

**CORRECTED MINUTES
ROCKFORD POLICE PENSION BOARD
AUGUST 18, 2022**

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

ABSENT:

ALSO PRESENT: Roberta Holzwarth – HolmstromKennedy PC

GUESTS: Nick Meggos, Nyhart

STAFF: Karla Hunter, Finance
Carrie Hagerty, Finance Director

The August 18, 2022 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order 8:04 a.m.

Motion by Mueller and seconded by Stevens to approve the July 21, 2022 minutes of the Board meeting as amended. APPROVED.

REPORT FROM NYHART

Nick Meggos was at the meeting to present the actuarial report.

Page 2 of the handout - The assets performed better than expected 7.10%. The active participant count is down. The plan funding level decreased slightly primarily due to mainly early retirements and salaries increasing more than expected. There was also, a decrease in funding level due to assumption changes related to the consolidated experience study. The recommended contribution increased from \$10.5 M to \$12.0 M.

There was not a big change in total number of people in the plan. The larger difference was due to the finalization of the police contract. As of 1/1/2022, the market value was \$245.0 and the actuarial value was \$229.7. The deferred gains \$15.3 M will be recognized over the next five years.

Page 5 of the handout - In 2021, the male life expectancy at age 25 was expected to live 87.4 years; at age 55, the life expectancy was 82.3 years of age. According to the 2022 Consolidated study, the male life expectancy at age 25 is 88 years and at age 55, the life expectancy is 84.2 years of age. The interest rate assumption of IPOPIF has not been decided yet, but will be between 6.75% and 7.00%. The plan funding level for 2021 was 59.9%. Contributions make the benefit payments.

Page 6 of the handout - Mr. Meggos highlighted the difference in the two Consolidated Study using an interest rate of 7.10% with a 4.50% payroll growth and 7.00% with a 3.00% payroll growth. Using

the 7.10 interest rate and 4.50% payroll growth would require a City contribution of \$11,989,318; the 7.00% interest rate with a 3.00% payroll growth would require a City contribution of \$13,432,250. If you payments increase at 4.50%, the payments are lower today and higher in the future.

Page 7 of the handout illustrates the contributions and funded ratio. In order for the unfunded liability to decrease, the payroll growth needs to be lowered.

Director Hagerty stated that the end goal is to pay more into the fund. **American Rescue Plan Act (ARPA)** funds cannot be used to pay into pension funds.

Motion by Mueller and seconded by Stevens to accept the monthly statement as of July 21, 2022, submitted by the Illinois Police Officer's Pension Investment Fund. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

CITY BILLS

Motion by Mueller and seconded by Stevens to approve July postage charges of \$124.14. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve August City Services of \$5,275.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to HolmstromKennedyPC for July attorney fees for general matters in the amount of \$2,182.50. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve the payment to HolmstromKennedyPC for July attorney fees for the disability application for Michael Landgraff for services rendered in the amount of \$3,195.00 and \$9.73 in disbursements. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve the payment to HolmstromKennedyPC for July attorney fees for the disability application for Katherine Anderson for services rendered in the amount of \$1,597.50, a credit in the amount of \$25.00, for a total payment of \$1572.50. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve the payment to HolmstromKennedyPC for July attorney fees for the consolidation of funds into the Illinois Police Officer Pension Investment Fund (IPOPFI) in the amount of \$157.50. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve the payment to HolmstromKennedyPC for July attorney fees for the Annual Medical Reviews for 2022 in the amount of \$1,136.25. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to approve the payment to HolmstromKennedyPC for July attorney fees for the Robert Cure disability application in the amount of \$1,800.00 for services and \$117.08 in disbursements. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Mueller and seconded by Stevens to table the payment to The Northern Trust Company for management fees for the period of April 1, 2022 through June 20, 2022 in the amount of \$5,513.41. TABLED.

Ayes: Nielsen, Mueller, Stevens, Berke, and Laue

Nays: None

ATTORNEY'S REPORT

The board set a tentative hearing date for the disability hearing for Katherine Anderson on September 7 at 1:00 p.m.

Nielsen exited the meeting.

Attorney Holzwarth stated that Attorney Mezny is recommending two occupational medicine physicians rather than another orthopedic surgeon.

Motion by Stevens and seconded by Berke to replace Dr. Bear and Dr. Birman as evaluators for Michael Landgraff and with Dr. Koehler, Dr. Wojciehoski and Dr. Fetter as an alternate. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

OLD BUSINESS

Hunter stated there are three outstanding affidavits. Director Hagerty stated that paper checks could be issued for the pensioners that have not returned their affidavits.

Motion by Stevens and seconded by Berke to suspend benefits and issue paper checks to Barry Cunningham, Tom Owens, and David Patterson. 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 select the Enterprise Cash Flow Module authorizing Karla Hunter as an initiator and approver and Carrie Hagerty as an initiator and approver and Jeff Nielsen as view only. Motion was amended to include Jeff and Karla as signatures on the form. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Attorney Holzwarth stated that due to the change in the pension code, there are a few recent widows that will be eligible to receive benefits under the under the amendment effective January 1, 2023. Letters were sent to the widows to let them know they would be eligible under the change in the pension code.

NEW BUSINESS

Motion by Stevens and seconded by Berke to approve the surviving spouse application for Heidi Hackbarth for the retro amount of \$2,913.11, monthly benefit of \$6,020.42/\$72,245.04 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 Stevens and seconded by Berke to approve the refund application for Douglas Golden effective June 8, 2022 in the amount of \$16,819.87. 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 service application (deferred) for Joshua Grover effective August 15, 2022. The effective date of benefit will be July 16, 2026 for a prorated amount of \$2,120.28, monthly amount of \$4,108.05/\$49,296.60 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. MOTION was tabled until next month. TABLED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Stevens and seconded by Berke to approve the military buyback application for Robert Reffett in the amount of \$18,262.11. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

iPads for Trustees was moved to the September meeting. Director Hagerty stated that the iPads were purchased for the Fire Pension Board

Motion by Stevens and seconded by Berke to approve the listed closed session minutes remaining confidential. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Motion by Stevens and seconded by Berke to approve the Actuarial Report as presented by Nyhart. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

PAYROLL

Motion by Stevens and seconded by Berke to approve the August estimated payroll in the amount of \$1,925,401.41. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Mueller, Stevens, Berke, and Laue

Nays: None

Motion to adjourn was made and seconded at 9:39 a.m.