

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
January 16, 2020

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, January 16, 2020, at 3:10 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 3:10 p.m. Upon a call of the roll, the following answered:

ATTENDED: Todd Monahan, Trustee
Michael White, Trustee

Alan Granite, President
Bill Beaman, Secretary

ABSENT: Carrie Hagerty, Trustee/City Finance Director

STAFF: Allison Knox, Accountant

Judi Yehling, Recording Secretary

GUESTS: Attorney Carolyn Clifford, Ottosen DiNolfo Mike Piotrowski, Marquette Associates

I. PUBLIC COMMENT – None

II. MINUTES

The minutes of the regular December 19, 2019, meeting were presented. Michael White made a motion to approve the minutes and Bill Beaman seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Todd Monahan
Bill Beaman Michael White

Absent: Carrie Hagerty

Nays: None

III. APPROVAL OF APPLICATIONS/PENSION CHANGES

Annual pension benefit increases for 2020 in the amount of \$36,004.24 were presented to the Board on a spreadsheet. The Board discussed the conversion of disability pensions to regular pensions; how to submit the paperwork for William Longergan; and the overpayment to Dan Zaccard's ex-wife for the QILDRO which was corrected. Michael White made a motion, seconded by Bill Beaman, to approve the annual increases as presented. A roll call vote was taken:

Ayes: Alan Granite Todd Monahan
Bill Beaman Michael White

Absent: Carrie Hagerty

Nays: None

Vince Boris is eligible for his first increase; the monthly increase will be \$477.89/month for a monthly benefit of \$5,787.82 or an annual pension of \$69,453.84. The 9% increase is on his duty disability pension and he turned 60 last March. Bill Beaman made a motion, seconded by Michael White, to approve the increase as presented. A roll call vote was taken:

Ayes: Alan Granite Todd Monahan
Bill Beaman Michael White

Absent: Carrie Hagerty

Nays: None

Retired Firefighter John Delia passed away January 4, 2020, and his pension will terminate. Diana Delia was his wife and is entitled to a surviving spouse pension. Bill Beaman made a motion, seconded by Alan Granite, to approve the termination of John Delia's service pension and grant the surviving spouse pension of Diana Delia pending receipt of application. A roll call vote was taken:

Ayes: Alan Granite Todd Monahan
Bill Beaman Michael White

Absent: Carrie Hagerty
Nays: None

IV. DISBURSEMENTS

The warrant for January 16, 2020, was presented in the amount of \$1,658,569.17. Alan Granite made a motion, seconded by Bill Beaman, to approve payment of the warrant in the amount of \$1,658,569.17. A roll call vote was taken:

Ayes: Alan Granite Todd Monahan
Bill Beaman Michael White

Absent: Carrie Hagerty
Nays: None

V. CASH & INVESTMENTS

Mike Piotrowski presented Marquette Associates' Flash Report for December 31, 2019:

- Last year was "a fantastic year." The Fund is at \$165.2 million versus \$148.8 million at the beginning of the year. The Fund was rebalanced at the end of the year. However, Principal rejected our payment of \$275,000 so it will be kept in the contribution queue for two to three quarters. There is enough on hand for benefit payments.
- The Fund was up 1.9% for the month and up 16.1 % YTD. Bonds were up 7% and US equities up 30% for the year. Real Estate was the worst performer this year. All the managers are in positive territory.
- There will, of course, be changes in the portfolio with consolidation but we are "off to a great start."
- 2019 was the fourth best return for US equities.

Mike Piotrowski presented the Board with the Annual Consultant Disclosure (see Exhibit II) as required by Public Act 100-0542. Marquette performed 334 searches, 72 of which included an MWBDE and 18 of the 72 which resulted in the selection of an MWBDE. The total dollar amount of investments made was \$758.2 MM.

Exhibit III of the December report was a Legislative Update on the new Illinois Sustainable Investing Act which took effect January 1, 2020. Mike Piotrowski's recommendation is to add the statement to the Fund's Policy Statement. He will update the investment policy statement for next month's meeting. Attorney Clifford commented that the Illinois banking community has some concerns with consolidation.

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 Todd Monahan
Bill Beaman Michael White

Absent: Carrie Hagerty

Nays: None

There are no cash needs. However, Allison Knox reported that the Fund has over the insured amount of cash on hand but the City is covered with its amounts.

VI. OLD BUSINESS

Gustafson disability matter – Attorney Clifford reported that Board was subpoenaed by the worker’s comp carrier for all the exhibits in this matter, and they received the same electronic copy as was provided to the Board members.

Dates for the hearing were discussed and Attorney Clifford indicated that she was expecting there would be a request for witnesses. After Board members questioned why the Fire Department did not provide the initial psychological report that would have been done at the time of hire, Attorney Clifford said she was interested in trying again to obtain it and also discussed perhaps issuing future subpoenas to the County for Gustafson’s previous employment.

