

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

Allison Knox noted Firefighter Salvatore Tarara’s application for a deferred pension and Alex Edward’s request for refund. Tarara’s last day is May 27,2020, and Edward’s is May 29, 2020. Allison Knox said that she had sent an application. These applications will be on a future agenda for review and approval.

IV. DISBURSEMENTS

The warrant for April 16, 2020, was presented in the amount of \$1,746,206.91. Carrie Hagerty made a motion, seconded by Bill Beaman, to approve payment of the warrant in the amount of \$1,746,206.91. 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 April 30, 2020, and the First Quarter Report:

- Mike began by giving a market overview saying that the month of April was a little better than last month. During the ongoing COVID-19 pandemic, the data coming out is somewhat concerning: 15% unemployment; -4.6% GDP. However, the “market shrugged off the numbers.” More testing and reopening has driven the market higher.
- There was a positive 25% equity return in April which is continuing into May. However, the potential still exists for a second COVID wave in fall and without a vaccine, “we are not out of the woods.” The Fund, however, has made up a lot of ground.
- The April Flash Report shows the Fund at \$149.4 million, compared to the end of the first quarter when it was at \$141 million, so the Fund had a net gain of \$7 million.
- As of April 30, the Fund was more in line with its asset allocation policy although it was somewhat underweight to equities. We have rebalanced multiple times (4X) and the last time was the first week of May. The Fund is now overweight to US equity but Marquette believes we should “take a pause on rebalancing.” There is sufficient cash on hand and property tax receipts will come in June so cash flow should be okay for June.
- Performance for the month was plus 6.2% net but -6.9% YTD.; the Fund made back in one month what it lost last quarter which was driven by US equities which were up 12.1%. Interest rates have been extremely low which made for a really good month in fixed income but volatility remains.
- According to Mike Piotrowski last week was challenging but things are trending higher.
- Segal and DFA both beat their benchmarks for one month. Segal was overweight to credit and corporate bonds got priced down in the first quarter but today (May 21) they should be outperforming going forward.

- US equities have outperformed the benchmark. Fiduciary did okay but they have high cash holdings otherwise we would have expected them to do better. Mike Piotrowski said they “will keep an eye on them.”
- Small cap funds still face huge headwinds and the difference in value versus growth is as extreme as we have ever seen it. DFA should benefit going forward and they may join next month’s meeting as they will be at the police’s fund meeting.
- According to Mike Piotrowski real estate continues to “hold up.”

The Board discussed local/County property tax collection following comments on the Fund’s real estate holdings. Carrie Hagerty indicated that the Finance Department would be meeting this evening to go over the tax issues. Winnebago County has made no changes in the due date for real estate taxes; however, people can defer payment until October if they can prove they have been affected by COVID 19 and/or they can make partial payment. The City cannot control the property tax payment issues but 30% of taxes are paid through escrow so the City will get at least 30%. The first installment due date is June 16, 2020, and she said she will report to the Board on the first disbursement.

- Records of purchases and sales were copied to Board members. 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	Carrie Hagerty
	Bill Beaman	Todd Monahan
	Michael White	
Absent:	None	
Nays:	None	

VI. OLD BUSINESS

Gustafson disability matter –This matter is on hold until the Board can meet in person. The Board will continue to monitor the pandemic situation and consider a remote hearing, if necessary.

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 tabled until the Board can meet in person to finalize them.

Firefighter Sonenalinh Chanthaphone's Application for Duty Disability – Attorney Clifford indicated that she is issuing correspondence to Firefighter Chanthaphone with a schedule to be examined by the IME physicians: Dr. Pinella on June 18 and Dr. Samo on July 1. We are still waiting to hear from Dr. Lorenz with a date for the IME.

