

**MINUTES**  
**ROCKFORD FIREFIGHTERS' PENSION FUND**  
**August 20, 2020**

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, August 20, 2020, at 3:05 p.m. via video and teleconference, Rockford, Illinois, pursuant to notice.

**CALL TO ORDER**

The meeting was called to order at 3:05 p.m. Upon a call of the roll, the following answered:

*PRESENT VIA TELECONFERENCE in accordance with Section 7(e) of the Open Meetings Act (5 ILCS 120/7(e)), recently amended by Public Act 101-0640 (Government Emergency Administration Act) as the result of the State's disaster declaration regarding the COVID-19 pandemic and the Board President's determination that an in-person meeting is not practical or prudent:*

Alan Granite, President	Bill Beaman, Board Secretary
Todd Monahan, Trustee	Michael White, Trustee (left at 4:50 p.m.)
Carrie Hagerty, Trustee/City Finance Director	

GUESTS: Attorneys Carolyn Clifford, Ottosen DiNolfo  
Mike Piotrowski, Marquette Associates  
Mike Zurek, Nyhart  
Attorney Tom Mazur, Law Offices of Tom Duda  
City Attorney Angela Hammer  
Firefighter/Inspector Sonenalin Chanthaphone

STAFF: Allison Knox, Accountant	Judi Yehling, Recording Secretary
Karla Hunter, Accountant	

**I. City of Rockford Petition to Intervene in the Matter of Firefighter Sonenalin Chanthaphone's Disability Pension Application**

Attorney Clifford described the procedure to the Board for its review of the City's Petition to Intervene. Following the receipt of the City's petition to intervene in the matter of Firefighter Sonenalin Chanthaphone's application for a disability pension, a briefing schedule was provided to the attorneys. Chanthaphone's attorney, Tom Mazur, responded to the City's petition with brief, explaining his objection to the petition. The City's attorney then tendered a reply, her arguments being that the City had made a timely filing; had a recognized interest as the municipality regarding the expenditure of public funds and three other criteria that had to be met. It was also stated that no delay would be caused in the proceedings by granting the petition. Attorney Clifford asked Attorney Hammer what was the status of the five pending worker's comp filings cited by the City. Attorney Hammer replied that there was no new status to report; the filings were still pending.

Attorney Mazur commented on the five reasons given by the City as its interest in intervening in the disability matter saying that the application for disability pension was strictly a pension board matter and that the five worker's comp filings "exist outside the pension and have no bearing on the pension." He also stated that the City has no PSEBA interest – "it doesn't exist."

Attorney Hammer stated that the City had demonstrated an interest in three or four other matters and as an evidentiary record, the dates coincide with the worker's comp injuries. Attorney Clifford asked what offer of proof would the City bring. Attorney Hammer responded that she hasn't seen the medical records.

Following the attorneys' arguments to the Board on the City's petition to intervene and all questions having been answered, the Board went into closed session at 3:16 p.m. under Section 2(c)(4) of the Open Meetings Act to deliberate. Bill Beaman made a motion to go into closed session to deliberate, seconded by Mike White, under Section 2(c)(4) of the Open Meetings Act. A roll call vote was taken:

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

Open session reconvened at 3:42 p.m. Michael White made a motion, seconded by Carrie Bill Beaman, to approve the City's petition to intervene. A roll call vote was taken:

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

*Attorney Clifford said that she would schedule hearing dates and put a packet together for Board members with relevant materials. Sonenalinh Chanthaphone and Attorneys Tom Mazur and Angela Hammer left the meeting at 3:42 p.m.*

## II. ACTUARIAL REPORT

Mike Zurek presented Nyhart's actuarial report. He began by saying that 2019 "was a great year" for the Fund's investments, with a return of 15%. The state, however, requires smoothing of assets over five years, so the \$13 million in deferred loss in 2018 was somewhat offset and put the Fund in a much better position for 2020.

Benefit changes were to the Tier II salary cap index which would average pay over four years and not eight years. This would have an effect on valuations.

Zurek proceeded to discuss the assumptions. The mortality table the DOI uses relies on a study done in 2017. There has been a lot of discussion surrounding the tables to which is the best predictor of mortality. The DOI adopted a generation approach.

The assumption rate has been lowered from 7.4% to 7.3% but Mike commented that once the funds are consolidated, control over assumption rates will be lost. IMRF was used as a "poster child" and their assumption rate is 7.25%. Assumption rates probably will not drop below 7%.

