

**MINUTES**  
**ROCKFORD FIREFIGHTERS' PENSION FUND**  
**December 20, 2018**

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, December 20, 2018, at 3:07 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 3:07 p.m. Upon a call of the roll, the following answered:

|           |   |  |
|-----------|---|--|
| ATTENDED: | Bill Beaman, Secretary<br>Michael White, Trustee              | Alan Granite, President<br>Carrie Hagerty, Trustee/City Finance Director |
| STAFF:    | Allison Knox, Accountant<br>Judi Yehling, Recording Secretary | Linda Wlaznik, Principal Accountant<br>(entered at 3:35 p.m.)            |
| GUESTS:   | Attorney Carolyn Clifford, Ottosen Britz                      | Mike Piotrowski, Marquette Associates                                    |

**I. PUBLIC COMMENT – None**

**II. MINUTES**

The minutes of the regular November 15, 2018, meeting were presented. Bill Beaman made a motion to approve the minutes and Carrie Hagerty seconded the motion. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty Michael White  
**Nays:** None

**III. APPROVAL OF APPLICATIONS/PENSION CHANGES**

**IV.** Chris Scott is eligible for his first increase; the monthly increase will be \$194.98/month for a monthly benefit of \$6,694.25 or an annual pension of \$80,331.00. Bill Beaman made a motion, seconded by Michael White, to approve the increase as presented. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty Michael White  
**Nays:** None

Retired Driver/Engineer Veto Santini passed away November 11, 2018, and his pension will terminate. Bill Beaman made a motion, seconded Michael White, to approve the termination of Veto Santini's service pension. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty Michael White  
**Nays:** None

Retired Lieutenant David Allen passed away November 30, 2018, and his pension will terminate. Michael White made a motion, seconded by Bill Beaman, to approve the termination of David Allen's service pension and grant the surviving spouse pension of Barbara Allen pending receipt of her application. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty Michael White  
**Nays:** None

## V. DISBURSEMENTS

The Warrant packet for December 21, 2018, was presented in the amount of \$1,626,831.17. Discussed payment of the Mosk invoice for \$450 which was the charge for Gustafson's failed appointment. Ottosen Britz will cover this amount as Dr. Mosk is a psychologist and not the required psychiatrist regardless of the appointment cancellation; if the invoice has already been paid, then Ottosen Britz will reimburse the Fund. In addition, an agreed upon amount of \$500 for secretarial services was added to the warrant packet amount. Michael White made a motion, seconded by Bill Beaman, to approve payment of the warrant packet as revised in the amount of \$1,626,881.17. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty Michael White  
**Nays:** None

## VI. CASH & INVESTMENTS

- Mike Piotrowski presented Marquette Associates' Flash Report for November 30, 2018:
  - Mike Piotrowski began by saying that it has been a "pretty terrible week" in the markets. The Fed has raised short term interest rates four times in 2018 for a total of 1% but this was pretty much expected but they will be raising it twice in 2019 and market expectation had been they would only been raising it once. The Fed has also stated they would be maintaining the status quo on the balance sheet which the Market "did not react well to." There has been "tremendous volatility" closing with a 4% decline yesterday. There's a great deal of uncertainty. However, there has still been economic growth currently at 2%, low unemployment and low inflation.
  - The Fund is at \$155.4 million as of November 30<sup>th</sup> and was at \$160 million as of January 1<sup>st</sup>. Through December 14<sup>th</sup>, as the rebalance sheet shows, there was a selloff and the Fund is at \$151 million. Consequently, the Fund is overweight to fixed income and underweight to stocks.
  - Most of the managers are doing a pretty good job in a tough market.
  - Brandes relative performance has improved and Fiduciary's defensive positioning should help hold up well relative to their benchmark. The international space "has been pretty tough."
  - The Fund was down .9% for the month and the return YTD was 3.5%. This year was a "miss" for the 7.5% assumed rate of return. The Fund has had some positive years but not this year. Per Mike Piotrowski, "this is where you fall back on your policies." The biggest thing is rebalancing.

The rebalancing recommendation is to take \$3.6 million from Fixed Income; transfer \$750,000 to US stocks, \$3.275 million to non-US equities, putting the Fund 1% overweight to cash to meet case needs of approximately \$1.6 million. Marquette also recommends liquidating the Vanguard REIT Index Fund due to increased volatility but keep it in the policy and rebalance back to the policy. Michael White made a motion, seconded by Carrie Hagerty, to approve the asset allocation rebalancing as presented by Marquette. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty Michael White  
**Nays:** None

The allocations can be reviewed again in January and rebalanced according to the Policy if necessary.