- *Annual Medical Exams* – Attorney Clifford provided a memo on the status of the IMEs. Albaugh’s annual IME was a records-only review with a telephone interview with the IME physician, and Dr. Lami concluded that he is still disabled. This will be Albaugh’s last review as he is turning 50. We are waiting on records from McCallips’ treating physician, which will be needed before we send him to his IME appointment. Alan Granite made a motion, seconded by Bill Beaman, to accept the report of Dr. Lami that Albaugh continues to be disabled. A roll call vote was taken:

Ayes:	Alan Granite	Carrie Hagerty
	Bill Beaman	Todd Monahan
	Michael White	

Absent: None

Nays: None

Annuity Contract Review – Attorney Clifford reported that she is working with her colleague, Attorney Weinstein, on the review and Allison Knox forwarded the necessary documentation and copy of the contract. Attorney Weinstein provided an overview of the situation. There were originally five variable annuities. Each policy has either a death benefit or a continuing annuity. Death benefits under the contracts have been paid on Raasch and Robertson, and the death benefits on Scalise and Satterlee have been extended until 2033. However, the issue is with the status of the Propbst annuity. The Finance Department received notices from the annuity company in October or November of 2017 but no record of a response or election of benefits by the Finance Department or the Board has been found. Question was raised as to whether Chubb was our fiduciary liability insurer in 2017. Attorney Weinstein needs to know who received the letters regarding the annuity commencement date in 2017 and who responded in 2013-14. Discussed how all this affects the situation with Propbst and whether the death benefit was extended to 2035n.. Basically, we need to know if a statute of limitations applies to the election of benefits. If the death benefit is lost, there may be a claim against the fiduciary liability insurance if the Board’s fault, or if it is the City’s error, the City’s E&O may cover.

Carrie Hagerty, before departing at 4:00 pm, informed Board that Allison Knox has taken a new position as Payroll Administrator for the City and will no longer be the Pension Board Accountant. Her vacancy will be posted. The Board congratulated Allison and thanked her for her work for the Fund.

DOI Annual Statement –Allison Knox has everything completed and is waiting for the City audit. She has created a step-by-step procedure on how to prepare the DOI annual statement for the next person. The statement must be filed with the DOI by June 30. She will provide a copy before it is submitted.

VII. NEW BUSINESS

Fiduciary Liability Policy -- Attorney Clifford recommends renewing the policy for another year until the Board knows when the transition is taking place and responsibility for investments will no longer be the Board’s. However, benefit issues will still need to be covered. Allison Knox said Chubb has submitted an application, which she provided copies of to the Board, and Chubb will come back next month with quotes. Right now it is a \$3 million dollar policy with a \$10,000 deductible.

Annual Affidavits – the deadline to turn in affidavits is June 30. However, the Board discussed moving this to August 15, 2020 and withholding the check if it is not turned in by the August 20th meeting. They also agreed to waive the notarization this year due to COVID 19 concerns, as it may be difficult for pensioners to obtain notarization. Attorney Clifford indicated that there are no ramifications if the affidavits are not notarized and many pension boards are increasing reliance on death audit services like we have from Nyhart. Allison Knox indicated she will have the affidavits in the mail before May 28 and will note on the affidavit under notary “not required this year.” She will also put on the top that “without return, pension benefits will be withheld.” Attorney Clifford will review the affidavit and in addition to mailing them, an email message will be sent using the list Judi Yehling maintains.

Annual Officer Elections – A motion was made by Todd Monahan, seconded by Bill Beaman, to elect Alan Granite as President. A roll call vote was taken:

Ayes: Alan Granite Michael White
Bill Beaman Todd Monahan

Absent: Carrie Hagerty

Nays: None

A motion was made by Michael White, seconded by Todd Monahan, to elect Bill Beaman as Secretary. A roll call vote was taken:

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

VIII. TRAINING

Legal updates –Attorney Clifford provided a preview of what she has been seeing with other pension board’s actuarial valuations this year, with the inclusion of the new mortality and other experience tables and Tier II benefit improvements having significant impact on recommended contributions and unfunded liability.

The new Firefighters’ Pension Investment Fund Board is initiating the election process for the permanent Board. They hope to seat the permanent Board by 2021 with the election completed by December 31, 2020.

The Board discussed the comments by Senator McConnell about municipalities declaring bankruptcy. Attorney Clifford said the idea “did not get any traction” and Illinois would have to authorize municipality bankruptcy which seems unlikely.

The Board discussed the new training requirements. The four hours or required training on consolidation is in addition to the 8-hours annual training, and will be provided by the consolidated board.

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 June 18, 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 June 18, 2020, meeting.