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BEFORE
MUNICIPAL EMPLOYEES '
ANNUITY & BENEFIT FUND OF CHICAGO

Meeting No. 2021-08

STENOGRAPHIC REPORT OF PROCEEDINGS had at
the audio conference meeting of the above-entitled
matter, held at 321 North Clark Street, Suite 700,
in the City of Chicago, County of Cook, State of
Illinois, on August 19, 2021, commencing at the
hour of 9:00 a.m.

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APPEARANCES

BOARD MEMBERS:

VERMA R. THOMPSON, President

RESHMA SONI, Vice-President
ROBERT DEGNAN, Recording Secretary
WILLIAM CANNING, Trustee
CRAIG SLACK, Deputy City Treasurer

ATTORNEYS FOR THE BOARD:

BURKE, BURNS AND PINELLI, LTD.
BY: MS. SARAH A. BOECKMAN

ALSO PRESENT:

DENNIS WHITE, Executive Director
STACEY RUFFOLO, Deputy Executive Director
DONNA HANSEN, Office Manager
SANDRA SHELBY, Comptroller
NIKKI RIALS, Benefits Manager
TERENCE P. SULLIVAN, M.D.
MARTHA MERRILL, AFSCME Council 31
BUKOLA BELLO, Vision M.A.I. Consulting
JAMIE WESNER, Marquette Associates
NEIL CAPPS, Marquette Associates
KRISTEN DEWALD, MEABF Employee
CRAIG GOESEL, Alliant

1 PRESIDENT THOMPSON: Good morning,
2 everyone. I hereby convene this Board of Trustees
3 meeting for August 19, 2021.

4 Donna, please call the roll.

5 MS. HANSEN: Trustee Canning.

6 TRUSTEE CANNING: Present.

7 MS. HANSEN: Trustee Degnan.

8 TRUSTEE DEGNAN: Present.

9 MS. HANSEN: Madam President.

10 PRESIDENT THOMPSON: Present.

11 MS. HANSEN: Mr. Slack.

12 MR. SLACK: Here.

13 MS. HANSEN: We have a quorum.

14 PRESIDENT THOMPSON: We have a quorum for
15 today's meeting.

16 Public Act 101-0640 allows this meeting
17 to be conducted by video and audio conference
18 because we continue to believe that it would not be
19 practical to have a public meeting.

20 The Act requires a roll call vote be
21 taken on each matter acted upon it.

22 Further, consistent with Public Act
23 101-0640, I note for the record that the Executive
24 Director and several trustees are in the office.

1 We have posted notice of this meeting in
2 accordance with the Open Meetings Act and the
3 meeting is being recorded. A transcript of the
4 meeting will be prepared and ultimately upon
5 approval will be made available on the Fund's
6 website.

7 Consistent with Public Act 91-0715 and
8 reasonable constraints determined by the Board of
9 Trustees, at each regular meeting of the Board or
10 its committees that is open to the public, members
11 of the public may request a brief time to address
12 the Board on relative matters within its
13 jurisdiction.

14 Are there any requests for public
15 comment?

16 MS. HANSEN: Yes, there is one request
17 for public comment.

18 Ma'am, Ms. Arntzen, are you there?

19 MS. ARNTZEN: I am here.

20 MS. HANSEN: Just as a reminder that
21 there is a three minute limit, okay?

22 MS. ARNTZEN: That's fine.

23 My name is Kristen Michelle Arntzen. I
24 am an Independent Administrative Consultant and

1 Agent/Power of Attorney to my client and my father
2 a MEABF pension annuitant.

3 The purpose of my being on this call is
4 to say what I have to say in these couple of
5 minutes and then I am going to disconnect because I
6 am not affiliated with MEABF, except on behalf of
7 my client/father.

8 I do not work at MEABF and obviously do
9 not wish to but I wanted to take the time to
10 address the Board of Trustees.

11 Back on July 26, 2021, I did send over a
12 confidential communication relating to a slew of
13 issues that my client has been experiencing for the
14 past several years that has yet to be resolved.

15 Based upon my communications with the
16 Legal Department over at Northern Trust, it seems
17 like the problem is a quick and easy solve. I am
18 not sure why we haven't gotten to that point yet.
19 However, it's been expressed to me by the executive
20 hierarchy of MEABF internally that it is the Board
21 of Trustees, for whatever reason, that need to be
22 involved in the process of rectifying the
23 situation.

24 Unfortunately, I have no direct line of

1 communication with the Board of Trustees so my
2 purpose on this call today is to get direct contact
3 information for the Board of Trustees to, number
4 one, ensure, aside from just Donna Hansen, the
5 Office Manager, confirming that she did in fact
6 forward my fax along. Confirming that it was both
7 received and/or reviewed.

8 Because up until this point today, on
9 Thursday, August 19, 2021, no followup
10 communications have been received. And according
11 to my previous conversation the other day with
12 Donna Hansen none were likely to have been made at
13 this point.

14 So what is the best contact information
15 for the Board of Trustees for this confidential
16 communication?

17 MS. BOECKMAN: Ms. Arntzen, this is Sarah
18 Boeckman. I am one of the lawyers for the Fund.

19 The Board is aware of your communication
20 and so I can tell you that they are aware of your
21 communication and the issues involving your father
22 and the pension verification forms.

23 MS. ARNTZEN: Okay. So we are not going
24 to obviously discuss any further -- because this is

1 obviously a public call so we are not going to
2 discuss the details of that.

3 However, if you are handling
4 communication on behalf of the Board of Trustees,
5 what is your direct contact information so I can
6 reach you? Because it is nice to know that you are
7 aware of this information but no one has contacted
8 with any followup regarding additional steps,
9 regarding anything of that nature.

10 So let me know if you are handling
11 communication on behalf of the Board of Trustees.

12 Sarah, what is your direct contact
13 information, please?

14 MS. BOECKMAN: Yes, Ms. Arntzen, I am
15 handling communications on behalf of the Board and
16 I work with Mary Pat Burns of Burke, Burns and
17 Pinelli.

18 We have sent you previously
19 communications so you do have our contact
20 information.

21 MS. ARNTZEN: I am requesting your
22 contact information for a private conversation.
23 This is not the forum for that but I have no other
24 way to reach you. So do you want me to go on the

1 ARDC, find the firm's information, and call the
2 firm's direct phone number or would you like to
3 give me direct contact information via this medium?

4 MS. BOECKMAN: Ms. Arntzen, you have my
5 direct contact information.

6 MS. ARNTZEN: I don't have your direct
7 contact information, which is why I am on this
8 call. If you would like to provide that to me,
9 that would be fantastic.

10 If you are saying you do not wish to
11 provide that to me, you do not wish to provide a
12 line of communication, then that is what you are
13 saying but I need to know who I need to contact
14 specifically. I need specific contact information
15 either for the Board of Trustees or whomever is
16 speaking on their behalf.

17 MS. BOECKMAN: I will resend you that
18 information, Ms. Arntzen.

19 MS. ARNTZEN: How are you going to send
20 it to me?

21 MS. BOECKMAN: I will send it to you via
22 the fax number that you have utilized with Ms.
23 Hansen.

24 MS. ARNTZEN: Okay. Is there a

1 particular reason you don't feel you can give that
2 information on this particular line?

3 MS. BOECKMAN: I will give you my office
4 number, our general line, which you can find on
5 Google.com. It is 312 --

6 MS. ARNTZEN: Are you an attorney? Are
7 you a licensed attorney?

8 MS. BOECKMAN: I am, ma'am.

9 MS. ARNTZEN: So I should be able to find
10 you on ARDC. So I will search your licensure and I
11 will go ahead and you can go ahead and send
12 whatever it is you want to fax over provided that
13 you do in fact have the correct fax information.

14 I will do my verifications with ARDC and
15 then I actually will followup with the information
16 contained therein, and, hopefully, we can connect.

17 I think it is really indicative of the
18 broken lines of communication that MEABF internally
19 has.

20 MS. BOECKMAN: Okay, thank you, ma'am.
21 We understand. We will be in touch. Your three
22 minutes has elapsed so I just want to thank you for
23 addressing the Board.

24 MS. ARNTZEN: That's fine. I am going to

1 disconnect the call since I am unaffiliated with
2 the Municipal Employees' Annuity Benefit Fund of
3 Chicago but I want to be clear that what has
4 subsequently been demanded is still demanded and
5 will continue to be demanded until said items are
6 remitted.

7 Thank you so much and you have a lovely
8 day.

9 MS. BOECKMAN: You as well.

10 Are there any other requests to address
11 the Board?

12 MS. HANSEN: No other requests.

13 PRESIDENT THOMPSON: Then moving on,
14 Approval of the Minutes and Transcripts from the
15 previous meeting, that would be the July 17, 2021
16 regular meeting.

17 May I have a motion to approve the Open
18 Meeting minutes for the July 17, 2021 and the audio
19 transcript for the July 17, 2021 meeting?

20 TRUSTEE DEGNAN: Motion.

21 PRESIDENT THOMPSON: Is there a second?

22 TRUSTEE CANNING: Second.

23 PRESIDENT THOMPSON: Donna, roll call.

24 MS. HANSEN: Trustee Canning.

1 TRUSTEE CANNING: Yes.

2 MS. HANSEN: Trustee Degnan.

3 TRUSTEE DEGNAN: Yes.

4 MS. HANSEN: Madam President.

5 TRUSTEE THOMPSON: Yes.

6 MS. HANSEN: Mr. Slack.

7 MR. SLACK: Yes.

8 MS. HANSEN: Motion carries.

9 PRESIDENT THOMPSON: Approval of Agenda
10 items. All Refunds Pages 3 through 12.

11 MS. SHELBY: All in order.

12 PRESIDENT THOMPSON: Is there a motion to
13 approve?

14 TRUSTEE DEGNAN: Motion.

15 TRUSTEE CANNING: Second.

16 PRESIDENT THOMPSON: Roll call, Donna.

17 MS. HANSEN: Trustee Canning.

18 TRUSTEE CANNING: Yes.

19 MS. HANSEN: Trustee Degnan.

20 TRUSTEE DEGNAN: Yes.

21 MS. HANSEN: Madam President.

22 PRESIDENT THOMPSON: Yes.

23 MS. HANSEN: Mr. Slack.

24 MR. SLACK: Yes.

1 MS. HANSEN: Motion carries.

2 PRESIDENT THOMPSON: Administrative and
3 Investment Fees, Pages 13 through 16.

4 MS. SHELBY: All in order.

5 PRESIDENT THOMPSON: Is there a motion to
6 approve?

7 TRUSTEE DEGNAN: Motion.

8 TRUSTEE CANNING: Second.

9 MS. HANSEN: Trustee Canning.

10 TRUSTEE CANNING: Yes.

11 MS. HANSEN: Trustee Degnan.

12 TRUSTEE DEGNAN: Yes.

13 MS. HANSEN: Madam President.

14 PRESIDENT THOMPSON: Yes.

15 MS. HANSEN: Mr. Slack.

16 MR. SLACK: Yes.

17 MS. HANSEN: Motion carries.

18 PRESIDENT THOMPSON: Annuities for
19 Employees, Widows, Widowers, Minor Children,
20 Reversionary, Adjusted Annuities, Pages 17 through
21 29.

