

**MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
July 18, 2019**

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, July 18, 2019, at 3:05 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 3:05 p.m. Upon a call of the roll, the following answered:

ATTENDED:	Bill Beaman, Secretary Todd Monahan, Trustee	Alan Granite, President
ABSENT:	Michael White	Carrie Hagerty, Trustee/City Finance Director
STAFF:	Allison Knox, Accountant	Judi Yehling, Recording Secretary
GUESTS:	Attorney Carolyn Clifford, Ottosen Britz District Chief Daniel Zaccard (until 3:15 pm)	Mike Piotrowski, Marquette Associates

I. PUBLIC COMMENT – None

II. MINUTES

The minutes of the regular June 20, 2019, meeting were presented. Bill Beaman made a motion to approve the minutes and Todd Monahan seconded the motion. A roll call vote was taken:

Ayes:	Alan Granite Todd Monahan	Bill Beaman
Absent:	Michael White	Carrie Hagerty
Nays:	None	

III. APPROVAL OF APPLICATIONS/PENSION CHANGES

District Chief Daniel Zaccard is retiring effective August 2, 2019, having served 38 years, 7 months and 12 days. His monthly pension will be \$8,078.98 or an annual pension of \$96,947.76. Todd Monahan made a motion, seconded by Bill Beaman, to approve the retirement pension application as presented. A roll call vote was taken:

Ayes:	Alan Granite Todd Monahan	Bill Beaman
Absent:	Michael White	Carrie Hagerty
Nays:	None	

Michael Woodring passed away June 23, 2019, and his pension will terminate. His spouse, Kathleen Woodring, is entitled to a surviving spouse benefit. Bill Beaman made a motion, seconded by Todd Monahan, to terminate Michael Woodring's service pension and grant Kathleen Woodring a surviving spouse pension. A roll call vote was taken:

Ayes: Alan Granite Bill Beaman
Todd Monahan
Absent: Michael White Carrie Hagerty
Nays: None

IV. DISBURSEMENTS

The warrant for July 18, 2019, was presented in the amount of \$1,671,961.11. It was noted that the invoice amount for Optimum Quantvest was the name of the company that took over Hillswick. Allison Knox also commented that the disbursement amount includes the retroactive pay raises and the corrected amounts for the three recent retirees for their full benefit (Joel Erickson, Lisa Williams and Michael Barnhart) due to the contract being signed. She added that she would be sending out a new table to each retiree. Alan Granite made a motion, seconded by Bill Beaman, to approve payment of the warrant of \$1, 671,961.11. A roll call vote was taken:

Ayes: Alan Granite Bill Beaman
Todd Monahan
Absent: Michael White Carrie Hagerty
Nays: None

V. CASH & INVESTMENTS

- Mike Piotrowski presented Marquette Associates' Flash Report for June 2019:
 - Mike Piotrowski began by saying June was a great month and it seems to be continuing. The future will be looking at corporate earnings, global trade and Fed possibly cutting the interest rate by 25 basis points.
 - The value of the Fund is currently at \$158.7 million at the end of June and the portfolio is continuing to grow. There are cash needs but there is sufficient cash on hand. Allocations are very much in line with the policy statement.
 - The Fund's performance was 3.8% on a net of fees basis for the month of June and a positive 10.5% net of fees YTD. The return was driven largely by equity holdings with the US equity up 6.8%. The Fund is well ahead of the assumed rate of return. The outlook is positive for this year.
 - Fixed income returns are 2.9% YTD, US equities at 18.9% and international at 10.7%, real estate at 3.0% and global at 8.2% through June.
 - The liquidation of Brandes has been completed and funds transferred to Kane Anderson.
 - Exhibit III of Marquette's report is the asset allocation study providing a "best guess" on performance over the next 10 years based on historical data. Modeled on the current portfolio one can expect a 6.5% return over the next 10 years with 35% in fixed income. The other portfolios modeled are not compliant with state statute but just as reference without the 35% in fixed.
 - Mike Piotrowski commented that as returns go up so does risk. Portfolio E, which is more diversified, has a 7.5% return assumption. Attorney Clifford related that actuaries have opined that ideally, the investment return assumption should be set at a level that has a 50% chance of being met over the long term. Mike Piotrowski said there is a good chance of making a 7% return but much is dependent on interest rates which are basically back to an all-time low. IMRF has reduced its assumption to a 7.25% assumed rate of return; Chicago Fire reduced its assumption from 7.5% to 6.75%.

- Further discussion lead to deciding on a time for the actuary to meet with the Board. It was decided on August 15 at 1:00 pm.

Allison Knox said cash needs for the month can be met by tax receipts. \$1.3 million was received in June and \$1.5 million in July.

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

Ayes: Alan Granite Bill Beaman
Todd Monahan
Absent: Michael White Carrie Hagerty
Nays: None

VI. OLD BUSINESS

Gustafson disability matter – Attorney Carolyn Clifford reported that we have not yet received the IME psychologist’s report from Dr. Goldstein; she did her testing report but she still owes her impressions report. All three IME Psychiatrists’ reports are in. Attorney Carolyn Clifford will be preparing a subpoena to the fire department for those reports that Gustafson described to the IME psychiatrist but she is waiting for Dr. Goldstein’s report.

Status of Lingel’s transfer of creditable service to Chicago – No new update but Attorney Clifford did hear that another department member did get a letter in January from Chicago Fire so we should check in with Lingel.

Death audit services –The Police Pension Board’s Attorney, Bobbi Holzwarth, is still investigating.

Annual IMEs – They are all completed.

DOI Annual Statement – Allison Knox reported that it has been filed with the DOI as of July 16th. Discussed the confusion about a penalty being assessed which should be avoided since an extension was filed and accepted. Comment was also made that the form should contain a separate space for a spouse’s information and/or the ability to put in NA. The City Audit is almost complete. Bill Beaman made a motion, seconded by Todd Monahan, to approve the Annual Statement filing. A roll call vote was taken:

Ayes: Alan Granite Bill Beaman
Todd Monahan
Absent: Michael White Carrie Hagerty
Nays: None

Affidavits – Allison Knox reported that there are still 113 outstanding to whom she will send reminders. The deadline is August 31.

Metheny – Allison Knox reported that she is still receiving repayment checks on the account. Reimbursement should be made in full by February 2020.

VII. NEW BUSINESS

Board Rules & Forms – Attorney provided a new/revised set of rules and forms for the Board’s review. They incorporate legal updates, consolidated some items and reclassify others with one policy/page and the form opposite/together with the policy. Hopefully, it can be read/reviewed by the September meeting.

VIII. TRAINING

Legal updates – Attorney Carolyn Clifford provided Ottosen Britz’s *Quarterly Insights*. It talks about use of the internet in particular.

Attorney Carolyn Clifford provided a handout from that poses eight questions to ask for help in decision-making.

Allison Knox noted the Mid-America Conference is at Lake Geneva October 1-4; early bird pricing (\$385) ends July 29th. There is also an AFFI Conference in Bloomington October 7 and 8 which Alan Granite plans on attending.

IX. CLOSED MEETING – None

X. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried, and meeting was adjourned at 3:58 p.m.

Next regular meeting is August 15, 2019, at 1:00 p.m.

Respectfully submitted:

Prepared by:

Bill Beaman, Board Secretary

Judith Yehling, Recording Secretary

Date

Date

Approved by the Board of Trustees at its August 15, 2019, meeting.