

**MINUTES**  
**ROCKFORD POLICE PENSION BOARD**  
**SEPTEMBER 20, 2018**

**MEMBERS PRESENT:** Jeff Nielsen, President  
Marcia Mueller, VP  
Joe Stevens, Secretary  
Randy Berke, Assist Secretary  
Scott Laue, Trustee

**ABSENT:**

**ALSO PRESENT:** Mike Piotrowski – Marquette Associates  
Roberta Holzwarth – HolmstromKennedy PC

**GUESTS:** None

**STAFF:** Linda Wlaznik, Finance  
Allison Knox, Finance  
Carrie Hagerty, Finance Director

The September 20, 2018 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order 8:02 a.m.

**PUBLIC COMMENT**

NONE

**CITY BILLS**

Motion by Mueller and seconded by Stevens to approve August postage charges of \$274.80.  
APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Berke

Nays: None

Motion by Mueller and seconded by Stevens to approve September City Services of \$7,133.33.  
APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Berke

Nays: None

Scott Laue joined the meeting at 8:09 a.m.

Motion by Mueller and seconded by Stevens to approve payment to HolmstromKennedyPC for August attorney fees for general matters in the amount of \$1,732.50. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to HolmstromKennedyPC for August attorney fees for Annual Medical Review (2018) in the amount of \$1,012.50. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Stevens to approve the payment to Marquette Associates for investment consulting services for the period of September 1, 2018 through September 30, 2018 in the amount of \$6,041.67. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Stevens to approve the payment Woodlake Medical Management for Sarah Ahrens medical evaluation in the amount of \$1,890.00. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Stevens to approve the payment to Nyhart for actuarial evaluation services for Officer's Kutz, Watson, Wells, and Wiest for the period of July 1, 2018 through August 31, 2018 in the amount of \$1,000.00. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Stevens to approve the reimbursement for travel related to medical expenses to Sara Ahrens for parking in the amount of \$45.00 and mileage in the amount of \$94.50. APPROVED.

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

Nays: None

## **CASH & INVESTMENTS**

Piotrowski stated that global trade concerns continue. At the end of August, the Market Value of the pension was \$196.3 million. There are no cash needs for the month of September. Closer to the end of the year we will rebalance the portfolio.

Investment Management Performance is on pages 2 and 3. For the month of August, the pension fund was up 0.8% net of fees, but did trail the benchmark. There is a 100% chance that interest rates will rise again. Piotrowski recommended putting Dimensional Fund Advisors on alert for performance issues.

Motion by Mueller and seconded by Stevens to put Dimensional Fund Advisors on alert for performance issues. APPROVED.

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

Nays: None

Piotrowski reported that Principal had one property that was affected by the hurricane in Wilmington, North Carolina.

Piotrowski stated that two of the managers reduced their fees for the police pension fund, Segall Bryant & Hamill (fixed income) and Kayne Anderson Rudnik (U.S. equities). The change would require addendums to their contracts.

Piotrowski stated that he contacted Scott Brandt at the Department of Insurance regarding Fidelity share class exchange and code compliance. Piotrowski stated there was nothing in the State Statute in regards to share classes that would prohibit the board from making the exchange into the new share class. Piotrowski will send an email to Scott Brandt at DOI to confirm phone conversation regarding Fidelity share class exchange and code compliance.

Motion by Mueller and seconded by Stevens to liquidate Fidelity International Equity Fund and transfer shares to Fidelity Diversified International K6 Fund, due to investment fees. The current fee is 0.94% on Fidelity International Equity Fund. The new fee is 0.60% on Fidelity Diversified International K6 Fund. APPROVED.

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

Motion by Mueller and seconded by Stevens to approve the amendment to Segall, Bryant & Hamill for their investment advisory services to reduce the fees effective as soon as possible with the instruction that the president of the board sign the contract. The current fee is 0.25% on the first \$30 million and 0.20% on the balance. The new fee will be 0.20% on all assets. APPROVED.

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

Motion by Mueller and seconded by Stevens to approve the amendment to Kayne Anderson Rudnik (U.S. equity) for their investment advisory services to reduce the fees effective as soon as possible with the instruction that the president of the board sign the contract. The current fee is 0.90% on all assets. The new fee will be 0.80% on all assets. APPROVED.

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

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

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

## **ATTORNEY'S REPORT**

Attorney Holzwarth discussed the revised form letter that is sent to the Article 3 to Article 3 transfer participants. This letter will be sent when the amount to be transferred is more and the participant is not required to pay anything.

Motion by Mueller and seconded by Stevens to approve the revised notice to be given in case of an excess value in the prior fund for Article 3 to Article 3 transfers. APPROVED.

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

Attorney Holzwarth reported that all of the annual exams have been completed. We are waiting on one final report.

For next month, the board requested a list of approved disbursements vs. actual disbursements for the month of September as a trial basis.

Motion by Mueller and seconded by Laue to authorize the City of Rockford to engage Nyhart to test military buyback calculator for a cost not-to-exceed \$500.00. APPROVED.

Ayes: Nielsen, Stevens, Berke, and Laue

Nays: None

## **OLD BUSINESS**

Carrie Hagerty stated that the big driver for the annual statement is the annual audit. It is their goal to file the annual audit on time.

Attorney Holzwarth stated that the status of the Elsie Jean Forsyth payback matter remains the same, with no money received.

The file for Lorraine Schlappi will be pulled for follow-up on overpayment status.

Carrie Hagerty discussed the benefits of the City providing services for the pension board.

The board briefly discussed the RFP proposals received.

Motion by Mueller and seconded by Laue to table the RFP proposal decision for Investment Consultant services until the October meeting. APPROVED.

Ayes: Nielsen, Stevens, Berke, and Laue

Nays: None

## **NEW BUSINESS**

Motion by Mueller and seconded by Stevens to approve the service pension for Eric Bruno in the amount of \$5,754.67 monthly/annual benefit of \$69,056.00, effective November 2, 2018. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Stevens to table the service pension application for Michael Meehan. APPROVED.

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

Nays: None

Wlaznik stated there are five retirees that have not returned their affidavits; Eric Gulbrantson, Thomas Owens, Shirley Swart, Thomas Villa, and Frederick Wright.

Motion by Mueller and seconded by Stevens to withhold pension checks for the five retirees that have not returned their affidavits. APPROVED.

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

Nays: None

Wlaznik stated that DOI has been implementing desk audits for the annual statement. She will submit the information. Their system runs it through a series of data validation checks. The desk audit person also reviews everything that has been submitted, and apparently, they do not have a full spectrum of data validation checks built into their system so they contacted Linda with a list of

items. The list included status changes for any deceased pensioners that had widows that passed away, and anybody that terminated with the department that passed away. Wlaznik stated she had a new certification form that needed to be signed.

Motion by Mueller and seconded by Stevens that the president of the board sign the new certification form for the revised annual statement submitted to DOI. APPROVED.

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

Nays: None

## **PAYROLL**

Motion by Mueller and seconded by Stevens to approve the September estimated payroll in the amount of \$1,488,471.21. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

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

Nays: None

Motion to adjourn was made and seconded at 9:35 a.m.