22 MS. RIALS: All in order.

23 PRESIDENT THOMPSON: Is there a motion to
24 approve the annuities?

1 TRUSTEE DEGNAN: Motion.

2 TRUSTEE CANNING: Second.

3 PRESIDENT THOMPSON: Donna.

4 MS. HANSEN: Trustee Canning.

5 TRUSTEE CANNING: Yes.

6 MS. HANSEN: Trustee Degnan.

7 TRUSTEE DEGNAN: Yes.

8 MS. HANSEN: Madam President.

9 PRESIDENT THOMPSON: Yes.

10 MS. HANSEN: Mr. Slack.

11 MR. SLACK: Yes.

12 MS. HANSEN: Motion carries.

13 PRESIDENT THOMPSON: Ordinary and Duty

14 Disability Benefits, Pages 30 through 32.

15 DR. SULLIVAN: All in order.

16 PRESIDENT THOMPSON: Motion, please.

17 TRUSTEE DEGNAN: Motion.

18 TRUSTEE CANNING: Second.

19 MS. HANSEN: Trustee Canning.

20 TRUSTEE CANNING: Yes.

21 MS. HANSEN: Trustee Degnan.

22 TRUSTEE DEGNAN: Yes.

23 MS. HANSEN: Madam President.

24 PRESIDENT THOMPSON: Yes.

1 MS. HANSEN: Mr. Slack.

2 MR. SLACK: Yes.

3 MS. HANSEN: Motion carries.

4 PRESIDENT THOMPSON: Ordinary and Duty
5 Disability Extensions, Pages 33 through 35.

6 DR. SULLIVAN: All in order.

7 PRESIDENT THOMPSON: Motion?

8 TRUSTEE DEGNAN: Motion.

9 TRUSTEE CANNING: Second.

10 MS. HANSEN: Trustee Canning.

11 TRUSTEE CANNING: Yes.

12 MS. HANSEN: Trustee Degnan.

13 TRUSTEE DEGNAN: Yes.

14 MS. HANSEN: Madam President.

15 PRESIDENT THOMPSON: Yes.

16 MS. HANSEN: Mr. Slack.

17 MR. SLACK: Yes.

18 MS. HANSEN: Motion carries.

19 PRESIDENT THOMPSON: Adjusted Duty
20 Disabilities, there are two, Page 36.

21 MS. RIALS: All in order.

22 PRESIDENT THOMPSON: Motion?

23 TRUSTEE DEGNAN: Motion.

24 TRUSTEE CANNING: Second.

1 MS. HANSEN: Trustee Canning.
2 TRUSTEE CANNING: Yes.
3 MS. HANSEN: Trustee Degnan.
4 TRUSTEE DEGNAN: Yes.
5 MS. HANSEN: Trustee Soni.
6 TRUSTEE SONI: Yes.
7 MS. HANSEN: Madam President.
8 PRESIDENT THOMPSON: Yes.
9 MS. HANSEN: Mr. Slack.
10 MR. SLACK: Yes.
11 MS. HANSEN: Motion carries.
12 PRESIDENT THOMPSON: Adjusted Ordinary
13 Disabilities, a total of four, Page 37.
14 MS. RIALS: All in order.
15 TRUSTEE DEGNAN: Motion.
16 TRUSTEE CANNING: Second.
17 MS. HANSEN: Trustee Canning.
18 TRUSTEE CANNING: Yes.
19 MS. HANSEN: Trustee Degnan.
20 TRUSTEE DEGNAN: Yes.
21 MS. HANSEN: Trustee Soni.
22 TRUSTEE SONI: Yes.
23 MS. HANSEN: Madam President.
24 PRESIDENT THOMPSON: Yes.

1 MS. HANSEN: Mr. Slack.

2 MR. SLACK: Yes.

3 MS. HANSEN: Motion carries.

4 PRESIDENT THOMPSON: We are supposed to
5 hear from our insurance broker.

6 MS. BOECKMAN: Yes, I believe Craig is on
7 the call.

8 PRESIDENT THOMPSON: Are they present?

9 MS. HANSEN: He's on.

10 MR. GOESEL: This is Craig Goesel
11 representing Alliant Insurance Services formerly of
12 Mesirow Insurance Services. We were purchased by
13 Alliant about four years ago.

14 I am here to talk about the management
15 liability renewal for the Municipal Employees'
16 Annuity and Benefit Fund of Chicago. Most notably
17 the fiduciary liability insurance that covers not
18 only the ladies and gentlemen of the Board but also
19 the executive staff of the pension system.

20 The presentation is therein. I am going
21 to call on a couple of key slides and try to move
22 it along as quick as possible.

23 Those that were on the presentation last
24 August or rather at the board meeting last August

1 as well as last September will probably recall the
2 drama that we had in renewing this program.

3 In August of last year, August of 2020,
4 we had presented renewal terms that were not
5 terribly dissimilar than the year before, with an
6 increase in premium of about 10 percent with the
7 with the incumbent carriers. Ullico as the primary
8 and Euclid as your excess.

9 However, after the August meeting, the
10 insurance carriers took some significant claim
11 activity, not necessarily in Chicago but in other
12 large municipalities across the nation. The
13 insurance carriers recalibrated their thinking and
14 reassessed their underwriting and pulled their
15 quotes before the effective date of September 30th
16 of 2020. Therefore, I had to come back to this
17 board. And everyone was very patient with me and I
18 appreciate that. I had to come back to the board
19 with much different terms and a different program.

20 So we had bound the program still with
21 plenty of time to spare between the September 2020
22 board meeting and the September 30th effective
23 date.

24 This year fortunately we did not have the

1 the same drama. We do have the carriers that are
2 interested in providing the program and I am happy
3 to report our findings.

4 If we would move to Slide 6 in the
5 presentation, first and foremost, this is our
6 procurement request. Even though there is a finite
7 number of insurance carriers that offer fiduciary
8 liability insurance to public pension funds
9 nationwide and an even more abbreviated audience
10 that provides coverage to Illinois and Chicago
11 pension funds because of some of the funding
12 challenges that our fine state does indeed have, we
13 do still send out a procurement request to all
14 insurance carriers that will offer this coverage
15 just in case somebody's appetite has changed since
16 last year.

17 We keep a pretty tight grip on the
18 marketplace so we know but we do want to act as
19 your procurement officer.

20 So this is the language that is sent to
21 the insurance markets and then we ask for feedback.

22 The next slide, Slide 7, reflects the
23 insurance carriers' responses. Good news. I will
24 cut to the chase. The good news is we did have two

1 carriers, your incumbent carriers, that are willing
2 to support the programs that we had bound last year
3 and that is going to be what we are recommending
4 this year.

5 The other insurance carriers have not
6 gotten more aggressive or more interested in this
7 risk than they were last year.

8 The next couple of slides I am going to
9 put a pin in for a moment, that is 8 through 12. I
10 am going to try to ask whoever is driving to land
11 on Slide 13 for a review.

12 Those slides we are quickly passing is a
13 quick summary of the coverage and there we have it.
14 Thank you.

15 Those slides that we are quickly passing
16 through was a quick summary of the coverage
17 nuances.

18 I am making this statement as an opener
19 and I will make it as a closer of this page, if you
20 will. I am sure counsel will appreciate it and
21 knowing counsel she probably will ask me to verify.

22 There have been no changes, unless we
23 want to make a change to the limit profile on this
24 page. There have been no changes to coverage,

1 nuance or carriers from last year to this year.
2 All of the coverage provisions that we had reviewed
3 and bound last year in September have carried
4 forward and there have been no changes to the
5 program. Again, G27 unless we change the limit
6 profile and use either Options 1, 2 or 4 and not my
7 recommended Option 3.

8 So here we're looking at the coverage
9 program. We have fiduciary liability insurance,
10 which provides a \$10 million annual aggregate
11 limited liability, that includes not only defense
12 costs but indemnity payments, if the Board or Staff
13 is sued for breach of their duties in executing and
14 performing their fiduciary duties as laid out by
15 the Illinois State Pension Code.

16 \$10 million of a shared limit between the
17 Board, Staff, and covers defense as well as
18 indemnity payments.

19 The two sublimits or portions of that
20 product that are not at that full limit. One
21 relates to funding claims, if there is an
22 allegation against one of the Trustees for failing
23 to fund the system. We do have have a \$4 million
24 slush fund built into this program that will

1 provide said defense for that exact claim.

2 If the claim has anything else to do --
3 if the claim has any other bearing other than
4 funding, we have the full \$10 million of coverage,
5 okay. And then, secondarily, we have an employment
6 practices bump out I will call it or a \$1 million
7 sublimit for employment practice claims. That
8 would be reserved for wrongful termination, sexual
9 harassment, discrimination claims. Sort of those
10 Title VII type claims or breach of Title VII type
11 claims related to employment status or wrongful
12 employment statute, if you will.

13 That above the line, the half quadrant
14 above the line, is the limit profile. Below the
15 line, where it says "Retentions", deductibles, kind
16 of a fancy word for deductible, there is a \$100,000
17 deductible but that deductible only applies if it
18 can be born by the Fund, by the pension system
19 itself.

20 If there is a claim against an individual
21 and they are deemed to be personally liable, no
22 deductible applies.

23 So, again, if there is a claim against
24 Craig Goesel, and I am on the board, and I cannot

1 for whatever reason be indemnified by the system, a
2 zero deductible will apply. This insurance is
3 intended to pay dollar one, instead of me paying
4 dollar one for my defense as well as indemnity.

