second quarter. On a positive note, the unemployment rate declined to 5%, new jobs outside agriculture increased by 271,000 for the month of October.

Gaylord stated a modest rate hike is anticipated in December. U.S. stocks lost ground in the third quarter, but gained most of what was lost in October. The S&P 500 was up 8.4%, Russell 2000 was up 5.6%. Value stocks continue to underperform growth stocks. Non-U.S. Equity stocks recovered in October, but not what was lost. The fund is at \$175.5 million.

\$1.2 million is needed for cash. Gaylord recommended withdrawing \$400,000 from Northern Trust Growth Mortgage Fund, \$400,000 from Vanguard Institutional Index Fund, and \$400,000 from Vanguard REIT Index Fund.

Due to a fire alarm the meeting was suspended at 8:35 a.m. The meeting resumed at 8:43 a.m. All members were present.

Motion by Mueller and seconded by Laue to approve the withdrawal from Northern Trust Government Mortgage Fund in the amount of \$400,000, \$400,000 from Vanguard Institutional Index Fund, \$400,000 from Vanguard REIT Index Fund for cash needs. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Gaylord stated the fund was up 3.6% for the month of October; the U.S. Equity portfolio was up 7.5%. Kayne Anderson over performed, beating the benchmark by 2.2% for the month. Fidelity Diversified International Equity Fund was up 6.5%, underperforming the MSCI EAFE at 7.8%. The PIMCO All Asset Fund has been struggling, but had a good month and was up 3.4%.

Motion by Mueller and seconded by Laue to approve purchases and sales. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

## **FIDELITY DIVERSIFIED INTERNATIONAL FUND**

Ed Schollmeyer and Yasmin Landy were at the meeting to present information regarding the performance of the City's portfolio with Fidelity Diversified International Fund. Ms. Landy stated that she had been with the team for 9 years, working with Bill Bower. Ms. Landy discussed Fidelity's investment process described on page 9. Page 10 illustrates the Diversified International Fund Characteristics. Ms. Landy stated that the environment the economy has been in since the financial crisis has been fragile, governments are trying to support their economies; keeping the portfolio resilient is important. Page 11 illustrates the performance of the portfolio when the markets are up and down. Ms. Landy reviewed the performance as of September 30, 2015. Ms. Landy also reviewed the performance for the last 12 months.

## **CITY BILLS**

Motion by Mueller and seconded by Laue to approve November City Services of \$9,741.67. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve October postage charges of \$135.65. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom Kennedy, P.C. for October attorney fees for general in the amount of \$1,473.75. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom Kennedy, P.C. for October attorney fees for annual medical reviews in the amount of \$1,552.50 and for disbursements for medical records in the amount of \$634.94. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Segall Bryant & Hamill for Investment management fees for the period October 1, 2015 through December 31, 2015 in the amount of \$18,940.43. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Kayne Anderson Rudnick for investment management fees for the period July 1, 2015 through September 30, 2015 in the amount of \$29,310.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

Motion by Mueller and seconded by Laue to approve payment to Marquette Associates for Investment consulting fees for the period November 1, 2015 through January 31, 2016 in the amount of \$16,250.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

## **ATTORNEY'S REPORT**

Attorney Holzwarth stated that the drafted City funding letter requests the City of Rockford to consider additional contributions over and above the actuarial recommendation.

Motion by Mueller and seconded by Laue to reconsider the City funding letter previously approved and adopt the third version presented today (Nov. 19, 2015). APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

Attorney Holzwarth updated the board on the doctors performing the annual exams for disabled officers.

Motion by Mueller and seconded by Stevens to use Woodlake to obtain Dr. Filer for Lesmeister, Soria, and Statler for the 2015 calendar year for disability evaluations. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

Attorney Holzwarth discussed the matter of the QILDRO's with the board. Wlaznik informed the board of the procedure when a QILDRO is received.

## **OLD BUSINESS**

Motion by Mueller and seconded by Stevens to approve the 2015 Municipal Compliance report to the City Council. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

## NEW BUSINESS

Motion by Mueller and seconded by Stevens to approve the refund of contributions for Heidi Kuhls in the amount of \$48,554.39. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

Motion by Mueller and seconded by Stevens to approve termination of the pension for Robert Gibbs due to his death. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

## PAYROLL

Motion by Mueller and seconded by Stevens to approve the November estimated payroll amount of \$1,326,371.44. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

Motion by Mueller and seconded by Stevens to approve the October actual payroll amount of \$1,277,106.97. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

Motion by Swanberg and seconded by Stevens to approve the letter to principal Property Fund pending addition of specific addressee. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue  
Nays: None

Motion to adjourn was made and seconded at 10:37 a.m.

A handwritten signature in black ink, appearing to be 'M. A.', is located in the lower right quadrant of the page.