

Atreyo Kelly has applied for combined creditable service for his time with the Byron Fire Protection District. His application has been acknowledged received within the 21-month required timeframe under the statute. The amount has been calculated by the City Finance Department, and there will be the required added 1% contribution deducted from his paycheck, including a catch up payment of \$53.07 back to the start of his employment with the City. The Board also received and reviewed the additional contribution that Kelly has made to the Byron Firefighters' Pension Fund as calculated by Lauterbach & Amen. Alan Granite made a motion, seconded by Carrie Hagerty, to approve the request for combined creditable service with the Byron Firefighters' Pension Fund and the amount of additional contribution to be deducted as presented. A roll call vote was taken:

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

Retired Firefighter William Lundberg passed away September 14, 2020, and his pension will terminate. His widow, Pamela Lundberg, is eligible for a surviving spouse benefit. Bill Beaman made a motion, seconded by Carrie Hagerty, to approve the termination of William Lundberg's pension and approve the surviving spouse pension of Pamela Lundberg. A roll call vote was taken:

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

Retired Driver Engineer David Hassel passed away September 30, 2020, and his pension will terminate. His widow, Kim Hassel, is eligible for a surviving spouse benefit. Bill Beaman made a motion, seconded by Carrie Hagerty, to approve the termination of David Hassel's pension and approve the surviving spouse pension of Kim Hassel. A roll call vote was taken:

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

IV. DISBURSEMENTS

The warrant for October 15, 2020, was presented in the amount of \$1,769,786.79. Alan Granite made a motion, seconded by Michael White, to approve the payment of the warrant in the amount of \$1,769,786.79. A roll call vote was taken:

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

V. CASH & INVESTMENTS

Mike Piotrowski presented Marquette Associates' Flash Report for September 30, 2020:

- The Fund stands at \$163.1 million which is down slightly from last month.

- There is no need to rebalance as it was just done in March and April. We will monitor closely and rebalance at the end of the year.
- There is still cash on hand so there are no cash needs.
- The Fund is slightly overweight to Equity and underweight to Fixed Income.
- It has been a challenging month performance-wise. Performance is down 1.4% for the month and was positive at 0.9% YTD. The Fund is significantly behind the actuarial rate of return. Market volatility continues.
- Equity is down due largely to small cap value.
- The real estate market is uncertain and Principal is flat.
- There are several drivers affecting market performance: 1) the potential for stimulus; 2) Corporate earnings; and 3) the election. After the election, there will be more certainty. Interest rates are already at zero.
- In fixed income, Hillswick has “had a nice year” but Segal is flat.
- DFA continues to underperform as a small cap value portfolio. The Fund has been invested with DFA for approximately 10 years and they are on alert. Marquette’s stance right now is to stick with them as they believe value may come back; however, in case the Board wishes to terminate, Marquette will prepare a replacement search for next month. They believe it is more their style that is at fault for the poor performance. However, Marquette still likes them. Value is one of the broadest asset classes there is and an active manager should add value over time and outperform the index. It is also one of the most expensive asset classes. Carrie Hagerty commented that their underperformance is significant and about \$8 million should be moved out.
- The Principal Fund is not allowing any investors in or out. They have \$200,000 on hand and they anticipate that if things improve, there will be cash flow out. Right now, there is no movement.

Records of purchases and sales were copied to Board members. Bill Beaman made a motion, seconded by Michael White, to approve the purchases and sales for the month. A roll call vote was taken:

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

VI. OLD BUSINESS

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

Board Rules & Forms – The Board Rules and Forms were handed out to the Board. There are a lot of legal changes from 2020. The goal is to complete their adoption this year and then make any additional changes as the Board works with the new set. With consolidation, it was confirmed that the investment policy goes away, along with the policy on investment advisors and consultants, and the Fund will only maintain a checking account to continue to make benefit payments. Review of the Board Rules and Forms is tabled until November.

Annual Medical Exams – Attorney Clifford’s advised the Board that since Michael McCallips’ treater records are in storage and have been unavailable due to the pandemic, we would forego obtaining those records. An IME was scheduled with Dr. Samo on September 28, and we have received Dr. Samo’s report which indicated that McCallips continues to be disabled. This will be the last year he is required to submit to an IME, as he turns 50 next year. The Board will, however, need to add Chanthaphone and Gustafson to the calendar to obtain IMEs next year.

Annuity Contract Review –Attorney Weinstein presented what information he has gathered in his investigation of the annuity contracts. After hearing Attorney Weinstein’s presentation, it was the general consensus of the Board that the City and the Fund’s fiduciary liability insurance carrier be made aware of the situation.

King disability matter –Attorney Clifford advised that there are still outstanding records from the City, Worker’s Comp and Mercy that are needed before King is sent to IME physicians for evaluation. The Board still needs to designate the three IME physicians; however, because multiple potential disabling conditions are set forth in the application, Attorney Clifford stated that she has recommended to King that he secure an attorney to assist him in making the choice as to which disability claim to proceed on.

VII. NEW BUSINESS

Report to City Council – Karla Hunter said that she is waiting on the third quarter report from Marquette and is working on the new format for the municipal compliance report. Carrie Hagerty said that the levy will not happen until after November so it will be fine if it is not done until next month.

Tax Levy Request – Attorney Clifford provided to the Board the annual tax levy request letter dated October 15 as the Board’s formal request to the City to fund the Rockford Firefighters’ Pension Fund in accordance with the actuarial report. She commented that it is good that the City is making strides with lowering the investment return assumption. Alan Granite made a motion, seconded by Carrie Hagerty, to approve the tax levy request as presented. A roll call vote was taken:

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

The Gustafson Disability Matter – Attorney reviewed the draft Findings and Decision with the Board for its approval. Alan Granite made a motion, seconded by Bill Beaman, to approve the Findings and Decision for Jeffrey Gustafson as presented A roll call vote was taken:

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

Attorney Clifford will send copies of the approved Findings and Decision to the affected parties.

The Gustafson QILDRO Order – The Board received a QILDRO for Jeffrey Gustafson’s pension; however, Attorney Clifford explained that a QILDRO is not applicable to disability benefits. Attorney Clifford will write a letter to the ex-spouse explaining that she cannot attach the QILDRO to a disability pension but if it is converted to a retirement benefit, then it can be attached.

Closed Meeting Minutes – Attorney Clifford provided the Board with an inventory of all the closed meeting minutes which will be reviewed at the next six-month review of closed meeting minutes.

VIII. TRAINING

There is an AFFI pension training seminar in October. It is for two days, October 27 and 28. Alan Granite, Todd Monahan and Bill Beaman will all be participating and Karla has registered them.

Bill Beaman took two hours of Consolidation training on line.

Attorney Clifford discussed when a firefighter under Tier II leaves after 10 years but does not want to begin receiving retirement benefits from the pension fund immediately. Based upon review by outside counsel, it has been determined that Tier II members can defer drawing retirement benefits but would be required to begin drawing those benefits upon reaching age 50.

IX. ADJOURNMENT

Bill Beaman made a motion to adjourn the meeting, seconded by Carrie Hagerty. Motion carried and meeting was adjourned at 4:41 p.m.

Next regular meeting is November 19, 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 November 19, 2020, meeting.