5 If the Fund is in a position to indemnify
6 me, that is when the \$100,000 deductible first
7 needs to be satisfied.

8 Again, that deductible comes out of the
9 pension system, not out of any individual's pocket.

10 The total premium spent last year was
11 about \$215,000 for that product profile as you see
12 above.

13 I have four options summarized here. The
14 only differences between them are the limit
15 profiling. As you can see in that blue band, if
16 you will, either a \$3 million limit, which is
17 severely cutting the limit. A \$5 million which is
18 having the limit. Option 3, which is our
19 recommended, which is keeping the limit profile the
20 same \$10 million or offering an increase limit of
21 \$15 million.

22 Please note, Trustees, if you don't
23 recollect or you are new to the board, we had had a
24 \$15 million program and we had changed that limit

1 profile in 2019 down to the \$10 million limit
2 profile. But I am recommending we keep the
3 program, Option 3, \$10 million limit, which keeps
4 the same carriers, the same deductibles, same limit
5 profile, and same coverage provisions that we had
6 bound last year.

7 The pricing is just shy of a four and a
8 half percent increase year-over-year premium from
9 215 to about \$224,500. Okay.

10 I am going to pause there before I talk
11 about the cyber limit coverage as well as some
12 benchmarking numbers.

13 Any questions from counsel?

14 MS. BOECKMAN: Can you talk a little bit
15 about how the \$10 million of coverage compares to
16 our peers? This is Sarah.

17 MR. GOESEL: Yes, Sarah. Thank you,
18 counsel.

19 I will quickly ask us to go to Slide 16,
20 if you will. I have two benchmarking scans. Both
21 of which run sort of comparables against your peers
22 nationwide. Obviously, you have a more finite
23 group here stateside. Although, their numbers are
24 included in here as well.

1 We're at \$10 million. We are basically
2 at the median and at the average for limit
3 profiling by the way. About 50 percent of your
4 peers purchased greater than \$10 million of
5 coverage. Almost exactly 50 percent of your peers
6 purchased \$10 million or less.

7 We are exactly at the median level with
8 the \$10 million program.

9 Keep in mind, I ran this for asset
10 managers. I am sorry, I see this. It says half a
11 million to 2.5. I actually ran it from half a
12 million to 5 billion. I will correct that and send
13 around.

14 This is a scan between half a billion up
15 to including \$5 billion. It is a very large scan
16 of assets under management for public pension
17 systems and you guys I think at around the \$4
18 billion mark are trending on the higher end of that
19 scan but I am comfortable with the limit profile.

20 Most notably for two reasons. One, if
21 you want to move to Slide 18. As well as a
22 reference that I made to this group last year when
23 Madam Treasurer I think had asked about claim
24 history.

1 Here's another scan of very large systems
2 as you can see going into the \$100 billion marks as
3 there are not many of those. You can probably
4 assume those are maybe California related or New
5 York related funds. But at the end of the day the
6 limit profiling does basically float around the
7 \$10 million demarcation mark for any of those that
8 are \$5 billion or under.

9 With regard to Madam Treasurer's
10 questions last year, she had asked what claim
11 history we have seen where the claims have breached
12 the \$10 million mark.

13 Over a 10-year history, by the way this
14 is an 11-year history. This is 10 years last year.
15 Over an 11-year history, we have witnessed five
16 fiduciary claims that breached a \$10 million
17 figure. Three of those were within 12 and a half
18 million and only two of those had breached 12 and a
19 half million. This is again over a 11-year period.

20 Two of those claims by the way related to
21 the Detroit uniform systems. If anyone remembers
22 in the late 90s, early 2000s, there was a lot going
23 on in Detroit with regard to allegations of party
24 and interest transactions, fraud, et cetera, et

1 cetera.

2 Unfortunately, those were poster children
3 for the worse claims that we have seen in sometime.
4 I don't want to draw comparison against the Detroit
5 funds. They were going through some major trauma.

6 But in looking at that claim history and
7 having witnessed more than 100 claims and the vast
8 majority of those closing well within \$10 million
9 had lead the Board to vote on keeping this program
10 at the \$10 million mark.

11 Again, comparing you against your peers,
12 you're at the median and average. And when we
13 compare you against 11 years of claim history,
14 you're covering more than 90 percent of the
15 historical likelihood of having a claim within that
16 limit profile.

17 MS. BOECKMAN: Great. Thank you, Craig.

18 MR. GOESEL: My pleasure.

19 Any other questions on the fiduciary
20 portion of the product?

21 MR. WHITE: Craig, one question before
22 you go on to the cyber security, since we don't
23 have the numbers for cyber security, is this
24 something we have to come back and do again next

1 month or is the goal to try to present the
2 information and then just have us review the
3 numbers next month?

4 MR. GOESEL: Very good question, Director
5 White. You know, I am going to have to leave it to
6 you and your discretion and your vendor's
7 discretion counsel.

8 I will suggest this. I wanted to talk
9 about the state of the insurance marketplace for
10 cyber liability. Those that are on a multitude of
11 Chicago boards have probably heard this now three
12 times so my apologies.

13 I did want to talk about the state of the
14 marketplace and the turmoil we're in. I think it
15 is best to set expectations right now of the Board.
16 Whether or not in September you want to present the
17 numbers to the Board is going to be at your
18 discretion. We will have those numbers available
19 for you for your September board meeting.

20 But if we would go to Slide 15, I think
21 this is a good time to parlay into the discussion.

22 So to Dennis' point, this insurance
23 program also expires on 9-30, the end of September.
24 However, because of the state of the insurance

1 marketplace, because of the state of the claim
2 activity in the cyber liability space, insurance
3 carriers are not willing to quote the program until
4 they are within 30 days of the expiration date.

5 Which means we have to have passed the 8-30 date,
6 basically get into September, before the insurance
7 carriers are ready to release a formal quote.

8 However, we know the state of the
9 marketplace. We have a lot of public pension funds
10 as well as governmental entities so we sort of know
11 what to expect with regard to the underwriting and
12 the impact of the program.

13 So the state of the insurance marketplace
14 for cyber is in turmoil and I don't say that to be
15 exaggeratory or cute in any capacity.

16 All of those claims or all of those
17 headlines that you have probably seen with regard
18 to the pipeline, the meat processing center, the
19 insurance carrier here locally in Chicago CNA,
20 there is obviously almost one a day that are
21 affecting not only corporate America but also
22 public entities.

23 In fact, governmental entities are one of
24 the highest level of target by threat actors. All

1 of those extortion claims, whereby these threat
2 actors from eastern block countries often times are
3 demanding a million dollars in Bitcoin before they
4 release data or to unencrypt hacked information.

5 Those are insurable claims and would be
6 an insurable claim under this policy. Because of
7 that the insurance carrier has been completely
8 unprofitable in this line of business for about ten
9 years. All of the premium they have collected in
10 ten years has been paid out and then some in claim
11 activity in 2020 and 2021.

12 The work from home environment is
13 augmenting this issue and making it even worse just
14 because of everyone's system having that much more
15 accessibility to these threat actors.

16 So because of it, as you can imagine,
17 insurance carriers are quickly ramping up their
18 underwriting, they are quickly increasing
19 retentions, and putting significant rate pressure
20 on the premiums.

21 So I say that while we don't have these
22 programs yet negotiated, right now the pension
23 system buys a million dollars of limit through
24 Beazley and spending about \$22,500 in annual

1 premiums for this product. We fully expect the
2 minimum premium for this same coverage line to be
3 at least \$30,000.

4 Now, again, we are talking eight grand.
5 I know that is not going to make or break the
6 pension system's budget. On a percentage basis,
7 that is pretty high.

8 I do want to note that this is probably a
9 minimum price tag and we're seeing clients, public
10 entity clients, with double in premiums.

11 There is a large downstate fund that saw
12 a five times over increase in premium and doubling
13 of the retention just because of how bad the
14 insurance marketplace is and how rampant the claim
15 activity is.

16 So, to Dennis' point, right now these
17 terms have not been formally negotiated. We will
18 have this page updated for the September meeting
19 but I did want to set proper expectations with the
20 Board that the program we're going to be presenting
21 in a month is going to look vastly different with
22 regard to pricing. Hopefully not vastly different
23 with regard to coverage as this is a fairly
24 comprehensive and all inclusive product line for a

1 public pension.

2 Dennis, was that sufficient for a review
3 on this product?

4 MR. WHITE: Yes, that is very helpful.
5 Thank you.

6 MR. GOESEL: One last thing, if I may,
7 just so I have this on record, we have a number of
8 years ago -- I think we are now approaching our
9 fifth renewal. We have consolidated or synced the
10 effective dates of the four reciprocal pension
11 funds, the Chicago funds that is. We also actually
12 included Cook County's Pension Fund on this date as
13 well for a reason.

14 We have collective buying power in the
15 insurance marketplace and we have been able to
16 receive a discount from the insurance marketplace
17 by getting all of these dates aligned on that 9-30
18 effective date and we have been able to reduce our
19 compensation by 10 percent. So that is summarized
20 on Slide 17 but I did want to state that for the
21 record.

22 We have the effective date of 9-30 not on
23 accident. It is aligned with the other three
24 Chicago Funds and the Cook County Fund for more

1 buyer's leverage in the marketplace as well as more
2 buyer's leverage with me with regard to our
3 compensation.

4 This concludes my review of the program.
5 This is a fairly comprehensive and all-inclusive
6 product line for a public pension system.

7 Dennis, was that sufficient for a review
8 on this product?

9 MR. WHITE: Yes, that was very helpful,
10 thank you.

11 Not having the info on the cyber, I guess
12 we should table it. We can move on the fiduciary
13 liability insurance.

14 MS. BOECKMAN: We will be back in
15 September on the cyber once we have the numbers
16 that Craig outlined.

17 PRESIDENT THOMPSON: Basically what we
18 are doing presently is approving the renewal of the
19 Fund's fiduciary liability insurance, correct?

20 Do I have a motion to renew the Fund's
21 fiduciary liability insurance based on the
22 recommendations of the broker?

23 MR. WHITE: Are we choosing the option
24 recommended by the broker, Option 3?

1 PRESIDENT THOMPSON: The option
2 recommended by the broker on the terms presented.

3 Basically, what I need to know is if I
4 can get a motion to approve the renewal of the
5 Fund's fiduciary liability insurance, based on the
6 recommendation of the broker, on the terms
7 presented. Any discussion?

