

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
July 15, 2021

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, July 15, 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 3:00 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 (absent)

Michael White, Trustee, Trustee (absent)

GUESTS: Attorney Carolyn Clifford, Ottosen DiNolfo
Mike Piotrowski, Marquette Associates
Christine Wohn, Capital Group
Steve Caruthers, Capital Group

STAFF: Karla Hunter, Accountant

I. PUBLIC COMMENT – None

II. MINUTES

The minutes of the regular June 17, 2021, meeting were presented. Bill Beaman made a motion to approve the minutes and Carrie Hagerty seconded the motion. A roll call vote was taken:

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

The minutes of the closed September 17, 2020, meeting were presented. Carrie Hagerty made a motion to approve the minutes and Bill Beaman seconded the motion. A roll call vote was taken:

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

III. APPROVAL OF APPLICATIONS/PENSION CHANGES

Heidi Martens has submitted her application for a service pension retiring July 1, 2021. She will have served 26 years, 2 months, and 6 days upon retirement. She is entitled to a monthly pension of \$5,800.25

or an annual pension of \$69,603.05. A motion was made by Bill Beaman, seconded by Carrie Hagerty, to approve the service pension application. A roll call vote was taken:

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

Daniel Larson has submitted his application for a service pension retiring July 3, 2021. He will have served 28 years, 7 months, and 4 days upon retirement. He is entitled to a monthly pension of \$6,335.94 or an annual pension of \$76,031.29. A motion was made by Bill Beaman, seconded by Carrie Hagerty, to approve the service pension application. A roll call vote was taken:

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

Robert Vertiz has submitted his application for a service pension retiring July 9, 2021. He will have served 32 years, 0 months, and 28 days upon retirement. He is entitled to a monthly pension of \$8,511.10 or an annual pension of \$102,133.20. A motion was made by Bill Beaman, seconded by Carrie Hagerty, to approve the service pension application. A roll call vote was taken:

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

Retired Fire LT Thomas Baylor passed away June 29, 2021, and his pension will terminate. His widow, Maria Baylor, is eligible for a surviving spouse benefit. Carrie Hagerty made a motion, seconded by Bill Beaman, to approve the termination of Thomas Baylor’s pension and approve the surviving spouse pension of Maria Baylor. A roll call vote was taken:

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

IV. DISBURSEMENTS

The warrant for July 15, 2021, was presented in the amount of \$1,858,965.58. A motion was made by Carrie Hagerty, seconded by Bill Beaman, to approve the disbursement warrant for an adjusted amount of \$1,853,065.58. A roll call vote was taken:

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

IV. CASH & INVESTMENTS

Capital Group – Euro Pacific Growth Fund presentation by Christine Wohn and Steve Caruthers

- Christine Wohn is a client relationship manager; Steve Caruthers is an equity investment director.
- Capital Group was founded in 1931. It is home to the American Fund family of mutual funds and offer a variety of investment vehicles in equity, fixed income, and multi-asset investment strategies.
- It is also one of the largest privately held investment organizations in the world with over \$2.5T in assets under management as of 3/31/2021.
- It utilizes objective based investment approach focused on long-term results through proprietary investment process known as the Capital System. Under the Capital System, the multiple portfolio management teams perform rigorous research and analysis while maintaining the portfolios.
- Capital Group is one of the world's most experienced global managers investing in international equities. It helped create a key benchmark in measuring international results known as the MSCI index.
- Capital Group has a diverse group of managers on their team. They invest in their workers so that they grow and stay with the company.
- They have 330 holdings. Each portfolio manager manages between 4 & 9% of assets and bonuses are based on their investment performance.
- Fundamental research driven global asset managers that benefit from collaboration and dialog amongst representatives.
- For the calendar year 2020, the beginning of Covid the portfolio saw a swift 30% decline in the first quarter and then the second leg was a rapid rebound through October led by a lot of disruptive growth companies. Then the market re-characterized itself in November, December, and through the present by looking past the vaccine and rewarding the cyclical and value rated companies that had been left behind.
- There has been incredible accommodations given by the government and the central banks around the world.
- Capital Group is stepping towards more technology and consumer discretionary companies and further away from cyclical, energy, financial, and traditional banks looking for opportunities to make money.
- Risk profiles slightly below benchmark. Capturing 109% markets when they go up, but only 95% when they go down.
- Looking for companies that are disrupting their industries.
- Rolling period success 3-yr; 5-yr; and 10-yr. The longer you hold on to us, the greater the success.