Attorney Clifford will be revising the legal principles memo for the Board’s review ahead of the hearing. She indicated that she has knowledge of several new cases involving PTSD, and there may be additional legal precedents that should be considered.

The Board discussed the cost of the expert witnesses and what the total costs might be.

Upon further discussion of dates for the hearing, the Board could not find a February 2020 date where all five Board members could be present; thus, the Board will find March dates to be offered to the two attorneys.

Status of Lingel’s transfer of creditable service to Chicago – Allison Knox will reach out to Travis Lingel to check on the status.

Board Rules & Forms – Attorney Carolyn Clifford recommended review of the Board Rules and Forms be delayed until a later meeting.

Firefighter Sonenalinh Chanthaphone’s Application for Duty Disability – Attorney Carolyn Clifford provided recommendations for the IME physicians. She recommended Dr. Samo as the occupational specialist and two orthopedic specialists, Dr. Lorenz and Dr. Rinella. Michael White made a motion, seconded by Bill Beaman, to use the above listed physicians as the IMEs for Sonenalinh Chanthaphone’s duty disability examinations. A roll call vote was taken:

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

VII. NEW BUSINESS

Resolution for Signatory Authority – Attorney Clifford provided the updated resolution for signatory authority, No. 2020-1, which includes Linda Estep (Wlaznik) as a signatory, along with Allison Knox and Carrie Hagerty and Alan Granite. A motion was made by Alan Granite and seconded by Michael White to adopt the resolution:

Ayes: Alan Granite Todd Monahan
 Bill Beaman Michael White

Absent: Carrie Hagerty
Nays: None

Legal Engagement Letter – Attorney Clifford provided the Board with an engagement letter and retainer for 2020 which includes the new rates. The monthly billing will go up by \$10 and the hourly rate will increase from \$235/hour to \$240/hour. January will still be billed at the old rate.

VIII. TRAINING

Legal updates – Attorney Carolyn Clifford provided *Pension Insights (First Quarter 2020)*, which includes a summary of several new laws applicable to pension funds:

- *P.A. 101-0546 – Modifications to the Unclaimed Property Act* – The Board must do its due diligence to track down individuals who still have contributions in the Fund and/or are owed benefits and file a report with the State Treasurer by November 1st of each year on any individual to whom money is owed and who cannot be found. Allison Knox indicated that she found two individuals and the Fund has already paid them. Alan Granite mentioned Brian Watkins and Todd Monahan said there are perhaps a handful of recruits. Allison Knox said she got the number of individuals from the actuarial report but she got the names from the DOI.
- *P.A. 101-0434 – FOIA Exception for a Public Body’s Financial Information* – lists new exceptions to FOIA for financially sensitive information like account numbers.
- *P.A. 101-0473 – Illinois Sustainable Investing Act* – Requires funds to develop, publish and implement sustainable investment policies which can be done by including them into its pre-existing investment policy statement.
- *P.A. 101-0375 – Illinois First Responders Suicide Prevention Act* – Provides for referral to mental health services and establishes confidentiality provisions.
- *P.A. 101-0474 – Transfer of Creditable Service from the Firemen’s Annuity and Benefit Fund of Chicago* – The ability to transfer credit from Chicago to Article 4 funds closes in February.
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Attorney Clifford also provided a paper giving an overview of consolidation prepared by her firm, Ottosen DiNolfo Hasenbalg and Castaldo which she proceeded to discuss. The law was signed December 28, 2019, and went into effect January 1, 2020. Changes under the new law include:

- The training required of new Board members is now only 16 hours. Four hours of training on changes made from consolidation and eight hours of annual training are also now required.
- There is a transition period for actuarial reporting which ends July 2022 once the funds are moved and then the consolidation fund takes over actuarial duties.
- There are changes to Tier II benefits with an aim to improve them. The salary cap increases each year and the goal is to keep pace with Social Security. There is also a change in the minimum 54% survivors benefit and the new Fund has no jurisdiction over benefit decisions.
- A transition Board of five employees and four employer members is established. The transition board oversees the election of permanent members. Terms on the Board are four years.
- Page 15 discusses how assets are transferred. Thirty days prior to the transfer, a CPA audits the assets list. No trading may be done after the list is audited. Question was raised about how the three annuities will be handled for our Fund.
- Attorney Clifford said that once the transfer occurs, the Board loses fiduciary responsibility over the assets. She indicated that large funds would probably go first. Contributions will go into cash so we will need to keep three to six months of cash on hand in a checking account and probably establish some kind of threshold according to Mike Piotrowski.
- Page 17 states that the funds will be maintained outside the state treasury.
- The fiscal year will be from July 1 through June 30th and the Board will receive quarterly reports.

IX. CLOSED MEETING – None

X. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 5:25 p.m.

Next regular meeting is February 20, 2020, at 3:00 p.m.

Respectfully submitted:

Prepared by:

Bill Beaman, Board Secretary

Judith Yehling, Recording Secretary

Date

Date

Approved by the Board of Trustees at its February 20, 2020, meeting.