8 TRUSTEE DEGNAN: So moved.

9 TRUSTEE CANNING: Second.

10 MS. HANSEN: Trustee Canning.

11 TRUSTEE CANNING: Yes.

12 MS. HANSEN: Trustee Degnan.

13 TRUSTEE DEGNAN: Yes.

14 MS. HANSEN: Trustee Soni.

15 TRUSTEE SONI: Yes.

16 MS. HANSEN: Madam President.

17 PRESIDENT THOMPSON: Yes.

18 MS. HANSEN: Mr. Slack.

19 MR. SLACK: Yes.

20 MS. HANSEN: Motion carries.

21 PRESIDENT THOMPSON: Thank you.

22 Moving right along to net position.

23 MR. WHITE: Just a quick update on the
24 Fund's net position. As we reported for the last

1 month, June, it was at 21.4 and we're looking at
2 21.1 .

3 PRESIDENT THOMPSON: Thank you.

4 Do we have Bukola?

5 MS. BELLO: Good morning, everyone.

6 PRESIDENT THOMPSON: Legislative updates.

7 MS. BELLO: I have a wonderful
8 legislative update for you. Let me start off by
9 saying that we have been trying to be consistent in
10 staying the course and we have done that.

11 Public Act 102-034, let me walkthrough
12 everyone through that legislation.

13 Last year former trustee, Trustee
14 Johnson, voiced his concern about several of his
15 members of his union that were contracting Covid
16 and he did not feel the General Assembly was
17 seeking adequate measures of protection into the
18 law for law enforcement.

19 And so we decided to support an
20 initiative where we would introduce and file
21 legislation to file MEABF COVID-19 protection
22 similar to police and fire.

23 I will say that we have had a little bit
24 of a bumpy road. Many of you may recall that we

1 have actually gone through two iterations of this
2 bill before we were finally able to get it into a
3 suitable vehicle to be able to pass.

4 So the previous bill was House Bill 1744,
5 which staff testified on. That bill passed out of
6 the House but it was held in the Senate. The
7 second bill was Senate Bill 2488, which was
8 introduced and filed in the Senate but was held.

9 Ultimately, you may recall that I had to
10 seek out another vehicle, a shell bill, in order
11 for us to be able to get our language added on and
12 amended.

13 So you will see on your screen, that the
14 bill was amended to not only include our COVID-19
15 protection, but it also includes other provisions
16 that impact downstate police and there is an
17 additional provision around return to work.

18 Let me specifically talk about what the
19 COVID-19 protection provisions do. You can
20 obviously read it for yourselves.

21 I will say specifically that there is a
22 rebuttable presumption that is now created that if
23 someone contracts Covid, it would be presumed to be
24 in their line of duty while they are working.

1 So there are specific dates that the
2 presumption applies to anyone who was exposed or
3 contracts COVID-19 on or after March 9th of 2020
4 and on or before June 30th of 2021 and then that
5 continues.

6 There is specific provisions that list
7 that this does not apply if someone is on a leave
8 of absence.

9 I will tell you that I have had
10 discussions with the City. They were in agreement
11 with the legislation. They were neutral in
12 committee. There were conversations that happened
13 offline where the City understood exactly where the
14 Fund was coming from and did not believe that it
15 would cause any issues. This is great in keeping
16 our working relationship with the City going.

17 In addition, you will see there is a
18 return to work provision. This was brought forward
19 by a constituent to the Senator that wanted parody
20 between what would happen if a retiree needed to
21 return back to work in the classroom but didn't
22 want to lose their pension.

23 And so I brought this to staff's
24 attention, to Director White's attention, and

1 ultimately this is one of those issues where the
2 General Assembly moved forward. Thankfully for us
3 they took language that was in TRS, Teachers
4 Retirement System, and language that was in the
5 Chicago Teachers Pension Fund, that article, and
6 made it similar.

7 So it applies specifically to anyone who
8 was a special education classroom assistant or
9 classroom assistant or a temporary non-annual basis
10 type worker.

11 Let me stop and ask if there are any
12 questions regarding House Bill 275, which is now
13 Public Act 102-0342?

14 MEMBER SONI: I do have a question. We
15 do have a lot of employees that were working from
16 home for this entire period. So if they contracted
17 Covid, they would be presumed to have it in the
18 line of duty?

19 MS. BELLO: That is a very, very good
20 question and that is one of those things where I am
21 going to volley this over to the attorney and I
22 will do a little bit of deep diving.

23 If you are working from home, you are not
24 necessarily working at the job at the site. So the

1 legislative intent would be if you are working
2 onsite and you contract Covid, not that you are
3 working from home because it can be challenged by
4 the City that you weren't in contact with anyone
5 and then that is where there would be an issue.

6 The legislative intent is for anyone
7 within Article 8 who is out working and they happen
8 to contract in their line of duty in their regular
9 course of business, that is where they would be
10 able to claim COVID-19 was an act of work.

11 I can followup with you specifically on
12 what remote working would be.

13 MR. WHITE: Sarah has a comment. Our
14 legal counsel has a comment.

15 MS. BOECKMAN: I don't have the
16 legislation in front of me, Bukola, so I apologize.

17 But I am pretty sure we addressed that
18 specific point, Trustee Soni, in the legislation.
19 So I do think that it was addressed.

20 Keep in mind this is for someone who dies
21 as a result of exposure to COVID-19. I just wanted
22 to reiterate that point that Bukola made. This is
23 involving employees who died because of Covid.

24 And, to Dennis' point, the legislation

1 did specifically, my understanding, is address that
2 you had to be onsite.

3 MR. WHITE: Right. You had to be
4 working. I think it was meant to deal with
5 employees who were deemed essential workers, who
6 were coming to work and if you got sick as an
7 essential worker. I think that was pretty much the
8 actual intent of the legislation.

9 MS. BELLO: Trustee Soni, I apologize.
10 Maybe the screen is a bit blurry. On the third
11 bullet point, it says, "The presumption shall not
12 apply if the employee was on leave of absence from
13 his or her employment or otherwise not required to
14 report for duty at the physical workspace generally
15 assigned to the employee, including but not limited
16 to working remotely".

17 So to Sarah and Dennis' point, that is
18 specifically in the legislation.

19 MEMBER SONI: Thank you.

20 MS. BELLO: You're welcome. Any other
21 questions?

22 Let me jump down to additional bills of
23 interest. So periodically I will update you on
24 bills that I have been tracking that I believe will

1 either be of interest to Staff and/or the Trustees
2 or both.

3 Let me quickly provide you with an
4 overview of those particular bills. House Bill 232
5 is around prohibited transactions around
6 investments.

7 Last year there were get a few members of
8 the Latino caucus, who wanted to put forward
9 policies that would require investment funds,
10 retirement systems, pension funds, to divest from
11 any particular companies that would be involved in
12 policies or companies that would be for-profit in a
13 restricting or holding migrant children.

14 It is a very long complicated process but
15 eventually the legislation is now in a form where
16 there is guidance around transactions that are
17 prohibited. There is guidance around what
18 companies can do to remove themselves from a
19 restricted list. There is guidance around how
20 companies can move forward, if they choose not to
21 divest themselves from those companies. And what
22 the requirements system can do in terms of their
23 investments. There is also guidance and provisions
24 around what the larger Illinois policy investment

1 fund can do in order to protect their assets.

2 That is something that the investment
3 division of the fund would be interested in and
4 that is why I put this on here.

5 That was signed into law July 23rd and it
6 is now a Public Act.

7 The next one is House Bill 3004, which is
8 around board employment of a particular trustee.
9 Specifically around a trustee who would like to --
10 if it arises, where they might be interested in
11 becoming an Interim Executive Director while the
12 Fund conducts a search.

13 There is specific provisions around what
14 happens when a trustee leaves the fund or retires
15 from the fund. And, if there is an opening, there
16 is a cooling off period where they have to wait 12
17 months. There are also provisions around what it
18 means and what exact circumstances would allow them
19 to serve in a capacity as an interim staff member.

20 Particularly, the legislation mandates
21 that executive staff would have to refuse to serve
22 in that interim capacity. And it also specifically
23 lists out what a person would need to do in terms
24 of being able to keep their trustee position, if

1 they took an absence from being a trustee to serve
2 in an interim capacity. They would still be able
3 to return back to being a trustee but any executive
4 officer position that they had they would have to
5 give that up.

6 So that is what House Bill 3004 lists
7 out. That was sent to the Governor but it is
8 awaiting signage. We're still waiting on that.

9 Additionally, Senate Bill 2356 around
10 open meetings. This legislation is really just I
11 think a term of management of what is happening
12 with records. Requiring that closed session
13 minutes are reviewed regularly. Any time that
14 there is any sort of executive session that those
15 minutes are reviewed regularly. It is mostly
16 maintenance in terms of the Open Meetings Act.

17 I will go down to Senate Bill 2664 around
18 electronic notary documents. That was a very large
19 bill introduced last year around this notion that
20 any document that needs to be notarized, especially
21 dealing with things that are happening remotely,
22 how that is able to be protected. What provisions
23 are in line around making sure those documents can
24 still be accurate and authenticated.

1 There is also provisions around the
2 Secretary of State and what they are allowing.

3 It is a very long piece of legislation
4 but for our purposes that notary information is
5 particularly important to staff.

6 Lastly, House Bill 2766, which this
7 particular body chose to be neutral on, but I had
8 great conversations with the Legislative Director
9 from AFSCME 31 around what this legislation would
10 mean.

11 Ultimately, it would allow the City to be
12 able to coordinate mailings. The information would
13 be accessible from our Fund. We would provide it,
14 if requested. And this was something that was
15 wanted by AFSCME Council 31. Specifically, the
16 retiree portion of that union. Our Fund saw no
17 issues with it and ultimately it passed. It was
18 sent to the Governor. It has not been signed but
19 this was of interest because this board took a
20 neutral position.

21 Any questions on the additional items of
22 legislation?

23 PRESIDENT THOMPSON: There doesn't seem
24 to be. Thank you so much, Bukola.

1 MS. BELLO: Thanks. Have a great day.

2 PRESIDENT THOMPSON: You, too.

3 Investment, Jamie.

4 MR. WESNER: Thank you, Madam President.

5 If you can pull up the Market Tracker, I
6 will quickly walkthrough an update on the market.

7 A quick summary.

8 The market continues to go higher, which
9 makes these conversations much more pleasant. But
10 also we need to continue to look forward to see
11 what risks are on the horizon.

