

# MINUTES

## ROCKFORD POLICE PENSION BOARD

### JULY 15, 2021

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

**MEMBERS PRESENT:** Marcia Mueller, Vice-President  
Joe Stevens, Secretary  
Randy Berke, Assist. Secretary  
Scott Laue, Trustee

**ABSENT:** Jeff Nielsen

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

**GUESTS:** Yasmin Landy – Fidelity Diversified International Fund  
Ron Henry – Fidelity Diversified International Fund  
Rowen Descellar

**STAFF:** Karla Hunter, Finance  
Carrie Hagerty, Finance Director

The July 15, 2021 Rockford Police Pension Board convened at City Hall 425 E. State St., Marcia Mueller called the meeting to order 8:04 a.m.

Motion by Stevens and seconded by Berke to table the June 17, 2021 minutes of the Board meeting.  
APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

#### **PUBLIC COMMENT**

NONE

#### **CASH & INVESTMENTS**

Piotrowski presented the June flash report. The value of the fund is currently \$230.9 million as of June 30. The first property tax receipts were received in June and boosted the total portfolio value. The total fund had a return of 0.4% for the month of June, the second quarter was positive 2.4%, bringing the plan year-to-date return to positive 7.5%. For the month, fixed income was flat, US equities were positive at 0.6%, significantly underperforming the broad market up 2.5% for the month. Non US equities were slightly negative at -0.5%. The overall performance of the fund continues to be strong over the three month period. Bond yields have fallen significantly and the ten-year treasury is yielding 1.3% and has continued to move lower. The small cap manager, Kayne Anderson has underperformed during this time period. Fidelity has performed well over the short term. Principal Property Fund had a fantastic quarter, up 3.6% for the quarter.

Motion by Stevens and seconded by Laue to approve purchases and sales as attached to the agenda. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

## **CITY BILLS**

Motion by Stevens and seconded by Berke to approve June postage charges of \$80.50. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

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

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Stevens and seconded by Berke to approve the June bill from HolmstromKennedyPC for general matters in the amount of \$2,002.50. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Stevens and seconded by Berke to approve the June bill from HolmstromKennedyPC for Annual Medical Reviews for fees in the amount of \$90.00 and disbursements in the amount of \$115.35. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Stevens and seconded by Berke to approve the payment to Marquette Associates for consulting services for July 1, 2021 through September 30, 2021 in the amount of \$21,134.00. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Director Hagerty noted that the item on the agenda regarding payment to Nyhart in the amount of \$5,900.00 should be disregarded due to the bill being paid by the City.

Motion by Stevens and seconded by Berke to approve the payment to Northern Trust for investment management fees for April 1, 2021 through June 30, 2021 in the amount of \$6,193.52. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Stevens and seconded by Berke to approve the payment to Cook Castle Associates, LLC for XS Fiduciary Liability new in the amount of \$10,282.00 and PRIMARY Fiduciary Liability – new in the amount of \$20,565.00 for a total of \$30,847.00. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

## **ATTORNEY'S REPORT**

Attorney Holzwarth stated that Carrie Hagerty and Karla Hunter were added as additional names insured on the police pension fund policy with Cook Castle Associates. Attorney Holzwarth stated the fire board uses an exit letter for those leaving the department and suggested preparing an exit letter for those leaving the police department explaining their options with respect to their pension money.

Motion by Stevens and seconded by Berke to authorize counsel to draft an exit letter for board review and final approval. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

Attorney Holzwarth suggested the board approve counsel to draft a letter in regards to creditable service for John Cabello.

Motion by Stevens and seconded by Berke to direct counsel to draft a letter regarding creditable service issue for John Cabello. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

Annual medical examinations are moving forward and we will start scheduling examinations for the disabled pensioners.

Attorney Holzwarth requested an update regarding the fire pension consolidation. Piotrowski responded that assets will start being moved on October 1 and should be completed by the end of February 2022. For police, they have selected State Street as their custodial bank.

## **OLD BUSINESS**

Director Hagerty stated that appointed boards were being moved to an agenda software system. Director Hagerty briefly discussed the benefits of using the system.

Hunter stated that she spoke with someone from Nyhart regarding the death audit service and was told they would be working with the third party service to start notifying the board of death notifications.

Hunter reported that 234 affidavits have been returned out of 323. The second reminder will be sent this month.

## **NEW BUSINESS**

Motion by Stevens and seconded by Berke to approve the termination of survivor pension benefits for Bernadene Anderson due to her death on June 28, 2021 subject to the receipt of the death certificate. The board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

Motion by Stevens and seconded by Berke to approve the termination of survivor pension benefits for Melodie Gustafson due to her death on July 7, 2021 subject to the receipt of the death certificate.

The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

Motion by Stevens and seconded by Berke to approve the first pension increase for Darren Foulker effective July 1, 2021 in the amount of \$482.79, \$4,506.00 monthly/\$54,072.00 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

Motion by Laue and seconded by Mueller to the pension application for Todd Drager effective July 13, 2021 for a prorated amount of \$2,162.52, \$3,528.32 monthly/\$42,339.78 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

Hunter stated that the annual report was sent to the board members for their review. This year the Department of Insurance requested additional paperwork for any retirees.

Motion by Stevens and seconded by Berke to approve the submission of the Annual Report emailed to the board on June 28 including the attachments to the Department of Insurance. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

## **PAYROLL**

Motion by Stevens and seconded by Berke to approve the revised June actual payroll in the amount of \$1,798,706.70. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

Motion by Stevens and seconded by Berke to approve the July estimated payroll in the amount of \$1,795,281.26. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue  
Nays: None

## **FIDELITY PRESENTATION**

Yasmin Landy and Ron Henry were at the meeting to present information regarding the performance of the Police Pension Funds portfolio with Fidelity. Mr. Henry stated they would concentrate on sector positioning and performance.

Ms. Landy stated that it has been a dynamic year. We are excited to get back on the road again and be with colleagues. Bill Bower is still the decision maker on the fund. This last quarter, the portfolio was ahead of the market. The businesses Fidelity looks to have exposure to participate in improving economic growth. Fidelity seeks businesses that can navigate difficult environments. Stock

Selection Skill Across a Diversity of Stocks – The dark blue stock selection tends to be the driver of performance through time.

Ms. Landy referred the board to the page regarding ASML. ASML is a European based company that makes lithography machines that make chips. The semiconductor industry needs to grow their capacity significantly, given the demand across the globe for chips. Taiwan Semi announced recently they would be building factories in the US, Europe, and Taiwan to manufacture chips. Ms. Landy stated it was important to have the portfolio exposed to the building of the new factories. We have had exposure to the chip makers the last 18 months. Ms. Landy briefly reviewed the “Sector Weights” portion of the brochure.

Motion to adjourn was made and seconded at 9:47 a.m.