

**CORRECTED MINUTES
ROCKFORD POLICE PENSION BOARD
JUNE 17, 2021**

The meeting was conducted remotely in accordance with Section 7(e) of the Open Meetings Act, 5 ILCS 120/7(e).

MEMBERS PRESENT: Jeff Nielsen, President
Marcia Mueller
Randy Berke
Scott Laue, Trustee

ABSENT: Joe Stevens

ALSO PRESENT: Mike Piotrowski – Marquette Associates
Roberta Holzwarth – HolmstromKennedy PC

GUESTS: Greg Kieseewetter, CIC – Cook Castle Associates, LLC

STAFF: Karla Hunter, Finance
Carrie Hagerty, Finance Director

The June 17, 2021 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order 8:00 a.m.

Motion by Laue and seconded by Berke to approve the May 20, 2021 minutes of the Board meeting as amended. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

PUBLIC COMMENT

NONE

CASH & INVESTMENTS

Piotrowski presented the May flash report, May was a strong month. The value of the fund is currently \$227.4 million as of May 31. The portfolio is underweight in fixed income and overweight in equities, due to the market movements. For the month of May, the return was positive 1.3%, bringing the plan year-to-date return to positive 7.1%, **for both periods the benchmark was outperforming**. All major asset classes were positive for the month, fixed income was up 0.2%, US equity was up 1.3% and non-US equity was up 3.2%, real estate 0.9% and the global composite 2.6%.

Piotrowski stated that the timeline for interest rate hikes has moved up from 2024 to two interest rate hikes expected in 2023. There will be challenging times ahead for fixed income. Inflation has been above market and federal government expectations. Piotrowski reviewed **all of the investment managers' performance**.

Motion by Mueller and seconded by Berke to liquidate \$950,000 from Vanguard Institutional Index Fund for benefit payments. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve purchases and sales as attached to the agenda. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

CITY BILLS

Motion by Mueller and seconded by Berke to approve May postage charges of \$62.00. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve June City Services of \$7,385.00. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve the May bill from HolmstromKennedyPC for general matters in the amount of \$2,115.00. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve the May bill from HolmstromKennedyPC for Annual Medical Reviews in the amount of \$900.00 and the payment of \$54.48 for medical expenses related to the annual medical reviews for a total of \$954.48. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve the payment to NIU for IPPFA Online 4-hour Transition Training for Jeff Nielsen - \$125.00, Marcia Mueller - \$125.00, and Scott Laue - \$125.00. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve the payment to Kayne Anderson Rudnick for investment management fees for January 1, 2021 through March 31, 2021 in the amount of \$28,667.87. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve the payment to Segall Bryant & Hamill for investment management fees for January 1, 2021 through March 31, 2021 in the amount of \$18,315.57. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

ATTORNEY'S REPORT

Attorney Holzwarth stated that she anticipated having in-person meetings starting in July. The annual medical examinations are moving forward. The consolidated fund has asked each local fund to identify two authorized representatives to receive communications from them. After talking to Nielsen it was determined both he and Karla Hunter would be likely candidates. Forms will need to be completed and submitted, along with a resolution.

Motion by Mueller and seconded by Berke to approve William G. (Jeff) Nielsen and Karla Hunter as the representatives for the consolidation of the police pension funds. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

The board discussed two pensioners that are unable to have their affidavits notarized. Hunter stated she was notified one of the pensioners will be in town in June and will drop off their affidavit off at City Hall. Attorney Holzwarth stated that exceptions could be approved by the board.

Attorney Holzwarth introduced Greg Kiesewetter, Cook Castle. Mr. Kiesewetter stated that the expiring program was a \$5 million policy for each claim and a \$10,000 retention for a premium of \$26,545. **Mr. Kiesewetter stated that the underwriters are studying their public pension fund fiduciary coverage offerings this year. They are interested in reducing their total exposure in this market, and one of the ways to do this is to reduce the limits of coverage they offer. This is not uncommon. Three options were presented by Mr. Kiesewetter. Option 1 is a single policy through CHUBB, with the same \$5 million limits and \$10,000 retention as the current policy, but at an increased premium of \$33,486. Option 2 is to be covered by two carriers and policies, with the base coverage being provided under a policy issued by CHUBB with a lower limit (\$2.5 million for each claim) and a \$10,000 retention, and excess coverage being provided under a policy issued by Hudson Insurance Co. If the \$2.5 million limit on the CHUBB policy was exceeded then the excess policy with Hudson would kick in and provide the excess coverage. The total cost for the two policies in Option 2 is \$30,847. Option 3 is a single policy with Hudson with \$5 million in coverage and a \$10,000 retention, and a premium of \$35,268. Mr. Kiesewetter recommended Option 2. At Ms. Holzwarth's request, Mr. Kiesewetter will report back regarding his discussions with CHUBB about the scope of an exclusion for certain benefit claims to remove an added exclusion.**

Motion by Mueller and seconded by Berke to approve Option 2 for the Fiduciary Liability Policy coverage through CHUBB \$2.5 million/Hudson \$2.5 million with a \$10,000 retention for a total cost of \$30,847. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to take no action on the Fidelity Bond proposal. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to take no action on the Cyber Coverage proposal. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

OLD BUSINESS

Nielsen asked if there was any news on the pension consolidation. Piotrowski commented that there were no new updates on the pension consolidation.

Hunter reported that 128 affidavits have been returned out of 323.

NEW BUSINESS

Motion by Mueller and seconded by Berke to approve the service pension application for Christopher Aldrich effective June 2, 2021, for a prorated amount of \$4,849.74, full monthly benefit amount of \$5,016.97/\$60,203.65 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve the calculation for credible service Article 3 to Article 3 Transfer for Matthew Bowman to the City of Aurora in the amount of \$54,388.16, subject to the City of Aurora sending a corrected letter. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Laue and seconded by Mueller to nominate Jeff Nielsen to remain president, Joe Stevens secretary, Marcia Mueller vice president, and Randy Berke as assistant secretary. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

PAYROLL

Motion by Mueller and seconded by Berke to approve the modification in the prorated amount for Joe Danforth from \$3,210.28 to \$2,703.40 due to a change in his service date termination. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve the June estimated payroll in the amount of \$1,800,290.86. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Berke to approve the revised May actual payroll in the amount of \$1,788,984.63. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Berke, and Laue

Nays: None

Nielsen stated the July meeting would be in person.

Motion to adjourn was made and seconded at 9:48 a.m.