12 We know markets don't go up in a straight
13 line and we know there will be a correction and
14 certainly there are a lot of risks out there given
15 the Covid variance, the situation in Afghanistan.
16 There are all types of things that typically in the
17 past might have been a catalyst for correction in
18 the market and right now the market seems to shake
19 off all of these issues.

20 While that is nice for the portfolio in
21 the current environment, it's just looking forward
22 to say when does it matter and that is what we
23 don't know but we know typically you're going to go
24 get a correction. You're going to get some type of

1 volatility in the market.

2 What is up here on the tracker is again
3 the performance through the end of July. And what
4 is really nice is for the one month, really almost
5 across the board in the U.S., we saw positive
6 markets. Stocks, bonds. It doesn't matter where
7 you were we saw the markets going up. And the nice
8 thing also we saw interest rates come back down.

9 If you recall in the first quarter, bonds
10 were pretty negative. Bonds were down 3, 4 percent
11 in a single quarter. We almost gained all of that
12 back since the end of March.

13 So you see in the upper right-hand
14 corner, core bonds were up 1.1 percent for July.
15 That is a big move for a single month for bonds,
16 that certainly is a positive. You see that
17 year-to-date figure almost back to break even down
18 a half a percent.

19 If you go about two-thirds of the way
20 down that table, you will see high yield and bank
21 loans. This is the below investment grade part of
22 your portfolio.

23 For July, just marginally higher. Bank
24 loans were pretty flat. High yield was up

1 four-tenths of a percent. Year-to-date you see up
2 3 and a half to 4 percent respectfully.

3 That exposure year-to-date has really
4 helped your bond portfolio actually be slightly
5 positive versus the core bond position which is
6 still a half a percent negative for the year.

7 If we switch to left-hand column, in the
8 top left-hand table, U.S. equities. Strong month
9 again for July. So S&P was up 2.4 percent.
10 Year-to-date we are up 18 percent in just seven
11 months. Obviously, great performance from the
12 broad U.S. stockmarket.

13 If you go to the green and blue squares
14 right in the center of the page, the green squares
15 are just the month of July. The blue squares are
16 year-to-date.

17 This is showing you the different parts
18 of the U.S. market. So, for the month of July, you
19 really wanted to be large cap and growth. In the
20 upper right-hand box, positive 3.3. Small cap
21 value and basically small cap across the board was
22 all down about 3 and a half percent. So those
23 large tech names really rallied back for the month
24 of July.

1 Year to-date in the blue squares,
2 everything is very strongly positive. But small
3 cap value is still the best performer up 22
4 percent.

5 When you look at things about your
6 portfolio, you look at your managers, you have
7 several managers that operate in that space and so
8 that will be a nice positive performance.

9 If we go back to the left-hand column in
10 the second table down there, the international
11 markets. International is one of the few kind of
12 negative areas for the month of July. The second
13 row in that table, which is the gray line, that
14 ACWI ex.US, that is the international benchmark,
15 down 1.6 percent for July. 4 percent below the
16 U.S. market. Year-to-date that is only up 7 and a
17 half percent. 7 and a half percent for seven
18 months in and of itself we are quite pleased with
19 that. Relative to the U.S. market, that has
20 certainly kept up with the U.S. That is the trend
21 that has been in place for ten years.

22 Valuations are much cheaper abroad.
23 Certainly a lot of other countries have not been as
24 effective in their vaccine rollouts. They have

1 other issues they are facing. So we saw a lot of
2 volatility.

3 The most volatility for the month of July
4 was in China. China was down almost 14 percent for
5 the single month. That caused emerging markets --
6 which China makes up a huge chunk of the emerging
7 market benchmark. Emerging markets were down 6.7
8 percent for that single month. That was a big
9 contributing factor for international markets being
10 negative.

11 Again, they bounced back somewhat in
12 August thus far but certainly you haven't been
13 compensated for taking on that extra risk in some
14 of those emerging markets.

15 Going back to the right-hand column, a
16 couple of alternatives. We will talk about this
17 when we look at the individual performance.

18 Hedge funds has been a little more muted
19 this year in terms of performance. Your defensive
20 equity strategies have been the best performers,
21 that is the bottom row in the hedge fund table.
22 CBOE PutWrite Index. You can see that is
23 substantially higher than all the traditional hedge
24 fund benchmarks. I always like to comment on that.

1 Way cheaper.

2 It is nice to have a strategy that is
3 probably about a quarter of the cost and performing
4 much better.

5 We have a balance in your portfolio but
6 the lower strategies perform much better.

7 Inflation. We have heard a lot of talk
8 about inflation. You have seen in terms of wage
9 inflation in your respective industry. Inflation
10 is finally starting to heat up. We see it in
11 commodity prices. We are seeing gas prices be
12 higher. Wages we think are going to stay higher
13 now. First time in a long time that we see pretty
14 strong pressure on raises.

15 At Marquette, we see it across the board.
16 If you want to hire quality people, you have to pay
17 up. That is one of the big contributors for
18 inflation. We have seen a few of these factors
19 that aren't really long-term. Like used car prices
20 and stuff like that have been influenced by the
21 shortage of the chip going into all the cars. That
22 is the stuff -- the inflation that won't stick
23 around for long.

24 But wage inflation, once wage inflation

1 comes, no employee will ever come back and say I
2 will take a 5 percent pay cut, that doesn't happen.
3 Once wages go up, they stay higher. That is one of
4 the things that is really keeping inflation higher.
5 Pushing commodity prices higher.

6 Real estate, infrastructure, some of the
7 other areas of your portfolio, they will protect
8 you in times of inflation. But the question right
9 now is making sure inflation doesn't get out of
10 hand. That is what the Federal Reserve is trying
11 to balance right now. Keep the economy stimulated
12 without letting it overheat.

13 We have your portfolio well-positioned to
14 withstand moderate inflation but nobody is ever
15 positioned to withstand the inflation that we saw
16 in the late 70s and early 80s. We don't anticipate
17 anything like that. It is always important to be
18 mindful of what the risks are out there in the
19 market.

20 Any questions on the broad market? I
21 like to spend a little time on that because that
22 drives the performance of your portfolio.

23 If we can go to the monthly Flash Report,
24 we can talk through the actual performance of your

1 portfolio.

2 The quarterly report is in the materials
3 for this meeting as well, that is typically more
4 for your reference. We will use that as a guide
5 when we talk at the September special meeting.
6 Some more education discussion. We will dig into a
7 few specialty pages there.

8 As you can see, there is 130 pages and
9 Neil and his team put together a lot of
10 information. Again, a great resource. But to be
11 mindful of time, I want to focus on the July Flash
12 Report.

13 I can talk through a few things as that
14 is coming up.

15 We do have four managers that are on
16 alert status. We are recommending taking one of
17 those managers off alert status today and that is
18 the Nuveen Symphony bank loan product. It was put
19 on alert last year for organizational issues when
20 Nuveen integrated more of that Symphony team.
21 Symphony has been part of Nuveen for 20 plus years.
22 They are based out in San Francisco. Their credit
23 team, their fixed income team, are back here in
24 Chicago and New York.

1 We are comfortable that everything they
2 said was going to happen has happened. When we go
3 to look at performance in a moment, their
4 performance looks like it is below the benchmark.
5 That is more of a Northern Trust issue. Where
6 Northern has been reporting values that are a
7 little stale and not up-to-date and so it shows
8 their performance being negative. If you actually
9 look at their real performance as calculated by the
10 manager and what we verify with them, they are
11 outperforming their benchmark.

12 We're happy with not only the
13 organizational issues being resolved, but
14 performance being up to standards as well.

15 The other three strategies we are
16 recommending to keep them on alert.

17 Segall Bryant will take a little while.
18 They were acquired more recently.

19 Nuveen small cap strategy, it is not
20 organization issues now as it is we are still
21 monitoring performance.

22 BMO. If you recall, we reported at a
23 recent meeting that BMO has sold their asset
24 management strategy and now they are under new

1 management so we are looking at what to do there.
2 No changes right now with the portfolio management
3 team. Performance was actually good for the month
4 of July but that is one we will bring them up to
5 you at future meetings.

6 If we go to Page 3, overall performance.
7 It's been a good month and it has been a good year.
8 So year-to-date you are outperforming by a full
9 percent net of fees. Positive 8.7 net of fees as
10 of the end of July versus 7.7 for the policy
11 benchmark.

12 Not surprising, the bottom chart here on
13 this page, U.S. equities has been the driver. We
14 are actually not only in U.S. equities been the
15 best performing asset class but your managers have
16 been outperforming as well. It has been a trouble
17 spot for this portfolio.

18 Typically international equities has been
19 a long term leader for this portfolio. It is nice
20 to see U.S. equities year-to-date outperforming as
21 well.

22 International is still outperforming by 2
23 percent. Hedge Funds has been a little bit of a
24 lager. Nice to see overall outperformance.

1 I am going to jump forward now several
2 pages all the way to the performance page, which is
3 Page 8.

4 Looking at Page 8, you see 8.7 at the
5 top, which is some of the individual managers.

6 Fixed income just slightly below
7 benchmark overall for fixed income.

8 That Symphony number down at the bottom,
9 that is what I was referring to as kind of in the
10 bottom of the fixed income section. That is what I
11 was referring to as some of the valuation
12 differences with what Northern Trust posts versus
13 what Symphony and the broad market confirms. That
14 will normalize over time as some of the securities
15 get updated in the Northern Trust system. But
16 short-term that looks like underperformance but
17 overall they are outperforming.

18 U.S. equities. Again, that nice
19 outperformance year-to-date. Really the driver
20 there, on the bottom of the page, has been exposure
21 to the small cap value managers.

22 Ariel at the very bottom of the page
23 outperforming by nearly 8 percent year-to-date.

24 One year outperforming by 12 percent. Great

1 long-term performance. We are very pleased with
2 Ariel's continuing the job that they are doing.

3 And then if you go on to the next page,
4 we can look at the other two small cap value
5 managers: Kayne Anderson and Nuveen. Both had a
6 very strong month in July.

7 Kayne Anderson outperforming by almost 3
8 percent. Nuveen outperforming by 2 and a half
9 percent. We are pleased with that. Nuveen
10 outperforming year-to-date. Nuveen has come back
11 quite strongly. I want to continue to watch them a
12 little bit more and we will talk about them at the
13 special investment meeting coming up in September.

