

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
April 16, 2020

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, April 16, 2020, at 3:00 p.m. via teleconference, Rockford, Illinois, pursuant to notice.

CALL TO ORDER

The meeting was called to order at 3:00 p.m. Upon a call of the roll, the following answered:

PRESENT VIA TELECONFERENCE per Governor Pritzker's Executive Order 2020-07 (COVID-19 Executive Order No. 5):

Carrie Hagerty, Trustee/City Finance Director	Alan Granite, President
Todd Monahan, Trustee	Michael White, Trustee
Bill Beaman, Board Secretary	

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

STAFF: Allison Knox, Accountant

I. PUBLIC COMMENT – None

II. MINUTES

The minutes of the regular March 19, 2020, meeting were presented. Michael White made a motion to approve the minutes and Todd Monahan seconded the motion. A roll call vote was taken:

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

III. APPROVAL OF APPLICATIONS/PENSION CHANGES

Captain Willie Brown is retiring effective April 24, 2020, having served 29 years and 23 days. He is entitled to a monthly pension of \$6,679.56 or an annual pension of \$80,154.72. Todd Monahan made a motion, seconded by Bill Beaman, to approve the service pension application as presented. A roll call vote was taken:

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

IV. DISBURSEMENTS

The warrant for April 16, 2020, was presented in the amount of \$1,715,774.30. Todd Monahan made a motion, seconded by Carrie Hagerty, to approve payment of the warrant in the amount of \$1,715,774.30. A roll call vote was taken:

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

V. CASH & INVESTMENTS

Mike Piotrowski presented Marquette Associates' Flash Report for March 31, 2020:

- Mike began by giving a market overview saying that obviously more and more Americans are being affected by the pandemic. This is going to be more long term in nature than what was originally thought. Air travel is at less than 100,000 vs. 2.5 million/day which is affecting not just Americans but corporations. There is a contraction in GDP that may be up to 40% and we are in a recession. The question is what will recovery look like. It only took 16 days this time for a 20% negative correction in the market usually takes about 180 days. The market bottomed on March 23 or about 7% lower from where we were at the last meeting. Since then, the market is up about 25% so we have seen a significant recovery. The concern is that as the data comes out and beginning of earnings season the market will correct again. We were down 35% and recovered about 25% but volatility will continue.
- Everything is below historical averages in terms of valuations. There is potential upside down the road but when will it start. Tremendous of uncertainty remains. There is a long way to go.
- The Fund was at about \$141.5 million at the end of the first quarter. It was at \$165 million at the end of last year so there has been a loss of about \$27 million. Today it is at about \$146 million. The Fund is underweight to equities and a little bit overweight to fixed income.
- There is sufficient cash on hand to meet benefit payments for the next few months.
- Return is -8.5% for the month and -12.3% YTD which made the annualized return at 10 years 5.5%. Equities were the biggest detractors as everybody wanted to sell everything.
- We have rebalanced the Fund twice, and Marquette recommends a third one percent rebalancing again, moving funds from fixed income to equity. Marquette will continue monitoring evaluations on a weekly basis.
- A question was asked about the effect on real estate. Mike Piotrowski said that typically real estate is the last to fall and the last to recover. Principal has had 50 tenants ask for rent concessions in one week and the next week 200 were requesting concessions. They have put up a gate on redemptions for the interim. The greater impact will be on income component of the return from this fund. Nobody is buying or selling properties. It has held up really well and they are well positioned to “weather the storm.” There will be lower returns.
- Mike Piotrowski discussed an event recovery or a structural recovery and rebalancing. The recovery is going to be worse than what was expected. Marquette thinks this will be a “U” shaped recovery rather than a “V” shaped recovery. Government intervention was really quick and helped immensely but it all depends on how long this lasts – there are a lot of unknowns. We are very close to target right now as far as rebalancing. The best is to develop a plan and stick to it, i.e. stick to the rebalancing as planned.

Michael White made a motion, seconded by Bill Beaman, to authorize the rebalancing as planned and recommended by Marquette moving money from fixed income into equities. A roll call vote was taken:

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

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

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

VI. OLD BUSINESS

Gustafson disability matter –Attorney Clifford issued a subpoena to Winnebago County for his work history at the sheriff’s office, prior to becoming a Rockford firefighter. The County responded with Gustafson’s entire personnel file. These materials will be added to the proposed exhibit packet. Otherwise, we are still in a hold pattern while the pandemic restrictions persist and will continue to monitor monthly, as to when we can conduct the hearing in person.

Status of Lingel’s transfer of creditable service to Chicago – Nothing further has been heard in this matter.

Board Rules & Forms –Review of the Board Rules and Forms is continued to be tabled until the Board can meet in person to finalize them.

Firefighter Sonenalin Chanthaphone's Application for Duty Disability – Attorney Clifford indicated that we are still in a holding pattern to proceed to the IME stage, due to the pandemic restrictions on non-essential medical appointments.

Annual Medical Exams – Both Albaugh and McCallips have returned their affidavits and we are just waiting for medical records. Attorney Clifford recommended that in both instances, a records-only IME review may be appropriate, and the Board agreed that the IME physicians be consulted as to whether they would be willing to proceed in this manner.

Annuity Contract Review – Attorney Clifford is still working with her colleague, Michael Weinstein, on reviewing the contract and would also like him to go over it with Michael White. Once that is done, she will formulate the next steps.

VII. NEW BUSINESS

DOI Annual Statement –Allison Knox has two more schedules for fire to complete and then she is done and it will go to the actuary. We should hear in about two or three weeks. The audit has begun. Carrie Hagerty alerted the Board that Linda Wlaznik who was working on the audit will be leaving the City once the audit is done. Patty Rhode, who is currently doing payroll, has been appointed as Linda’s replacement and is currently cross training with Linda who is committed to stay on until the end of the audit. Carrie does not anticipate any delay.

Refunds -- Allison Knox has the list of those former members who have left the fire department but still have contributions in the Fund and to whom refunds are owed.

VIII. TRAINING

Legal updates –Attorney Clifford had provided the *Client Alert* which discusses the impact of COVID-19; the *Legal Insights* on the Hauber case (Buffalo Grove Firefighters’ Pension Fund) and the article from the *Fire Call* on consolidation. The case addressed cumulative effects of acts of duty which could be considered with issues that could arise for firefighters from COVID-19 exposures.

The Board discussed progress by the new consolidation fund board, which indicates that they seem to want to move along fairly quickly but there are a number of steps before assets can be transferred. The consolidated board did award a contract to Lauterbach and Amen as an outside vendor for accounting purposes.

Attorney Clifford responded to a question as to any delays for training. She advised that she did not think the DOI would offer any delay and everyone should consider doing on-line training to stay in compliance.

IX. CLOSED MEETING – None

X. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 4:30 p.m.

Next regular meeting is May 21, 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 May 21, 2020, meeting.