Mike Piotrowski presented Marquette Associates' Flash Report for June 30, 2021:

- The total value of the Fund as of June 30, 2021 is approximately \$187.1M as the fund continues to set new highs. The second quarter continues to see market growth.
- The Fund received its first large distribution of property taxes.
- Total composite return for the month is positive 0.5%; 4.9% for the quarter and 8.1% YTD.
- Long term numbers are showing to be quite strong on an absolute basis and on a relative basis compared to policy benchmark.
- All of the composites are doing quite well except for US Equity Composite where we have some relative weakness.
- Over the last several weeks, growth for the small cap and value have taken a backseat as the feds have announced that they will be keeping interest rates low for the foreseeable future.
- Investors have started to gravitate back to large cap and growth.

- Vanguard Value Index lagged in the broad market.
- Fiduciary had a challenging month as well and is behind their benchmark on a YTD basis. This is something to watch going forward.
- Some strengths in the International space with Euro Pacific and Virtus had nice months and quarters. DFA has continued to show improvements.
- Real Estate is up 3.6% on a quarterly basis. They were a little muted during Covid.
- PIMCO has diversified all asset approach with inflationary components has done quite well.
- Overall the portfolio has a solid performance for June and very nice the 2nd quarter.
- There are no cash needs.

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

V. FIREFIGHTERS’ PENSION INVESTMENT FUND (FPIF) UPDATES

- There are 296 firefighter funds portfolios to be transferred to FPIF, and FPIF has sorted them by fiscal year, then by their custodial banks, for purposes of transition.
- The funds with fiscal year ends of December 31st have a transfer date of January 4, 2022, which includes Rockford Firefighters’ Pension Fund.
- Transfer Task Resolution must be approved by the Board and certified by at least 60 days before the transfer date (by November 4, 2021).
- The Transferal Notice form is a letter notifying the ones that have fiduciary control over the assets of the transfer dates when funds will be transferred to the consolidated fund.
- Northern Trust mailing consisted of an online survey that must be submitted by September 1st.
- An auditor will be assigned to audit all 296 funds. We will receive a certified audit list from the auditor about two weeks before our transfer date. Once received, the Fund’s assets will be frozen until the transfer is made.
- Cash flow projections must account for enough cash on hand to cover at least 90 days of benefits and expenses. This initial time period are the months that we typically are pulling money from the investments to cover benefit payments and other bills. We need to make sure that we keep enough cash on hand to cover at least four months of expenses.

VI. OLD BUSINESS

Status of annuity contract matter – No updates

Fiduciary Liability Insurance Policy – The payment has been submitted for the option approved by the board at the June 17th meeting upon attorney review. CHUBB will be our primary coverage and Euclid will provide our excess coverage. Two additional coverages at no additional charges under CHUBB that includes an endorsement for Hunter (accountant) and an umbrella supplement endorsement.

Affidavit policy/info – We have received 245 affidavits. The deadline is set for August 13th. A decision will be made on what to do with the August checks for the pensioners that we have not received an affidavit from before August payroll is processed.

Status of Annual IMEs for Gustafson and Chanthaphone – Chanthaphone’s IME is complete; Dr. Samo has concluded that he remains disabled and approved continuation of his benefit. Gustafson’s IME will be set up in the near future once the final background records are obtained.

Military service time purchase – Al Granite will reach out to the members about their interest. The members are responsible for paying the portion that they would have been contributing to the Fund for that period of time as well what the City’s contribution would have been. It is also something that should be done immediately at the time of hire or interest is tacked on as well.

Status of DOI Annual Statement, City Audit and Actuarial Valuation – The audit has been delayed by Lauterbach and may be complete next week. The actuaries from Nyhart will present their report at the August meeting.

Carrie Hagerty made a motion, seconded by Bill Beaman, to approve the DOI Annual Statement as submitted. A short discussion of a couple of wrong term dates ensued and it can be corrected next year unless requested by DOI upon their review.

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

VII. TRAINING

Carolyn provided the Board with legal updates and the Trustees were reminded to provide any updates on their training as it occurs.

Karla will be trained on the same meeting agenda and notes software program that is going to be uniform for all of the appointed boards for the City. Everything will be online. There will not be a charged accessed to the Fund for this software program.

VIII. ADJOURNMENT

Bill Beaman made a motion to adjourn the meeting, seconded by Carrie Hagerty. Motion carried and meeting was adjourned at 4:50 p.m. A roll call vote was taken:

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

Next regular meeting is August 19, 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 July 15, 2021, meeting.