14 On the international side, I mentioned
15 the international was negative for July. Your
16 international portfolio was actually positive. So
17 really across the board, your international
18 managers, everyone except for Acadian, who
19 underperformed by a tenth of a percent. Everyone
20 else outperformed. Outperformed in some cases
21 rather robustly by 2, 3 percent.

22 We are very pleased overall with the
23 international equity managers for the month of July
24 and longer term performance as well.

1 If you go to Page 10, it shows the low
2 volatility strategy. Another area where active
3 managers added strong value in July. We were
4 positive 2 percent overall. Acadian outperformed
5 up 2.3 percent. BMO outperformed being up 1.6
6 percent. Longer term performance is a bit weaker
7 but nice to see in the short term those managers
8 bouncing back.

9 On the hedge fund side, hedge funds has
10 been a really strong point for this fund over the
11 last three, five, ten years.

12 A little weaker year-to-date primarily
13 from Rock Creek. I did mention earlier a lot of
14 the traditional hedge fund strategies have
15 underperformed.

16 I have asked Rock Creek to come in and
17 speak with you at the September special investment
18 meeting and not because of their short term
19 underperformance but more because they do a lot for
20 you. They have a very diversified hedge fund
21 portfolio. They have a specific MWDBE hedge fund
22 portfolio they manage for you and they are doing
23 some private credit. They do a lot on your behalf.

24 I asked them to come in and talk about

1 what they have been doing for you. What they have
2 done in the last ten years. Some of their newer
3 responsibilities over the last year or so to make
4 sure everyone is comfortable with what you are
5 engaging them in doing. They are probably the most
6 -- of all your active managers, they are the most
7 active. They are doing the most for you.

8 And then Parametric and Neuberger, those
9 low cost defensive equity strategies, doing a great
10 job. You can see in absolute terms they are
11 strongly outperforming traditional hedge funds.

12 Finally, wrapping up with the real
13 assets; real estate and infrastructure. This is a
14 reminder we only get -- for most real estate and
15 infrastructure strategy, they only report on a
16 quarterly basis, that is why most everyone has a
17 zero for one month.

18 JP Morgan is the only strategy that
19 reports on a monthly basis for real estate. You
20 can see they had a very strong month in July. Up
21 1.6 percent. So year-to-date they are up 6.
22 Overall very strong performance there from JP
23 Morgan.

24 You can see there on the three month

1 side, we don't yet have the Ullico updated
2 performance. We are expecting a nice write-up for
3 Ullico for the second quarter. That is the
4 infrastructure side of the portfolio. Again, a
5 newer strategy that you have only had about two
6 years now.

7 A lot of moving pieces. Any questions on
8 the portfolio before we move on to some of the cash
9 flow needs?

10 I am going to skip the quarterly report
11 today. Please read the 130 pages. It has more
12 details on fees and all that good stuff that we are
13 always monitoring on your behalf. Again, we will
14 talk about that a little more at the September
15 special investment meeting.

16 This will be a perfect transition just
17 into the idea what we are doing for raising funds
18 for benefits payments for September 1st.

19 So we are now seeing where we don't have
20 enough surplus cash. We burned through the surplus
21 cash from the City contributions from earlier in
22 the spring. We will need to redeem \$60 million
23 from investments to meet benefit payments.

24 This will be on a page that we will

1 highlight a little bit further that we have on a
2 page that we have in the staff report.

3 This gives you a feel going forward, for
4 the next several months until we get to the spring,
5 large contributions from the City again, that we're
6 going to be redeeming assets. So September we will
7 get a little bit of reprieve when the property
8 taxes coming in. That will cover most of the cash
9 flow for the month of September that we will need
10 to meet October 1st benefit payments.

11 You can see there on the second row from
12 the bottom the cash from investments for October
13 through January, we are going to need about 75 to
14 80 million each month going forward. We will look
15 at the portfolio each month and give you a
16 recommendation based on where we are overweight and
17 then redeem from the asset classes where we are
18 overweight.

19 I would anticipate, unless we see a big
20 correction in the equity markets, that we are going
21 to be redeeming from equities for most all of
22 those. We're very liquid in that part of the
23 market. We will be watching that closely to make
24 sure we meet our primary objective, which is having

1 the cash to meet benefit payments.

2 With that, I will transition into the
3 staff report.

4 MR. WHITE: As the Board knows our
5 Investment Officer Steve Yoon left effective this
6 past Friday, the 13th. He gave his notice.

7 We have been working well with Marquette
8 and having some fun going back and forth trying to
9 get up to speed on some things.

10 Steve was a rock star here so we enjoyed
11 having him. We are working to fill that void. I
12 will talk more about that in the Executive
13 Director's Report.

14 Just moving on briefly, I think Jamie
15 touched on earlier that our fund is doing well so
16 from a performance perspective we had just a 0.8
17 percent increase in our investment return for the
18 year. Our ending balance as of July 31st is right
19 at 3.876.

20 If we move to the next page in terms of
21 asset allocation, I think Jamie mentioned we are
22 going to be requesting liquidation from various
23 assets and this really highlights what he also
24 mentioned in terms of where we will be looking.

1 As you can see the actual versus target
2 for those first two columns for domestic and
3 international equities we're slightly above the
4 target so that is where we will be looking at to
5 take some funds.

6 On the next slide, just really a little
7 capital activity report. As you know, we really
8 haven't had any recent new investments in private
9 equity or real estate so no capital calls but we
10 did have some distributions. It looks like we
11 received about 12.1.

12 I think Jamie also previously highlighted
13 that we will be looking to liquidate about \$60
14 million. This is sort of operating cash flow to
15 get to that 60 number.

16 This is where really I think Jamie and
17 Sandy, our comptroller, has had the most fun in
18 terms of going through and making sure we were all
19 comfortable and on the same page with the numbers.

20 I think the last one is just sort of an
21 up-to-date where we are year-to-date in terms of
22 liquidation.

23 MR. WESNER: That might be a good spot
24 just to talk about where we will raise the money

1 from for this month.

2 So for this month, again, this slide
3 highlights that we haven't had to redeem much this
4 year, which is great, because of the large
5 contributions that were received back in the spring
6 but now we are having to liquidate. Which is fine,
7 we're now able to trim from equities that have
8 continued to rally this year.

9 We would recommend that we get approval
10 from the Board to raise up to \$60 million from
11 three of your equity managers.

12 So on the international side, it would be
13 MacKay Shields and Walter Scott, which would bring
14 them back kind of in line with your other
15 international equity manager LSV. And then raise
16 the additional \$20 million from the Rhumblin S&P
17 500 Index Fund. So that will give you the \$60
18 million that was highlighted on the previous page,
19 that would get us to meet benefit payments.

20 You will also have a little bit of excess
21 operating cash. We are going to sweep the
22 investment cash over into your operating portfolio.

23 As Dennis just highlighted, that \$12
24 million came from mostly the real estate managers

1 in July. When that cash comes in, it sits in your
2 investment cash account and now we re going to
3 sweep that over to operating so we can use that for
4 benefit payments.

5 One final thing before I ask for your
6 motion, some of the hedge strategies only have
7 monthly or quarterly liquidity so we have to plan a
8 little in advance.

9 So I am going to ask the Board to approve
10 \$15 million approval of redemption from Parametric.
11 We won't get that money until the first day of
12 September. We can't use that for September 1st
13 benefit payments but it will be there as our cash
14 cushion and it will be part of what we use for
15 October 1st. We have to be mindful how we raise
16 the liquidity there.

17 MR. WHITE: Do you want to reiterate the
18 motion?

19 MR. WESNER: The motion would be for
20 approving a \$20 million redemption from the S&P 500
21 Index Fund. \$20 million additional each from
22 Walter Scott and MacKay Shields on the
23 international equity and \$15 million redemption
24 request for Parametric.

1 TRUSTEE SONI: I have one question. Do
2 we have enough funds to be able to do this or do we
3 have to liquidate something?

4 MR. WESNER: This is where we are
5 liquidating. This is the first time since the
6 January/February timeframe where we are now having
7 to liquidate investment assets to meet our
8 operating obligations and meet benefit payments on
9 September 1st.

10 TRUSTEE SONI: Okay. It is September
11 1st, right?

12 MR. WESNER: Yes.

13 TRUSTEE SONI: The bills going out right
14 now for the property taxes are going out by the end
15 of this month. They are probably starting to go
16 out. The due date is October 1st.

17 There is a possibility, a slight
18 possibility but there is a possibility, that we may
19 receive funds later this month.

20 By when do you need to have the funds on
21 hand?

22 MR. WESNER: We want to have the funds on
23 hand by at least a full business day, if not two
24 business days, before the month end. We always

1 want to make sure we are not scrambling at the last
2 minute.

3 We are planning this with the assumption
4 that there are is going to be essentially zero
5 contribution from the City. If there is a
6 contribution from the City in the last few days of
7 August, we're still not concerned with raising the
8 full \$60 million. The approval request would be up
9 to \$60 million.

10 TRUSTEE SONI: Okay.

11 MR. WESNER: If we have a little excess
12 cash, we know we are going use that excess cash
13 October 1st. Regardless of the timing, we'll make
14 sure that you have a sample liquidity for September
15 1st and October 1st benefit payments.

16 TRUSTEE SONI: I just want to avoid
17 liquidating, if we don't have to, unless it is
18 beneficial to do it, that's fine. If it is because
19 we don't have enough funds that are coming through,
20 I would want to put in some kind of provision, I
21 think you already said that, that we draw down only
22 to the extent that we need as determined on like
23 the 27th of August or whatever the date is we need
24 to determine by.

1 MR. WESNER: The nice thing right now is
2 that the rebalancing is you are overweight to U.S.
3 and international equities so this is kind of
4 serving two functions. Not only is it serving as a
5 primary function for liquidity for benefit
6 payments but it's also serving as a rebalancing of
7 the portfolio back to policy targets.

8 TRUSTEE SONI: Got it. That was my
9 question but are we doing it for other purposes as
10 well.

11 MR. SLACK: To be clear, as of this
12 morning we hadn't received anything, Reshma. What
13 my office can do is get you messages to Marquette
14 in real time as we see that come in. So if there
15 is anything that comes in at the end of the month
16 or towards the end of month you will be made aware
17 of it right away.