Mike said there are two components that affect the assumption rates: interest costs on the loan and how the unfunded liability is paid down. There has been a "modest change" in the unfunded liability with the 9.3% contribution by the City. The state's statutory minimum funding policies are looking at 90% funding by 2040 using projected unit credit, which causes a definite ramp up in costs. Front loading the contributions will take several years to pay down the unfunded liability under the entry age normal approach.

He concluded that the Fund is definitely in a better position in 2020 than it was in 2019.

*Mike Zurek left the meeting at 4:30 p.m.*

### III. PUBLIC COMMENT – None

### IV. MINUTES

The minutes of the regular June 18, 2020, meeting were presented. Bill Beaman made a motion to approve the minutes and Todd Monahan seconded the motion. A roll call vote was taken:

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

The minutes of the December 19, 2019, closed session for the Gustafson disability matter, City’s petition to intervene, were presented. Alan Granite made a motion to approve the minutes and Michael White seconded the motion. A roll call vote was taken:

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

### V. APPROVAL OF APPLICATIONS/PENSION CHANGES

Lieutenant (being promoted to Captain 9-7-20) James Graham. Jr. has submitted his application for a service pension retiring September 16, 2020. He will have served 26 years, one month and 22 days upon retirement. However, due to computations based on an incorrect hire date of 7-25-94 and an actual hire date of 10-1-97, Alan Granite made a motion, seconded by Todd Monahan, to table the approval of his pension until it can be recalculated. A roll call vote was taken:

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

### VI. DISBURSEMENTS

The warrant for August 16, 2020, was presented in the amount of \$1,788,099.84. Alan Granite made a motion, seconded by Carrie Hagerty, to approve payment of the warrant in the amount of \$1,788,099.84. A roll call vote was taken:

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

### VII. CASH & INVESTMENTS

Mike Piotrowski presented Marquette Associates’ Flash Report for July 31, 2020:

- Mike provided a very brief overview of the status of the Fund. He began by saying that July had been a “great month” for the Fund. The Fund stands at \$160.9 million which is almost a \$4 million gain.
- The Fund assets are currently in line with the policy.

- There was a 2.9% return for the month and -0.3% YTD. There were no significant changes for the month.
- The market is at an all-time high despite the fact that there is still a lot of bad news.
- There are no cash needs for this month and will be none for next month.

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      Todd Monahan  
           Carrie Hagerty     Michael White  
           Bill Beaman

**Absent:** None

**VIII. OLD BUSINESS**

*Gustafson disability matter* –Attorney Clifford informed the Board that the hearing in this matter is scheduled for August 24, 2020, at 8:30 a.m. via video conference. She will send out a reminder with the meeting video conference link.

*Status of Lingel’s transfer of creditable service to Chicago* – Nothing further has been heard in this matter. Attorney Clifford did report a case where Chicago sent back the check and it has to be redone for another pension fund.

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

*Firefighter Sonenalinh Chanthaphone's Application for Duty Disability* – Attorney Clifford will use the email chain to notify everyone of possible hearing dates.

*Annual Medical Exams* – Attorney Clifford’s office is still working on obtaining Michael McCallips’ treater records which are in storage and have been unavailable due to the pandemic.

*Annuity Contract Review* –Attorney Weinstein is still working on this and should have something for next month’s meeting.

*King disability matter* –Attorney Clifford advised that the subpoenas and requests for records were sent out.

*Annual Affidavits* – Karla Hunter reported that there are still nine outstanding affidavits. She will forward the list to Bill Beaman. Carrie Hagerty made a motion, seconded by Bill Beaman, to freeze the direct deposits of those who have not turned their affidavits in by August 27, 2020, and convert the benefits to live checks that can be picked up by the pensioners upon receipt of the completed affidavits. A roll call vote was taken:

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

**Absent:** None

**IX. NEW BUSINESS**

Alan Granite indicated that he had talked to the 13 new recruits last week and proposed approving their admission to the Fund at September’s meeting. He added that he was aware that two or three had military service and two or three had served on the Byron Fire Protection District which may bring up the issue for them of combined service.

**X. TRAINING**

*New Consolidated Board Training* – Michael White mentioned that he had information from Steve Zahn on how to access the free two hours of mandatory trustee training on consolidation that he could send to members.

Alan Granite mentioned that there is eight hours of virtual trustee training from the AFFI on October 27<sup>th</sup>.

**XI. ADJOURNMENT**

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 4:55 p.m.

Next regular meeting is September 17, 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 September 17, 2020, meeting.*