



Carrie Hagerty      Michael White  
Bill Beaman  
**Absent:**      None  
**Nays:**      None

Alex Edwards has made application for a refund of his pension fund contributions. The amount of the refund is \$29,466.75 with 20% withheld. Michael White made a motion, seconded by Alan Granite, to grant the refund request of pension contributions in the amount of \$29,466.75 less withholding for taxes. A roll call vote was taken:

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

Joseph Lutsch has made application for a refund of his pension fund contributions. The amount of the refund is \$299.53 which he requested as a rollover. Alan Granite made a motion, seconded by Michael White, to grant the refund request of pension contributions to be rolled over in the amount of \$299.53. A roll call vote was taken:

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

Captain Brad Walker is retiring effective September 7, 2020, having served 26 years and 6 months. He is entitled to a monthly pension of \$6,103.74 or an annual pension of \$73,244.83. Carrie Hagerty made a motion, seconded by Bill Beaman, to approve the service pension application as presented. A roll call vote was taken:

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

Retired Firefighter Thomas Cancelose passed away June 20, 2020, and his pension will terminate. His widow, Norma Cancelose, is eligible for a surviving spouse benefit. Bill Beaman made a motion, seconded by Michael White, to approve the termination of Thomas Cancelose's pension and approve the surviving spouse pension of Norma Cancelose. A roll call vote was taken:

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

District Chief Kenneth Eitenmiller is retiring effective July 24, 2020, having served 27 years, 5 months and 1 day. He is entitled to a monthly pension of \$6,797.82 or an annual pension of \$81,573.84. Carrie Hagerty made a motion, seconded by Michael White, to approve the service pension application as presented. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Todd Monahan
	Carrie Hagerty	Michael White
	Bill Beaman	
<b>Absent:</b>	None	
<b>Nays:</b>	None	

Firefighter Jason King has submitted his application for a duty disability pension, and it has been received by the Board. The Board’s attorney will start the process and get his background records for this application. It was noted that he has no banks of time left. Currently he is not represented by counsel. Attorney Clifford said that a decision will have to be made whether this application will fall under a duty disability or occupational disease pension. She said the Board “will have to pick a path” in order to select the appropriate IMEs. King has both cardiac and orthopedic issues listed on his application. The question is “who picks the path?” and it will done in discussion with King.

#### IV. DISBURSEMENTS

The warrant for July 16, 2020, was presented in the amount of \$1,769,482.33. It was noted that the first Quarter invoice from Segall Bryant was delayed due to the COVID pandemic and an updated invoice for the second quarter is expected. Michael White made a motion, seconded by Carrie Hagerty, to approve payment of the warrant in the amount of \$1,769,482.33. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Todd Monahan
	Carrie Hagerty	Michael White
	Bill Beaman	
<b>Absent:</b>	None	
<b>Nays:</b>	None	

#### V. CASH & INVESTMENTS

Richard Pentz and Bridget Lechtenberg presented the Principal Real Estate Fund’s performance report to the Board as of June 30, 2020:

- Principal fund is a top-10 global real estate manager with over \$78 billion with over 400 employees in 11 countries. Their investment policies stress consistency and experience.
- The Rockford Firefighters’ Pension Fund has almost \$16 million invested in their core account investing in real estate assets. The focus is on risk management and the investment team is one of the longest in this class, out-performing the benchmark 9 out of the past 10 years. The book shows statistics as of March 31, 2020.
- The “account profile” on page 7 shows the gross asset value of \$10 billion and a net value of \$8 billion. Property returns are decreasing but leased space is generating revenue and providing income which drives returns. Occupancy is at 96% as of June 30.
- The contribution queue in June 2019 was at \$865 million which has grown to almost \$950 million as of June 30, 2020. These were non-binding and many investors have paused their contributions. On March 20 a withdrawal limitation was put in place.
- The investment strategy (pg. 8) is the same but calibrated. Still looking at high quality properties to mitigate risk and focused on shorter duration. They can have up to 7.5% in development. Investments are largely multifamily. A significant focus is income but COVID has had an impact

with some looking for rent relief; these instances are being handled individually. The goal is to maintain occupancy.