18 MR. WHITE: That is great.

19 MR. WESNER: We will look at the
20 September meeting, if we have enough from the tax
21 receipts come in, we may not have to redeem
22 anything additional at the September meeting for
23 October 1st. We will wait to see what we hear from
24 the Treasurer and the Comptroller's offices in

1 terms of what liquidity we get.

2 MR. SLACK: Historically that has come in
3 like fives and tens so it's going to be a little
4 lumpy so I will definitely make you aware as it
5 comes in.

6 MR. WHITE: Thank you, Craig.

7 TRUSTEE SONI: Thank you.

8 PRESIDENT THOMPSON: May I have a motion?

9 TRUSTEE DEGNAN: I will make that motion.

10 TRUSTEE CANNING: Second.

11 MS. HANSEN: Trustee Canning.

12 TRUSTEE CANNING: Yes.

13 MS. HANSEN: Trustee Degnan.

14 TRUSTEE DEGNAN: Yes.

15 MS. HANSEN: Trustee Soni.

16 TRUSTEE SONI: Yes.

17 MS. HANSEN: Madam President.

18 PRESIDENT THOMPSON: Yes.

19 MS. HANSEN: Mr. Slack.

20 MR. SLACK: Yes.

21 MS. HANSEN: Motion carries.

22 MS. BOECKMAN: Did you also want a motion
23 to remove Nuveen from the watchlist?

24 MR. WESNER: Yes, thank you for that. I

1 would recommend removing Nuveen Symphony bank loan
2 strategy from alert status.

3 PRESIDENT THOMPSON: Motion.

4 TRUSTEE DEGNAN: Motion.

5 TRUSTEE CANNING: Second.

6 MS. HANSEN: Trustee Canning.

7 TRUSTEE CANNING: Yes.

8 MS. HANSEN: Trustee Degnan.

9 TRUSTEE DEGNAN: Yes.

10 MS. HANSEN: Trustee Soni.

11 TRUSTEE SONI: Yes.

12 MS. HANSEN: Madam President.

13 PRESIDENT THOMPSON: Yes.

14 MS. HANSEN: Mr. Slack.

15 MR. SLACK: Yes.

16 MS. HANSEN: Motion carries.

17 MR. WHITE: As you are aware, we have the
18 RFP outstanding for opportunistic credit. I think
19 the responses are due by tomorrow. Typically we
20 receive and review those and staff will be looking
21 for a new Investment Officer and I think we just
22 took action regarding the watchlist.

23 I think we dealt with liquidity and we
24 dealt with the multi asset credit. No action I

1 think needs to be taken at this point on the RFP
2 for the multi asset credit.

3 The remaining action is the reimbursement
4 of an overpayment by a manager. On July 1st, we
5 were advised by staff we have a request from Rock
6 Creek regarding one of their liquidated funds.
7 They gave us return excess capital of about \$194
8 million. I think we were due a final payment of
9 1.602. Am I right, Jamie? And they gave us 1.797.
10 It looks like they overpaid by \$194,000.

11 MR. WESNER: Unfortunately, there are
12 errors made and that is why you have a
13 reconciliation process and then this was also
14 something that was caught prior to the auditing of
15 their fund's financials at the end of the year.

16 While you never want to see an error, it
17 is always good when you know that processes and
18 procedures are in place to catch the error and then
19 rectify it.

20 This is one where you were overpaid and
21 they have requested a reimbursement for the
22 overpaid.

23 This is just a quick background. They
24 have various funds that they manage for you. We

1 have been transitioning away from this multi
2 strategy fund. This was a fund that you no longer
3 have the investment with. They now manage other
4 strategies for you. Again, a long-term
5 relationship and just the error was made. We are
6 happy that it was rectified and caught and is now
7 being rectified.

8 PRESIDENT THOMPSON: \$194,000?

9 MR. WESNER: \$194,000. Nearly \$195,000.
10 Judge.

11 PRESIDENT THOMPSON: We need a motion,
12 based on staff and the investment consultant, to
13 approve the repayment to Rock Creek as verified as
14 a fund in error by Rock Creek.

15 TRUSTEE DEGNAN: Motion.

16 TRUSTEE CANNING: I second it.

17 MS. HANSEN: Trustee Canning.

18 TRUSTEE CANNING: Yes.

19 MS. HANSEN: Trustee Degnan.

20 TRUSTEE DEGNAN: Yes.

21 MS. HANSEN: Trustee Soni.

22 TRUSTEE SONI: Yes.

23 MS. HANSEN: Madam President.

24 PRESIDENT THOMPSON: Yes.

1 MS. HANSEN: Mr. Slack.

2 MR. SLACK: Yes.

3 MS. HANSEN: Motion carries.

4 PRESIDENT THOMPSON: Next item on the
5 agenda is the 2021 Trustee Election.

6 MS. RUFFOLO: We all know the 2021
7 Trustee election will happen on the last Friday of
8 October as it traditionally has for the past
9 several years.

10 This year we have two elections.
11 Actually, two special elections. One for a
12 three-year term and one for a two-year term.

13 We have revised the rules to accommodate
14 the fact that there are two simultaneous elections
15 happening for two positions.

16 We have changed all the dates within the
17 rules and these have been reviewed by counsel and
18 we concur with the changes that they have made.

19 We are asking for consideration and
20 possible action regarding the Trustee election
21 rules.

22 TRUSTEE CANNING: What are the changes?

23 MS. RUFFOLO: They were the dates. We
24 changed the dates from last year to this year. We

1 added some language to allow for two positions to
2 run at the same time because there are two
3 positions that will be open and everything else
4 remains the same.

5 PRESIDENT THOMPSON: Is there a motion,
6 please?

7 TRUSTEE DEGNAN: I will make the motion.

8 TRUSTEE CANNING: I will second it.

9 MS. HANSEN: Trustee Canning.

10 TRUSTEE CANNING: Yes.

11 MS. HANSEN: Trustee Degnan.

12 TRUSTEE DEGNAN: Yes.

13 MS. HANSEN: Trustee Soni.

14 TRUSTEE SONI: Yes.

15 MS. HANSEN: Madam President.

16 PRESIDENT THOMPSON: Yes.

17 MS. HANSEN: Mr. Slack.

18 MR. SLACK: Yes.

19 MS. HANSEN: Motion carries.

20 MS. RUFFOLO: The next part of the
21 Trustee election is that we have had an RFP out for
22 an Independent Election Administrator.

23 As you know, in the past we have used a
24 company to provide an online and now also an online

1 and telephone selection process.

2 Because of the fact that we wanted to see
3 if there were other companies out there, we put out
4 a RFP. There were two responses. The RFP went out
5 in April, it closed July 15th, and two companies
6 responded.

7 One was the incumbent company that we
8 currently work with named Simply Voting and the
9 second is a new company called Survey & Ballot, who
10 is a local company. When I say local, I mean
11 within the United States.

12 So what happened is they both responded.
13 Donna and I reviewed their RFPs and they are very
14 similar in the processes that they use.

15 The one differential is Survey & Ballot
16 will provide a private Trustee web page for the
17 candidates to post their information on. When
18 people go to vote they can see who they are voting
19 for and what their candidate statement is.

20 We put together an overview for you of
21 these two responses.

22 What happened last year is because of the
23 mail service we were very nervous about the mail
24 going out and do feel that the incumbent company

1 wasn't as responsive as we would like them to be.

2 Overall, the election was fine but the
3 responses to us we weren't really happy with. So
4 after all of our reviews and after looking at
5 everything, we would like to change our provider to
6 Survey & Ballot.

7 They are slightly more expensive but we
8 feel that the services they will provide will help
9 us and will make this a more robust election.

10 I would like the Board to allow us to
11 enter into negotiations with Survey & Ballot
12 Systems to run the 2021 Trustee elections.

13 MR. SLACK: Going from ten people to two
14 people is that a concern; this team total?

15 MS. RUFFOLO: I am sorry, I transposed
16 that. I apologize. The two team was Simply
17 Voting. The ten team is Survey & Ballot. I
18 apologize. Everything else is similar.

19 The thing about this election and the one
20 cost that we cannot control in the negotiations is
21 the cost of the mail. Postage is postage. We
22 estimate the postage to be about 50 cents a piece
23 of mail, even though it is likely lower than that.
24 I anticipate that the postage will be lower than

1 the \$15,000 but I can't guess. I can't tell you
2 that that is a true number.

3 PRESIDENT THOMPSON: It is basically
4 paying 40,000 for the web page?

5 MS. RUFFOLO: There is a double election,
6 too, so that makes a difference.

7 PRESIDENT THOMPSON: That's right.

8 MS. RUFFOLO: There is a double election.

9 Survey & Ballot Systems is located in the
10 United States. They are a union shop and they also
11 use union contractors.

12 PRESIDENT THOMPSON: I do remember last
13 time it was a challenge because that other company
14 was from Canada and it slowed down our
15 communicating with them and getting responses from
16 them and it did slow up things a little bit for us.
17 For them to be a United States based company
18 probably will be a lot easier.

19 MS. RUFFOLO: Also the mail-in candidate
20 wasn't as slow as it was in the United States. It
21 was kind of a new crisis for us that we were paying
22 attention to but nobody else was really paying
23 attention to.

24 There is also an overview, which I am

1 showing right now, just of our review and what our
2 recommendation is.

3 PRESIDENT THOMPSON: Based on
4 recommendation of staff, may I have a motion to
5 approve the selection Survey & Ballot as the
6 election vendor subject to contract negotiations?

7 TRUSTEE DEGNAN: So moved.

8 TRUSTEE CANNING: Second.

9 MS. HANSEN: Trustee Canning.

10 TRUSTEE CANNING: Yes.

11 MS. HANSEN: Trustee Degnan.

12 TRUSTEE DEGNAN: Yes.

13 MS. HANSEN: Trustee Soni.

14 TRUSTEE SONI: Yes.

15 MS. HANSEN: Madam President.

16 PRESIDENT THOMPSON: Yes.

17 MS. HANSEN: Mr. Slack.

18 MR. SLACK: Yes.

19 MS. HANSEN: Motion carries.

20 PRESIDENT THOMPSON: Next up is the
21 Executive Director Report.

22 MR. WHITE: Good morning, just a few
23 brief things to update the Trustees on.

24 Per usual, we have provided information

1 regarding our FOIAs and in this case we have three
2 FOIA requests since our last meeting.

3 One was from a law firm that is
4 well-known for pursuing litigation with the pension
5 funds and they are seeking our open minutes from
6 our open meetings so we provided that information
7 to them.