Records of purchases and sales were distributed. Michael White made a motion, seconded by Bill Beaman, to approve the purchases and sales for the month. A roll call vote was taken:

|              |                |               |
|--------------|----------------|---------------|
| <b>Ayes:</b> | Alan Granite   | Bill Beaman   |
|              | Carrie Hagerty | Michael White |
| <b>Nays:</b> | None           |               |

## VII. OLD BUSINESS

*Donald Weir Trust* – Allison Knox reported that she reissued the benefit to the trust. She did comment that the Police Pension Fund has decided not to reissue checks to any trust, as a matter of policy.

*Gustafson disability matter* – Attorney Clifford reported that Monday there was an IME set up with Dr. Seltzburg but another date in January has to be found due to Dr. Seltzburg's personal emergency that required the IME date to be rescheduled. We do have Dr. Dinwiddie's IME report so this matter can hopefully wrapped up in early spring when the Board will be presented with all the reports.

*Status of Lingel's transfer of creditable service to Chicago* – No new update.

*Metheney checks* – We are still receiving checks from the Metheney family.

## VIII. NEW BUSINESS

*Trustee nominations* – Alan Granite received six nominations for the active trustee position, all of whom confirmed that they will accept the nomination. He will get ballots out to the stations on January 3<sup>rd</sup> and pick them up on January 16<sup>th</sup> to be ready to be counted at the January 17<sup>th</sup> meeting. This election is for the unexpired term through 2021.

*Closed Session Minutes* – a spreadsheet was provided for all closed session minutes showing that all audio tapes have been destroyed. Discussed reviewing some of the closed meeting minutes. Alan Granite made a motion, seconded by Bill Beaman, to keep the currently closed meeting minutes closed. A roll call vote was taken:

|              |                |               |
|--------------|----------------|---------------|
| <b>Ayes:</b> | Alan Granite   | Bill Beaman   |
|              | Carrie Hagerty | Michael White |
| <b>Nays:</b> | None           |               |

*Investment Policy* – Mike Piotrowski provided the current Investment Policy Statement reminding the Board that this was revised and approved in January 2018. Marquette has no recommendations for changes at this time. Attorney Clifford has discussed possible changes with Police Pension Board's Attorney, Bobbie Holzwarth, but neither felt any changes were necessary at this time. This is not a document that needs to be changed too often as opposed to the Investment Policy. Mike Piotrowski stated that no action is required at this time.

*Death Audit Services* – The offer from Lauterbach & Amen and IPPFA of a free death record audit service was discussed, and Attorney Clifford recommended holding off until January as she recommended one change to the agreement, which is the need for protection of personal information under the Illinois Personal Information Protection Act. A copy of this change/addition has been sent back to Lauterbach and IPPFA for their approval before the Board signs the contract. This will be tabled until the January meeting.

*FOIA/Open Meetings Act Officer* – The Board discussed who would be the designated officers. Alan Granite made a motion, seconded by Bill Beaman, to appoint Allison Knox as the Open Meetings Act Officer and Mary Johnson as the FOIA officer. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty Michael White  
**Nays:** None

*DOI Pension Fund Security Administrator* – Carrie Hagerty made a motion, seconded by Bill Beaman, to appoint Allison Knox as the Fund’s DOI Pension Fund Security Administrator. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty Michael White  
**Nays:** None

*Annual Meeting Schedule* – A copy of the Fund’s 2019 Annual Meeting Schedule was passed out to members. Carrie Hagerty made a motion, seconded by Bill Beaman, to approve the schedule as submitted. A roll call vote was taken:

**Ayes:** Alan Granite Bill Beaman  
Carrie Hagerty Michael White  
**Nays:** None

## **IX. TRAINING**

*Legal updates* – Attorney Clifford called attention to the emails she had provided to Board members a five-part series on cancer and firefighters, and the legal issues involving line of duty death benefit/surviving spouse benefits and occupational disease disability pension benefit among other issues.

Also provided an article about fire chiefs “double dipping” and becoming re-employed.

Attorney Clifford discussed a case she heard about a fraudulently prepared email for a transfer of dollars from a pension fund to a Florida bank and the pension board president actually unknowingly approved the transfer.

## **X. CLOSED MEETING – None**

## **XI. ADJOURNMENT**

A motion was made to adjourn the meeting. Motion carried, and meeting was adjourned 4:00 p.m.

Next regular meeting is January 17, 2019, at 3:00 p.m.

Respectfully submitted:

Prepared by:

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Bill Beaman, Board Secretary

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Judith Yehling, Recording Secretary

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Date

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Date

*Approved by the Board of Trustees at its January 17, 2019, meeting.*