- Page 9 shows where Principal is invested. They are overweight to the West and the South which are outperforming the East and Midwest. Rent collections have deteriorated but they were up in the second quarter. They have been reducing office allocations and are concentrating on tech firms. The cost of tenant improvements is adding cost and in the second quarter they collected 93% of rent due.
  - Page 11 shows retail space which is 14% of the portfolio. They are deliberately underweight in this sector, especially in malls. It consists largely of community centers, groceries and pharmacies which have seen an increase in sales. Collections are 73% of rent billed.
  - Multifamily investment (pg. 12) is 26% of the portfolio and growing. They are focused on diversity of tenant profiles and have 98% of billings collected.
  - The industrial sector (pg. 13) is 22% of the portfolio and they expect it to do well. E-commerce has affected this sector positively and collections are at almost 100% of billed.
  - Page 14 lists the top ten assets which represent about 30 % of the portfolio and most of which are in the West.
  - Pages 16 and 17 show performance against the benchmark which Principal is outperforming over all time periods particularly in income return.
  - Their forecast for 2021 is a little higher. The big challenge is income erosion and the potential for rent deferral. They believe they are currently well-positioned.
- Mike Piotrowski said, when asked, that we can withdraw at any time but they are not accepting new investment.

Mike Piotrowski introduced Amy Miller who joined Marquette two months ago and presented Marquette Associates' Flash Report for June 30, 2020:

- Mike began by saying that performance was “a broken record” for June, i.e. the same as for May and April. The Fund stands at \$156.9 million which is almost a \$4 million gain which was driven largely by equity.
- The Fund is overweight to real estate and underweight to fixed income. However, with property tax receipts, there is still sufficient cash to cover benefit payments which should hold true until September.
- The Fund was up 1.4% for the month, with a 10.6% return at three months which is “fantastic.”
- The YTD return is at -3% but relative performance is improving. It is still in positive territory but well behind the assumed rate of return. There was, however, underperformance in the US equity space, especially in value and small cap asset classes. However, they don't recommend any shift until a recovery.
- Real estate return is at -1.5% and transaction volume is frozen.
- Mike Piotrowski advised that a \$2 million redemption request has been given to Principal which will put Principal in line with the target allocation.
- As far as the various managers and sectors are concerned, fixed income is still in positive territory. Performance of US equity is “muted” but the international managers have been providing some “nice returns.”
- Discussed the performance in the US equity sector and growth versus value. US equity has underperformed the last three years due to holdings in growth/large cap. The holdings have been a conscious decision and the performance difference of value versus growth has been as extreme as we have ever seen. But when a reversal happens, it will happen quickly.
- Overall, it has been “a solid month and a fantastic quarter.” However, there are “challenging times ahead.”
- When questioned about money in the Principal queue for contribution or redemption, Mike Piotrowski recommended keeping the withdrawal request in place but he will check further.

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

<b>Ayes:</b>	Alan Granite	Todd Monahan
	Carrie Hagerty	Michael White
	Bill Beaman	
<b>Absent:</b>	None	

## VI. OLD BUSINESS

*Gustafson disability matter* –Attorney Clifford discussed with both attorneys whether they would be amenable to pursuing the Gustafson hearing via video conference, The attorneys indicated they were amenable and the next step is to look at dates for hearing. At this time, the parties have not requested that the IME physicians testify at hearing.

*Status of Salvatore Tarara's deferred pension* – Allison Knox indicated that she has heard nothing from Tarara and she would send him another email.

*Status of Lingel's transfer of creditable service to Chicago* – Nothing further has been heard in this matter. Did briefly discuss what happens when a Tier II firefighter transfers to Chicago. Attorney Clifford said that window has come and gone to combine creditable service. She advised that the individual should hold off taking any of his contributions out of the Rockford pension fund right now but he should alert Chicago of the possibility.

*Board Rules & Forms* –Review of the Board Rules and Forms is tabled until October or later in the year when they can be reviewed in person.

*Firefighter Sonenalin Chanthaphone's Application for Duty Disability* – Attorney Clifford indicated that Firefighter Chanthaphone has been to all three IME physicians. She has received Dr. Samo's report but not from the other two as yet. The City's petition to intervene has been received. July 31 is the deadline for Attorney Duda to prepare his response. The City must respond by August 7. Attorney Clifford will then send out a legal memo to help guide the Board's decision to grant or deny the petition by August 14 and then the Board can decide the issue at the August 20<sup>th</sup> meeting. Once that is decided, then hearing dates could be set. Attorney Clifford will send a letter to the attorneys.

