

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
September 18, 2013

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Wednesday, September 18, 2013, at 8:30 a.m. in the second floor conference room of the Fire Department Administrative Building at 204 S. First Street, Rockford, Illinois, pursuant to notice.

CALL TO ORDER

The meeting was called to order at 8:35 a.m. Upon a call of the roll, the following answered:

ATTENDED: Alan Granite, President
Tracy Renfro, Secretary

Chris Black, City Finance Director
Michael White, Trustee

ABSENT: Jim Strey, Trustee

STAFF: Ted Dutkiewicz
Linda Wlaznik, Pension Investment Accountant

Judi Yehling, Recording Secretary

GUESTS: Attorney Carolyn Clifford , Ottosen Britz

Mike Piotrowski & Eric Gaylord of
Marquette Associates

I. PUBLIC COMMENT -- None

II. MINUTES

- The August 15th minutes were presented. Alan Granite made a motion to approve the minutes as presented, and Tracy Renfro seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Chris Black
Tracy Renfro Michael White
Absent: Jim Strey
Nays: None

III. APPROVAL OF APPLICATIONS/PENSION CHANGES

- Jim Strey is due for his first increase of \$340.18 retroactive to January 1, 2013. His new monthly pension will be \$7,501.88 or an annual pension of \$90,022.56. Michael White made a motion, seconded by Tracy Renfro, to approve the pension increase as stated. A roll call vote was taken:

Ayes: Alan Granite Chris Black
Tracy Renfro Michael White
Absent: Jim Strey
Nays: None

- An adjustment had to be made to Stephen Thomas' occupational disability pension per the DOI due to incorrect calculations of his annual increases in 2011, 2012 and 2013 totaling \$1,409.00. Increases should have been 3% of base instead of compounded. Michael White made a motion, seconded by Tracy Renfro, to adjust the pension benefit going forward and to notify Thomas of the overpayment, giving him the option to repay the Fund either at the rate of \$44.03/month or a lump sum repayment of \$1,409.00. A roll call vote was taken:

Ayes: Alan Granite Chris Black
Tracy Renfro Michael White
Absent: Jim Strey
Nays: None

IV. DISBURSEMENTS

- Michael White made a motion to approve the September payroll of \$1,226,469.36. Chris Black seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Chris Black
Tracy Renfro Michael White
Absent: Jim Strey
Nays: None

- Invoices totaling \$27,080.87 were presented as shown in the attached warrant packet. Tracy Renfro made a motion to approve the invoices as presented in the warrant packet. Chris Black seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Chris Black
Tracy Renfro Michael White
Absent: Jim Strey
Nays: None

V. CASH & INVESTMENTS

- Mike Piotrowski presented Marquette Associates' Flash Report for August 31, 2013:
 - The month was similar to June with bond yields rising, equity falling and real estate remaining the same.
 - U.S. stocks seemed to be "resilient" this year and the markets were up over 20%. The international markets were up in September but bonds were down 0.50%.
 - The big question is will the Fed be tapering and if so, how much.
 - As of August 31 the Fund was overweight to U.S. equity but no one manager "was grossly out of line." However, Mike Piotrowski felt it would be "prudent" to pull down the overweight to equity.
 - The Fund overall is down 1.7% this month, and U.S. equity down 2.7%. The 6.3% return is really 8 to 8.5% but we shouldn't expect much more out of U.S. equity. The best area for improvement is international stocks.
 - Currently the Fund is at \$1.43.4 million.
 - Page 9 shows the individual performance of the individual managers:
 - Hillswick underperformed for the year and is actually the "worst" of the three due largely to long duration but historically they have performed well.
 - Fiduciary has protected principal over the short term.
 - Montag & Caldwell had a "pretty poor month" but it has been a difficult environment for growth stocks. There'll be a full review at the end of the quarter and they'll take a close look at Montag & Caldwell.

