

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
February 18, 2021

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, February 18, 2021, at 3:00 p.m. via video and teleconference, Rockford, Illinois, pursuant to notice.

CALL TO ORDER

The meeting was called to order at 3:40 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

Carrie Hagerty, Trustee/City Finance Director

Todd Monahan, Trustee

Michael White, Trustee, Trustee

GUESTS: Attorneys Carolyn Clifford & Mike Weinstein, Ottosen DiNolfo
Mike Piotrowski, Marquette Associates

STAFF: Karla Hunter, Accountant

I. PUBLIC COMMENT – None

II. MINUTES

The minutes of the regular January 21, 2021, 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
Nays: None

III. APPROVAL OF APPLICATIONS/PENSION CHANGES

Ronald Schwartz passed away on 2/15/2021, and his pension will terminate. He does not have a surviving spouse. His son is to send in a death certificate. Bill Beaman made a motion, seconded by Todd Monahan. A roll call vote was taken:

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

Absent:
Nays: None

IV. DISBURSEMENTS

The warrant for February 18, 2021, was presented in the amount of \$1,832,718.41. A motion was made by Alan Granite, seconded by Bill Beaman, to approve the disbursement warrant. 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 January 31, 2021:

- There was a little bit of a pause this month after a bit of a strong finish at year end and a fantastic 4th quarter.
- The month started strong, but we noticed some volatility throughout the month.
- The value of the Fund at the end of January was roughly \$173M, off slightly from the all-time high in the 4th quarter of last year.
- The Fund is a little bit overweight in US and international equity and a little bit underweight in real estate.
- The biggest deviation is the underweights to fixed income and overweight in cash. When we did the rebalancing at the end of the year, we decided to keep the cash on hand to make benefit payments for the beginning of the year. This should cover payments until we receive property tax receipts in the summer months. With the excess cash on hand, there is no need to sell investments to cover benefit payments.
- The month was a little bit challenging. The return was -.7%. Although a tough start to the year, we had some very strong annualized performance on both absolute and relative basis vs. the benchmarks. The five year performance was almost 9%; 10-year number was almost 7.5%; and last 3 months north of 10%. All strong numbers.
- What was interesting is what worked last year, meaning traditional investments, stocks and bonds had a pretty challenging month. Fixed income, US equity, and international equity were negative. What worked were lower quality securities.
- Mike is not concerned with one month of a poor performance. Positives for the month was real estate with 40 positive basis points and global piece with Pimco was up 1.8. There was a lot of inflation type of investments in that portfolio.
- Looking at manager performance in fixed income, both managers were in line or relative to benchmarks although Optimum with more of a duration risk to underperformance vs. Segall Bryant which is more intermediate duration and less sensitive to interest rate movement.
- We hear talk about being in a low interest or bond yield environment. The 10-year treasury is yielding about 1.3% which doesn't seem like a lot but is basically a 40% gain. We believe rates and bond yield will remain range bound but tick up higher.
- In equity, value did slightly outperform. There was a significant miss for Fiduciary small cap; Mike noted that is something to evaluate moving forward.
- International, Euro Pacific & Virtus underperformed in addition to DFA. We've seen some nice reversals in small cap and once the economy reopens in the second half of this year and vaccinations become more widely available, the performance of these funds will improve, including with Pimo and Principal. There will be a struggle between what is going to lead the markets forward.
- Mike believes that stocks will do well and we will probably receive a sizable stimulus package soon.
- Markets are up 50% from March 2020 lows.

Alan Granite asked Mike whether month to date, he would say that things are sort of trending back to recover some of the blow from January 2021? Mike noted that yesterday's market was down a little bit. Month to date there is a 6% return on S&P 500. Value and small caps outperform some volatility today and yesterday. International market is merging almost 7%. Bond yields move higher, prices adjust down. Broad markets down about .5%. The riskiest bonds, high yield continues to perform well. Junk bonds up 1%. Some areas are still doing well.

There is still sufficient cash on hand so there are no cash needs.

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:

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

VI. OLD BUSINESS

King disability matter – The City's petition to intervene was granted; thus, the next hearing date will be March 3, 2021, as previous discussed with the parties.

Review trustee term expirations and election procedures – The board discussed running the active member election for Todd Monahan's position which is up this spring. Todd indicated he will be seeking to be reelected. The first step will be to get nomination requests out to the membership. It was noted that the letter to the membership regarding nominations should explain training requirements and indicate that the incumbent will be running again.

VII. NEW BUSINESS

IFPIF Vendor Information Request and Authorization Letters – We will put the draft letter to service providers on our letterhead and have Alan Granite sign it.

Mike and Carolyn's presentation on the IFPIF – The presentation that was given at the Northern Illinois Alliance of Fire Protection Districts (NIAFPD) Annual Conference on January 30, 2021 was provided for the Board's review. The presentation addressed the status of the transition of assets to the consolidated fund.

Consolidation – Mike noted that the dates on the transition of assets will likely get pushed back. There are two outstanding RFP's for transition managers. The consolidation board will likely approve them at its March meeting.

VIII. TRAINING

Bill Beaman had received his training certificate that he was waiting on. There is an upcoming training on funding challenges being presented online by the Illinois Municipal League in conjunction with the Illinois municipal finance directors organization. It is a one-hour free webinar.

IX. LEGAL UPDATES

Letters went out on the annuity contract concerns. There is a DOI siren in regards to changes to DOI annual statement. We will be doing an RFP for our actuary services since the contract with Nyhart has expired.

X. ADJOURNMENT

Bill Beaman made a motion to adjourn the meeting, seconded by Carrie Hagerty. Motion carried and meeting was adjourned at 4:20 p.m.

Next regular meeting is March 18, 2021, at 3:00 p.m.

Respectfully submitted:

Prepared by:

Bill Beaman, Board Secretary

Karla Hunter, staff

Date

Date

Approved by the Board of Trustees at its March 18, 2021, meeting.