*Annual Medical Exams* – Attorney Clifford reported that Michael McCallips' treater has moved and the storage place where the records were kept had closed. We are still waiting to get these records.

*Annuity Contract Review* –Attorney Weinstein indicated that he has received the City insurance policy but has not been able to locate any other documents. He has requested that Allison Knox look at 1994-95 and 2003 for reference and would like her to provide a chronology as to how this was discovered. He can then make a recommendation. The issue was triggered by the fund consolidation. In the past, the pension fund has "made a lot of money on the annuities." Weinstein would like to get a timeline from Michael White and Allison Knox to aid in his recommendation.

*DOI Annual Statement* – Allison Knox has completed and submitted the report. The City audit is complete. Actuary Mike Zurek will present the actuarial report at next month's meeting.

*Fiduciary Liability Policy* – Allison Knox has submitted payment for the Fiduciary Liability Policy and it will take about 60-90 days to receive the current policy. In November, the Firefighters’ Pension Fund will issue a joint RFP with Police Pension Fund for proposals on fiduciary liability policies.

*Annual Affidavits* – Karla Hunter reported that she has received 256 affidavits and is only waiting on 71. Deadline to submit is August 1 so pensioners still have a month to submit their affidavits. A reminder will be sent out and Karla Hunter will get a list to Alan Granite.

## VII. NEW BUSINESS

*Open Meetings Act* – A motion was made by Alan Granite, seconded by Carrie Hagerty, to appoint Karla Hunter as the Board’s Open Meetings Act officer. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Michael White
	Bill Beaman	Todd Monahan
	Carrie Hagerty	
<b>Absent:</b>	None	
<b>Nays:</b>	None	

*Closed Meeting Minutes Inventory* – Attorney Clifford suggested that an inventory of closed meeting minutes be developed. She cited in particular the minutes from December 19, 2019, which were unclear as far as approval and should be added to the August 2020 agenda for approval, since the January minutes were unclear as to whether open or closed minutes were approved at that time. She also suggested that the date of approval of written minutes be added to the inventory and what recordings we have. In addition, she would like an inventory of remote meetings and the list of recordings all in one binder.

## VIII. TRAINING

*New Consolidated Board Training* – Allison Knox indicated the new Fire Consolidated Board is offering a webinar for the first two-hours of consolidation training. The webinar is free.

*Legal updates* – Attorney Clifford said the Governor has signed a remote meeting provision into law, Public Act No. 101-640. The City declared a disaster and implemented its policy to allow remote meetings in June. The disaster declaration has to be made and then the Board President must make a determination that an in-person meeting is not practical or prudent. Members must be accounted for via roll call and the meetings must be open to the public. All votes must be via roll call. A notice must be posted publicly and a verbatim audio recording must be kept which is subject to FOIA.

Attorney Clifford advised there is new legislation affecting the Workmen’s Comp Act as of June 5. The new provision is a rebuttable presumption which goes through the end of the year.

Attorney Clifford noted that at the end of December there were some new Administrative Code provisions relative to benefit mistakes. If there are benefit mistakes and an individual is underpaid, a 1% interest rate is applicable, not 6% as originally indicated by the Illinois Department of Insurance in its advisory opinion. The policy of benefit correction says that the Board is obliged to notify the DOI within 45 days of the correction. Allison Knox said she will notify the DOI on the correction of benefit and it should be left on the agenda until it has been submitted.

*Fire Consolidated Board* – Information needs to be sent to all active and retired members for the election to the Consolidation Fund Board. Nominations are now open. Allison Knox indicated she could send a letter out with payments and email a letter to the active members. Candidates wishing to submit a nomination must submit a petition with 400 signatures for active members and 100 signatures for retirees. Bill Beaman said that someone from Bollingbrook had sent out a link on how to fill out a petition. Attorney Clifford said she would get out a memo on the procedures that can be shared with the Fund’s membership. The permanent board will consist of three members from a municipality; three active members and one retired member. Two of the municipal members will serve a four-year term and one will serve a two-year term.

Attorney Clifford reported that a law firm in Geneva is challenging consolidation and they are seeking pension funds to participate in the litigation.

**IX. CLOSED MEETING – None**

**X. ADJOURNMENT**

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 5:15 p.m.

Next regular meeting is August 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 August 20, 2020, meeting.*