- International stocks have been improving, and Manning & Napier is up 14% YTD but emerging markets are down 3.5%. Going forward Mike feels there is a greater opportunity in international stocks.
- REITs (pg. 10) struggled significantly over the month. PIMCO is down 1.3% but we brought them in a little early and they will improve.
- Overall the Fund is positioned well and will probably attain 7%. Marquette will prepare a thorough review of Montag & Caldwell, and Mike indicated that the Board may want to consider switching managers.
- The Fund is less than 1% underweight to international and any cash needs can probably be pulled from U.S. equity.
- Ted Dutkiewicz advised there were no cash need for the month.
- Ted Dutkiewicz passed out the report on the status of the Fund as of August 31, 2013:
 - The report showed total current market value of the Fund was \$143.11 million, up 2.469% year to date. The equity fund is up 20.283%, and fixed income is down 19.251% at 35.510% of the total Fund.
 - Total annual return is at 9.56%; equity annual return is 29.29%, a fixed income annual return of -16.77%, and a total income return of 5.25%.
- Records of purchases and sales were distributed.

Michael White made a motion, seconded by Tracy Renfro, to approve the purchases and sales for the month. A roll call vote was taken:

Ayes:	Alan Granite	Chris Black
	Tracy Renfro	Michael White
Absent:	Jim Strey	
Nays:	None	
Ayes:	Alan Granite	Chris Black

- Attorney Clifford questioned a line item for cash disbursements of \$50,000.00. Ted Dutkiewicz explained that the line items are higher than in 2012 because several managers have been added to the fund and the fund itself is larger.

VI. OLD BUSINESS

- The DOI audit report is still in progress.
- Discussed several items contained in the Actuarial Report from Tim Sharpe, including the old versus the new mortality table and PUC as they relate to the City contribution. Ted Dutkiewicz explained that PUC was used since going to entry age normal would have caused the contribution to be even less. There will be a conference call with Tim Sharpe next month and the Board can ask him to discuss why PUC made for a larger contribution than entry age normal.
- Policies and forms discussion was tabled for another month, as Linda Wlaznik and Attorney Clifford need to review several things.
- Ted Dutkiewicz sent a follow-up letter to Putnam but has still not heard anything on the annuity contract from them.
- Linda Wlaznik had a list of those retirees and beneficiaries who hadn't turned in their annual affidavits yet. Discussed suspension of pension but Attorney Clifford said that the Board doesn't

actually have the authority to withhold pensions unless notice is given to the member. Linda Wlaznik will send letters to those individuals on the list.

- Discussed the disability pension issue raised when one pensioner was audited by the IRS. The issue has to do with what is the taxable/nontaxable portion of the pension and how it works with increases, etc. The goal will be to take a “community approach,” i.e. meet with the IPPFA group or the Coalition for Qualified Plan Status, including the pension board attorneys and other involved professionals. Linda Wlaznik indicated that part of this Fund’s problem occurred when all of the disability pensions were tagged as taxable for two years whether or not it was converted. There are no clear parameters as to how you code it and report it to the IRS.
- Discussed the memo from Carrie Eklund concerning the fiduciary liability policy and a possible increase of coverage. There is a new provider that would cover \$5 million/fund but we’re not sure what they would provide. Carrie is going through a broker and more information should be available at next month’s meeting.
- Discussion on the meeting dates and times once again. The tentative decision was to meet on October 16th and Linda Wlaznik would e-mail the final date and time depending on Tim Sharpe’s availability.
- Discussed training: Alan Granite will be going to Bloomington October 28th and 29th. Tracy Renfro needs 16 hours but by next April.

IPPFA has a conference in October and one can always participate in Marquette webinars for the required annual training.

VII. CLOSED MEETING – None required.

VIII. NEW BUSINESS

- Attorney Clifford discussed a letter from AFFI in reference to HB1375 and Public Act 0391. The bill corrected an anomaly having to do with dependent surviving children. Originally if there was a spouse, they received 100%, with the child(ren) receiving 20% (with an amount not to exceed 100%) but if there was no surviving spouse, the child only received 12%. This was corrected so that even with no spouse, the children would receive 20%. Current payments going forward will be adjusted, and this applies to any death, whether line of duty or a pensioner.

VII. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 9:40 a.m.

Next regular meeting is October 16, 2013, at 10:15 a.m.

Signed:



Tracy Renfro, Secretary

10/16/13
Date

Prepared by:

Judith Yehling, Recording Secretary

Date

Approved by the Board of Trustees at its October 16, 2013, meeting.