

MINUTES
ROCKFORD POLICE PENSION BOARD
OCTOBER 17, 2019

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: Yasmin Landy – Fidelity
Ron Henry - Fidelity

STAFF: Allison Knox, Finance
Carrie Hagerty, Finance Director

The October 17, 2019 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order 8:09 a.m.

Motion by Mueller and seconded by Laue to approve the August 15, 2019 minutes of the Board meeting. APPROVED.

Motion by Mueller and seconded by Laue to table the September 19, 2019 minutes of the Board meeting. APPROVED.

PUBLIC COMMENT

NONE

CASH & INVESTMENTS

Piotrowski stated there was a proposed agreement between the UK and the European Union on a Brexit outline. There is a tremendous amount of uncertainty surrounding global trade. The month of September was a positive month; the total fund value was \$198.2 million. The month was positive 1.1% on a net return. Year-to-date the fund was positive 12.2%. U.S. Equities had a great month, up 22% for the year, the broad U.S. Equity market was up 20% for the year. Over a one-month period, management performance is status quo.

Staff and the board discussed in depth options for the fund and possible complications with paying service pensions if the State consolidates the pension funds. Piotrowski stated that approximately five percent of their business is from police and fire pension funds.

Piotrowski stated that he thought there was a good chance of the bill making it through the veto session. Nielsen stated he disapproves of the possible pension fund consolidation proposed in Springfield and spoke about the effects on the City if the rate of assumption is reduced. Piotrowski stated that it was important for the legislature to take their time on the bill and take the larger plans into consideration, not just, the smaller plans. The board discussed the wording for the resolution to be sent to the State Legislature regarding pension consolidation.

Motion by Mueller and seconded by Laue to approve the revised resolution opposing the consolidation of the pension funds **and was sent to the legislatures**. APPROVED.

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

Motion by Mueller and seconded by Laue to approve purchases and sales as attached to the agenda. APPROVED.

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

CITY BILLS

Motion by Mueller and seconded by Laue to approve September postage charges of \$92.72. APPROVED.

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

Motion by Mueller and seconded by Laue to approve October City Services of \$6,700.00. APPROVED.

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

Motion by Mueller and seconded by Laue to approve payment to HolmstromKennedyPC for September attorney fees for general matters in the amount of \$2,362.50. APPROVED.

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

Motion by Mueller and seconded by Laue to approve payment to HolmstromKennedyPC for the Shalene Eagleson disability application in the amount of \$3,150.00 and \$210.00 in disbursements. APPROVED.

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

Motion by Mueller and seconded by Laue to approve the payment to HolmstromKennedyPC for Annual Medical Reviews in the amount of \$652.50 for services. APPROVED.

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

Motion by Mueller and seconded by Laue to approve the payment to Rockford Orthopedic Associates for the Richard Kennedy IME in the amount of \$525.00. APPROVED.

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

Motion by Mueller and seconded by Laue to approve payment to Rockford Orthopedic Associates for the Mark Valadez IME in the amount of \$525.00. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Stevens to approve the reimbursement for the IPPFA Mid-American Conference for Jeff Nielsen in the amount of \$201.90. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Abstain: Nielsen

Motion by Mueller and seconded by Laue to approve the payment to Marquette Associates for investment consulting services for the period of October 1, 2019 through December 31, 2019 in the amount of \$20,115.75. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Berke to approve payment to Woodlake Medical for the Aaron Lesmeister IME in the amount of \$2,872.50. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Northern Trust for investment management fees for the period of July 1, 2019 through September 30, 2019 in the amount of \$6,138.88. APPROVED.

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

Nays: None

ATTORNEY'S REPORT

Attorney Holzwarth stated there was a revised order and findings for the Shalene Eagleson disability application matter that reflects the changes and corrections the board had discussed at the September meeting.

Attorney Holzwarth stated she has not been able to speak with Attorney Reese yet regarding the Caitlin Cox matter.

All seven-disability pensioners have completed their required examinations. The examiners have submitted their reports and certified the pensioners remain disabled.

NEW BUSINESS

Motion by Mueller and seconded by Laue to approve the report to City Council as modified. APPROVED.

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

Nays: None

Motion by Mueller and seconded by Stevens to approve the service application for Michael Ahrens effective October 5, 2019 for an annual benefit of \$83,064.80, and a prorated benefit for October, of

\$6,028.90. 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 approve the refund of contributions for Hannah McCullough in the amount of \$4,060.69. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

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

PAYROLL

Motion by Mueller and seconded by Stevens to approve the October estimated payroll in the amount of \$1,581,614.13. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

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

FIDELITY PRESENTATION

Yasmin Landy and Ron Henry were at the meeting to present information regarding the performance of the Police Pension Funds portfolio with Fidelity. Mr. Henry they would concentrate on sector positioning and attribution, and stated the environment was better than last year.

Ms. Landy stated that analyzing what they did change and what they added helped the fund. Year-to-date the fund is up 19.96%, 5 ½% over the benchmark. Bill Bower is still the decision maker on the fund.

Some businesses have been hesitant to spend money in an uncertain environment; because of that, some businesses are over earning. Ms. Landy discussed the performance during up and down markets. Their process is focused on outperforming over the long term. Trying to time sector rotations is very difficult. Fidelity favors technology, healthcare, discretionary staples, and industrials, due to their long-term performance.

Consumer discretionary and consumer staples is underweight, due to the cost of the stocks. Wage inflation has hit many businesses in Japan. Technology is their top exposure in the market. SAP is a very large technology company and is their largest holding. ASML (Information Technology) has been a large contributor in performance. Ms. Landy discussed their healthcare holdings.

This month the equity markets have improved compared to last month. SAP performed weaker than anticipated due to the slowdown in Europe.

Motion to adjourn was made and seconded at 10:12.