

**CORRECTED MINUTES
ROCKFORD POLICE PENSION BOARD
NOVEMBER 21, 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: Clark Koertner – Segall Bryant Hamill

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 8:03 a.m.

Motion by **Stevens** and seconded by **Berke** to approve the September 19, 2019 minutes of the Board meeting. APPROVED.

Motion by **Stevens** and seconded by **Berke** to approve the October 17, 2019 minutes of the Board meeting as amended. APPROVED.

PUBLIC COMMENT

NONE

CASH & INVESTMENTS

Piotrowski stated the month of October was a positive month; the total fund value was \$201.1 million. There are currently no cash needs for November. Next month we will take a closer look at rebalancing the portfolio to ensure compliance. For the month, the fund was positive 1.5%, year-to-date the fund was positive 13.9% on a net basis. There is currently no need to rebalance. .

Motion by Stevens and seconded by Berke to approve purchases and sales as attached to the agenda. APPROVED.

Ayes: Nielsen, Stevens, and Berke

Nays: None

CITY BILLS

Motion by Stevens and seconded by Berke to approve September postage charges of \$89.96. APPROVED.

Ayes: Nielsen, Stevens, and Berke
Nays: None

Motion by Stevens and seconded by Berke to approve November City Services of \$6,700.00. APPROVED.

Ayes: Nielsen, Stevens, and Berke
Nays: None

Motion by Stevens and seconded by Berke to table payment to HolmstromKennedyPC for October attorney fees for general matters in the amount of \$1,929.00. APPROVED.

Ayes: Nielsen, Stevens, and Berke
Nays: None

Motion by Stevens and seconded by Berke to approve payment to HolmstromKennedyPC for the Shalene Eagleson disability application in the amount of \$90.00. APPROVED.

Ayes: Nielsen, Stevens, and Berke
Nays: None

Motion by Stevens and seconded by Berke to approve the payment to HolmstromKennedyPC for Annual Medical Reviews in the amount of \$90.00 for services. APPROVED.

Ayes: Nielsen, Stevens, and Berke
Nays: None

Motion by Stevens and seconded by Berke to table the payment to HolmstromKennedyPC for the disability application for Matthew Krantz in the amount of \$935.50. APPROVED.

Ayes: Nielsen, Stevens, and Berke
Nays: None

Motion by Stevens and seconded by Berke to approve payment to Segall Bryant & Hamill for investment management fees for the period of July 1, 2019 through September 30, 2019 in the amount of \$16,509.89. APPROVED.

Ayes: Nielsen, Stevens, and Berke
Nays: None

Motion by Stevens and seconded by Berke to approve payment to Kayne Anderson Rudnick for investment management fees for the period of July 1, 2019 through September 30, 2019 in the amount of \$27,794.69. APPROVED.

Ayes: Nielsen, Stevens, and Berke
Nays: None

Motion by Stevens and seconded by Berke to approve the reimbursement payment to Scott Laue for attendance at the IPPFA MidAmerican Conference for travel expenses in the amount of \$145.52. APPROVED.

Ayes: Nielsen, Stevens, and Berke
Nays: None

ATTORNEY'S REPORT

Attorney Holzwarth stated the physicians examining the disabled pensioner's certified they remain disabled.

Motion by Stevens and seconded by Berke to certify the disabled pensioner's, Sarah Aarons, Mark Honzel, Richard Kennedy, Erin Lesmeister, Phillip Statler, Mark Valadez, and Christina Whisenand remain disabled. APPROVED.

Ayes: Nielsen, Stevens, and Berke

Nays: None

Attorney Holzwarth stated that the order was served on October 17, 2019 for the Shalene Eagleson disability. The 35 days allowed for filing for administrative review ends today. There has been no indication to indicate she was filing for administrative review.

We have received the certified copy of the disability application for Matthew Krantz.

Attorney Holzwarth stated she had talked to Caitlin Cox's attorney and suggested the refund be held in escrow.

The board discussed the pension consolidation matter and discussed the importance of having representation from the City to have input on what the boards deal with on a daily basis and would advocate for the City. Piotrowski commented on the need to have representation from a non-home rule community.

Laue joined the meeting at 8:40 a.m. Laue questioned the timeframe for the pension consolidation. Attorney Holzwarth stated that the bill needs to be signed and will become effective January 1, 2020. The transition period is 30 months. It is anticipated that larger funds will be transferred into the new fund first.

OLD BUSINESS

Nielsen suggested sending another letter to Elsie Jean Forsyth's son reminding him of the reimbursement owed to the police pension fund.

Knox stated that Ellen Burkett left a voicemail stating that the reason she did not return the affidavit is that she no longer wants the monthly pension payment.

NEW BUSINESS

James Etchingham is requesting a creditable service transfer. No action needed at this time.

Motion by Stevens and seconded by Berke to approve the refund application in the amount of \$7,402.22. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Stevens, Berke, and Laue

Nays: None

Motion by Stevens and seconded by Berke to approve the military buyback application for LeRoy Amendariz in the amount of \$22,381.29. This amount must be paid by January 31, 2020. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Stevens, Berke, and Laue

Nays: None

Nielsen suggested sending letters to the officers that still have money in the fund, but have left the force. Knox will prepare a draft letter to the former officers letting them know how much money remains in the fund and they are not receiving interest on the money.

Mueller joined the meeting at 9:00 a.m.

Motion by Stevens and seconded by Berke to authorize William Nielsen, Allison P. Knox, Carrie Hagerty, and Linda Estep to sign investment forms for Northern Trust, PIMCO, Segal Bryant & Hamill, and Kayne Anderson Rudnik. APPROVED

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

Nays: None

PAYROLL

Motion by Stevens and seconded by Berke to approve the November estimated payroll in the amount of \$1,585,848.93. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

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

Nays: None

SEGALL BRYANT & HAMILL

Clark Koertner were at the meeting to present information regarding the performance of the Police Pension Funds portfolio with Segall Bryant & Hamill.

Mr. Koertner started with an introduction to Segall Bryant & Hamill. Mr. Koertner stated there are many asset managers going out of business due to fixed costs, resulting in a consolidation of funds. There have been no senior changes to staff; an additional analyst was hired.

Inception value on October 1, 2012 was \$28,040,402, ending value as of October 31, 2019 is \$33,121,188, for a net change in value of \$4,475,433. Their selection of high quality securities has hurt them, but being in **corporate bonds** has allowed them to outperform. Distribution by sector has remained constant year after year. When market volatility is high, their security selection is what drives performance. An inverted yield curve is when shorter-term bonds pay higher interest than long-term bonds.

One of the largest purchaser of bonds is big global banks. Market liquidity is at a 10-year low.

Attorney Report (cont.)

Attorney Holzwarth stated that in her conversation with Caitlin Cox's attorney, Gary Reese, Mr. Reese advised that he would recommend reimbursement as requested by the Pension Fund if the Pension Fund would agree to reduce the amount to be paid by \$2,000.

Motion by Mueller and seconded by Stevens to approve the reimbursement by Caitlin Cox, for pension benefits paid to her that must be offset by the workers compensation benefits paid to her for the same periods, with a reduction of \$2,000, such that Ms. Cox will repay the Fund the amount of

\$76,546.59 rather than \$78,546.59. 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 claim for pension benefits paid, which should have been offset by Worker's Compensation benefits **paid** to Caitlin Cox in the amount of \$78,546.59, for an amount of \$76,546.59. 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 9:36.