8 The second was seeking investment data
9 and the other was seeking some data regarding some
10 of our retirees. So we're still gathering the
11 information from the last two. We will get that
12 out to them.

13 In addition, I wanted to let the Trustees
14 aware we did receive a couple media inquiries
15 regarding Steve's departure. The basis of their
16 questions were when was his last day and where is
17 he going. We didn't provide any information on his
18 future destination. We certainly just advised them
19 of his last day and that we would be working with
20 Marquette going forward.

21 The next item is an update. We received
22 a request from our actuary, Segal, to participate
23 in a mortality study. I guess this is the second
24 mortality study being done by the Society of

1 Actuaries and we were not involved in the first
2 one. But it looks like they sort of rotate and try
3 to get a different mix of people that they are
4 seeking information from.

5 I think the data they seek is probably
6 stuff that we worked with our actuaries in putting
7 together in the past. As a favor to our actuaries,
8 they asked us to consider that request.

9 I didn't want to move forward with
10 something like this without at least sharing that
11 with the Trustees and making sure there was no
12 objection. We have to let them know by September
13 17th.

14 PRESIDENT THOMPSON: Our participation in
15 this study would be what?

16 MR. WHITE: It would involve us giving
17 them sort of data in terms of -- some of the data
18 that our actuaries get in general in terms of the
19 longevity of our employees.

20 PRESIDENT THOMPSON: Annuities and things
21 like that for people that we know about?

22 MR. WHITE: Certainly, it wouldn't be any
23 personalized individual stuff but it would be
24 aggregated data. And we'll take a look and see

1 exactly how expensive and how tough it will be
2 before we make a final decision on the 17th. We
3 wanted to make sure that it was okay with the
4 Trustees or even to consider it. If there were any
5 objections, we would tell them no right now.

6 MS. BOECKMAN: I don't know exactly what
7 information they are looking for, but I am assuming
8 the information would be FOIA able anyway. I can
9 tell you from a legal perspective, we would not
10 have any concerns. I don't know exactly what they
11 are looking for but we can review that with Dennis.

12 PRESIDENT THOMPSON: We are not really
13 sure what they need and we're not sure exactly what
14 they really want with it. As long as we find out
15 exactly what they need and it is okay with counsel,
16 I think it would be all right with us as well.

17 MR. WHITE: Great. We have another
18 meeting on September 2nd, which is actually the
19 last agenda item. We have our investment meeting
20 on September 2nd.

21 I will try to work with them to get more
22 information and I will come back to the Board with
23 sort of more or less a better description and I
24 will let them know there are no preliminary

1 objections. The Board wants an idea of the data
2 being proposed.

3 There was one other thing on here that is
4 a personnel matter. Certainly, as the Board is
5 aware we lost our Investment Officer. We're in the
6 process of looking for another Investment Officer.

7 We spent some time working with Marquette
8 and looking internally at our staff in terms of
9 what the role involved and some debate in terms of
10 whether we should consider an Investment Officer or
11 an Investment Analyst. Because a lot of what the
12 Fund does involves more or less reporting and
13 keeping track of investments and working with
14 custodians.

15 I think ultimately having someone who was
16 at the level of Investment Officer like Steve was
17 to kind of have some strategy discussions, that are
18 certainly probably above my sophistication level, I
19 think would be a good thing. So that is what we
20 are proposing to continue in that direction.

21 In addition, there are two other
22 positions that we are probably looking for. That
23 is the Accountant II and another Administrative
24 Assistant.

1 This Administrative Assistant we hope to
2 get involved with some of the social media stuff
3 and also maybe a little bit more direct reporting
4 to me on a couple things that I can kind of
5 expedite and get along with the Board.

6 PRESIDENT THOMPSON: Okay. Given the
7 fact, of course, we need to replace Steve, of
8 course an accounting person is very important.

9 Do we really need another Administrative
10 Clerk right now? I am just asking. I understand.
11 I'd like our focus to be on the more important
12 things. Of course, accounting is very important
13 and Steve is very important but the Administrative
14 Clerk is that something we really need at this
15 juncture?

16 MR. WHITE: Yes, and it is not a new
17 position. There are a number of slots in the
18 Budget. This is just filling the slots that we
19 already approved in the Budget.

20 More importantly we had a reduction of
21 staff every year that I have been here. I think
22 we're moving in a more efficient direction in
23 general.

24 It is not certainly my goal to add

1 positions to the head count. I don't think that
2 any of the positions that we have outlined will do
3 that.

4 PRESIDENT THOMPSON: One thing I have
5 noticed when you decide to move people along or put
6 people in positions that become open in the past
7 that you ask other people in the office to take on
8 some additional responsibilities so that we would
9 not have to go into the coffer, our Budget, if it
10 wasn't necessary.

11 Have you done that? Have you asked
12 anyone to do any of these things that maybe the
13 Administrative Clerk would encompass? Have you
14 asked, like just say for instance, it is a clerk.
15 So because we have an incredible Office Manager so
16 to speak, have you asked if there is something that
17 we could use Donna to possibly take on other
18 responsibilities? Because I mean you definitely
19 did that with Nicki and you did that with other
20 people to save money in that respect.

21 I mean, even though we have a little bit
22 of money extra in the Budget, it is always good to
23 have a little money extra in the Budget.

24 If we can ask Donna if she would have no

1 objection to that, maybe that's something that we
2 could work together on to possibly do and not have
3 to worry about that money.

4 MR. WHITE: I think if we discuss this
5 further, we probably should go in Executive Session
6 and we can discuss having a clerk added but I am a
7 little uncomfortable in a public forum.

8 PRESIDENT THOMPSON: I understand that.

9 MR. WHITE: That was the last items on
10 the Executive Director Report.

11 PRESIDENT THOMPSON: We can definitely go
12 to closed session on that item.

13 MR. WHITE: Before we consider going into
14 closed session, we have the consideration of
15 additional expenditures for investment consulting.

16 One of these things as we spend time sort
17 of moving in the next direction and looking for a
18 replacement for Steve, certainly we're asking
19 Marquette to take on some additional
20 responsibilities. They have been very helpful and
21 very responsive.

22 There is an education process, obviously,
23 in terms of with them and myself and staff. There
24 is a lot of dialogue. We are certainly asking them

1 to do more.

2 Initially they came back with a number
3 that was a little bit higher. I think we have had
4 some discussions and asked them to lower that
5 number. I think they have come back with sort of a
6 best number that they can do for us. I think it is
7 pretty fair and that is an additional \$3,000 a
8 month until we get a replacement for Steve in and I
9 am certain that we can do that. It would be very
10 helpful. We could work with counsel to amend the
11 agreement to address that.

12 PRESIDENT THOMPSON: Okay. Just to be
13 clear, I did have a conversation with Jamie. This
14 encompasses a few things. Like putting on
15 additional tasks, things like that, for the few
16 months that they are going to be there, that would
17 be for \$3,000 a month. I really appreciate
18 Marquette stepping in and stepping up and helping
19 handle these. We appreciate it.

20 MR. WESNER: Neil Capps, too, for the
21 newer trustees, is on the call. Neil has been the
22 analyst on this relationship since he joined
23 Marquette the end of 2008. Now he actually has our
24 entire analyst team at Marquette.

1 He has kept a few select clients, the
2 clients he like the best, and you guys are one of
3 them.

4 Also, another analyst with our firm, Jack
5 Sannes and Tara Murphy are two team members getting
6 more involved to help facilitate the process.

7 Hopefully, with Neil's institutional
8 knowledge and your relationship can help with all
9 those things that Dennis was just mentioning. As
10 the custodian, we get into some of the minority
11 hearings, Senate Minority hearings, Governor
12 reporting, all that stuff, are things that Neil and
13 his team will be able to help support your team.

14 PRESIDENT THOMPSON: Great. Given all
15 that information, any questions?

16 May I have a motion to approve the
17 initial expenditure of \$3,000 a month for
18 Marquette?

19 TRUSTEE DEGNAN: So moved.

20 TRUSTEE CANNING: Second.

21 MS. HANSEN: Trustee Canning.

22 TRUSTEE CANNING: Yes.

23 MS. HANSEN: Trustee Degnan.

24 TRUSTEE DEGNAN: Yes.

1 MS. HANSEN: Trustee Soni.

2 TRUSTEE SONI: Yes.

3 MS. HANSEN: Madam President.

4 PRESIDENT THOMPSON: Yes.

5 MS. HANSEN: Mr. Slack.

6 MR. SLACK: Yes.

7 MS. HANSEN: Motion carries.

8 PRESIDENT THOMPSON: Are we going to go
9 into closed session now?

10 MR. WHITE: Before that, do you want to
11 do legal update? Do you want to mention anything?

12 MS. BOECKMAN: I can mention it in closed
13 session.

14 Motion to go into closed session pursuant
15 to Sections 2(c)1 and 2(c)11 of the Open Meetings
16 Act to discuss specific personnel issues and also
17 litigation relating to my legal report.

18 PRESIDENT THOMPSON: Is there a motion to
19 go into executive session?

20 TRUSTEE DEGNAN: So move.

21 TRUSTEE CANNING: Second.

22 (Whereupon, the Board went into
23 Executive Session off the record.

24 No action was taken in Executive

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Session.)

MS. BOECKMAN: The only thing left on
your agenda is old business and new business.

PRESIDENT THOMPSON: Do you we any old
business or new business?

Can we have a motion to adjourn today's
meeting?

TRUSTEE DEGNAN: So move.

TRUSTEE CANNING: Second.

PRESIDENT THOMPSON: All in favor?

(Chorus of ayes.)

(WHICH WERE ALL THE PROCEEDINGS
IN THE ABOVE-ENTITLED MEETING
AT THIS DATE AND TIME.)

1 STATE OF ILLINOIS)
2) SS.
3 COUNTY OF DU PAGE)
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6 DEBORAH TYRRELL, being a Certified Shorthand
7 Reporter, on oath says that she is a court reporter
8 doing business in the County of DuPage and State of
9 Illinois, that she reported in shorthand the
10 proceedings given at the taking of said cause and
11 that the foregoing is a true and correct transcript
12 of her shorthand notes so taken as aforesaid; and
13 contains all the proceedings given at said cause.
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17 Debbie Tyrrell
18 DEBBIE TYRRELL, CSR
19 License No. 084-001078
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