

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
July 21, 2016

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, July 21, 2016, at 3:10 p.m. on the second floor of the Fire Department Administrative Building at 204 S. First Street, Rockford, Illinois, pursuant to notice.

CALL TO ORDER

The meeting was called to order at 3:10 p.m. Upon a call of the roll, the following answered:

ATTENDED: Alan Granite, President Bill Beaman, Secretary
 Tracy Renfro, Trustee Michael White, Trustee

ABSENT: Carrie Eklund, Trustee/Interim City Finance Director

STAFF: Linda Wlaznik, Pension Investment Accountant Judi Yehling, Recording Secretary

GUESTS: Attorney Carolyn Clifford, Ottosen Britz Mike Piotrowski, Marquette Associates
 Lt. Vince Boris Otto Odendahl, Manning & Napier

I. PUBLIC COMMENT -- None

II. MINUTES

- The June 16, 2016, minutes of the regular meeting were presented. Tracy Renfro made a motion to approve the minutes as presented and Bill Beaman seconded the motion. Upon a voice vote, the motion passed.

III. APPROVAL OF APPLICATIONS/PENSION CHANGES

- Approval of recruit applications was tabled until August 18, 2016, meeting.

IV. DISBURSEMENTS

- Alan Granite made a motion to approve the July payroll and invoices as shown in the warrant packet for \$1,420,804.06. This included two invoices for the Heitter disability matter which are being paid as received and attached. Tracy Renfro seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Bill Beaman
 Tracy Renfro Michael White
Absent: Carrie Eklund
Nays: None

V. CASH & INVESTMENTS

- Otto Odendahl of Manning & Napier presented his report:
 - Odendahl began his report by talking about the market in general, saying that “we began the second quarter by coasting until the UK decided to vote to get out of the EU.” However, at this point, the market is “mostly recovered.” The vote on June 23rd is a non-binding resolution and will take at least two years to finalize. With a new Prime Minister, nothing will probably happen

until after the first of the year. Odendahl went on to say that's it's not so much the Euro currency but the renegotiation of the trade agreements that will slow growth.

- For Manning & Napier, while (international) stocks were down quite a bit, it was the Euro banks who were down close to 30% and they did not own any banks. The emerging markets are already up, and the EAFE Index has also picked up.
- Manning & Napier believes that although there will be slower growth, there are still “good companies” in Europe. Emerging markets are up about 11%. Manning has a 35% limit for Emerging Markets (EM), and this portfolio is at about two-thirds of that right now. They own a lot of consumer-type stocks.
- Page 15 shows the performance of the fund. Year-to-date (6-30-16) the fund was up 3.23% versus the two indices which were both negative; and as of last night (7-20-16), the fund was up 5%. At one year the fund was down 5.93% versus the benchmarks which were both down 10%. Manning did not have a lot of exposure to financials and last year its investments in Brazil hurt but this year Brazil has helped.
- Looking at page 17, Manning is invested mostly in four areas: consumer staples, discretionary, health care, and technology. There are 45 stocks in the portfolio which is down from 75, and they hold no banks or utilities.
- Odendahl wrapped up his presentation by commenting that with the changes Manning has made, their performance has improved and their “price to sales” (measure of stock performance) is “cleaner than price to earnings.”
- Mike Piotrowski presented Marquette Associates’ Flash Report as of June 30, 2016:
 - The returns for the Fund were “solid” for the second quarter and it was positive 1.8 for the month. YTD it's up 4.9% and outperforming the policy benchmark, and it's ahead of the actuarial investment return assumption of 7.5% if you pace that out. There are a lot of good things in the portfolio:
 - Hillswick has had very solid performance and is up YTD 5.8%; Segal-Bryant is a little behind the benchmark but up nearly 4%.
 - Fiduciary is ahead on a YTD basis.
 - In the international space, all three funds are outperforming their benchmarks, and the international composite is up 3.9% YTD.
 - Emerging markets and value stocks are doing well, and the overall positioning of the Fund is good. However, there is still a lot of volatility.
 - In real estate, REITS are up almost 7% for the month, and Principal is up 4.2% YTD; PIMCO's performance has improved greatly.
 - Overall the Fund is doing very well. Next month there will be a review of the full quarter. Mike Piotrowski is pleased with the performance of Manning & Napier, DFA and PIMCO, all of whose performance was of concern.
 - In fact, the Fund might have gained 1% to 2% when we look at the final July returns.
 - The Fund has performed better than many others due largely to the outperformance of the managers. However, given the current situation with the European Central Bank, it's a “wait and see” situation. Yields in the bond market are “scary;” bond performance in Japan and the Euro countries is all negative.
 - The market is at an all-time high and if companies don't meet expectations during the earnings season, this will most likely have a negative effect.

- There are no cash needs for the month.
- Records of purchases and sales were distributed. Tracy Renfro made a motion, seconded by Alan Granite, to approve the purchases and sales for the month. A roll call vote was taken:

Ayes:	Alan Granite	Bill Beaman
	Tracy Renfro	Michael White
Absent:	Carrie Eklund	
Nays:	None	

VI. OLD BUSINESS

- Attorney Clifford advised that they are currently looking at September dates for a hearing in Carla Heitter’s disability case. She will give the dates to Attorney Duda but we want to get this done ASAP. Once that date is set, the exhibits will be distributed and she will coordinate with Dr. Levin for his testimony by teleconference (which was requested by Attorney Duda). We’re in a “holding pattern” for right now. Trustee Bill Beaman noted that he will be gone September 7th through the 17th.
- Vince Boris’ last IME appointment was July 19, and as soon as in the IME report is received, we can move forward with scheduling the hearing date. If the reports are all pretty “straightforward,” Boris’ attorney has indicated that he may not even need to attend, according to Attorney Clifford. She and one of her colleagues will be present to conduct the hearing, which could be as early as the August meeting as long as three Trustees are present.
- The actuarial report is dependent on the completion of the DOI annual statement, and Linda Wlaznik will keep the Board posted on its status. The report will use the RP 2000 mortality tables.
- The Fund’s DOI annual statement is due six months after year end, i.e. June 30th with provision for a grace period from the DOI until July 31st. It was noted that the DOI has the statutory authority to charge a \$100/day fine if the statement is not filed on time.
- The City audit is in progress.
- As far as the inquiry from Curt Gazouski about combining creditable service, Linda Wlaznik has not yet had time to put together the numbers to present to him. The matter was tabled.

VII. NEW BUSINESS

- The Board rules and forms were last updated November 19, 2015. There are 39 pages of rules and 74 pages of forms. This was tabled until the forms are updated, as well as possible updates in early 2017 after the legislative veto session.
- Legal Updates from Attorney Clifford:
 - She reported that the Illinois General Assembly passed a change in the Open Meeting Act stating that elected officials can look at closed meeting minutes and that a review of the minutes can only occur at the public body’s main meeting place or in the storage facility where the closed meeting minutes are kept. This is a “dumb” amendment but Attorney Clifford handed out a training update on keeping closed meeting minutes, which included recommendations like preparing a good inventory of the closed meeting minutes and the audio tapes, as well as drafting of the closed minutes without a lot of unnecessary detail which could make them difficult to open to the public in the future.

- There is a new piece on consolidation on the fire and police pension funds in Illinois. State Senator Biss (a Democrat) is pushing consolidation which he discusses in a You Tube video. There is also an article written by Eric Madiar, pushing Senator Cullerton's plan for pension reform.
- The Board discussed the IPPFA Conference in Lake Geneva, October 4th – 7th, noting that it could be a good one for Bill Beaman to attend. Registration deadline is in August. Alan Granite is checking into the AFFI Conference which is the second or third week in October.
- Asked about the back pay issue with the settlement of the contract, Linda Wlaznik said that would happen next month once the contract is ratified. About 10-15 people are affected and the back pay would include both retro pay/contributions and retro pension.

VIII. CLOSED MEETING – None required.

IX. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned 4:20 p.m.

Next regular meeting is August 18, 2016, at 3:00 p.m.

Signed:

Prepared by:



Bill Beaman, Secretary

Judith Yehling, Recording Secretary

8/18/2016

Date

Date

Approved by the Board of Trustees at its August 18, 2016, meeting.