

**MINUTES**  
**ROCKFORD POLICE PENSION BOARD**  
**OCTOBER 20, 2016**

**MEMBERS PRESENT:** Jeff Nielsen, President  
Marcia Mueller, V.P.  
Joe Stevens, Secretary  
Paul Swanberg, Assist. Secretary

**ABSENT:** Scott Laue

**ALSO PRESENT:** Al Mezny - HolmstromKennedyPC  
Mike Piotrowski – Marquette Associates

**GUESTS:** Aaron Reed – Kayne Anderson Rudnick

**STAFF:** Linda Wlaznik, Finance  
Carrie Eklund, Finance

The October 20, 2016 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order at 8:10 a.m.

Motion by Mueller and seconded by Stevens to approve the September 15, 2016, minutes of the Board meeting as amended. APPROVED.

**PUBLIC COMMENT**

NONE

**CASH & INVESTMENT REPORT**

Piotrowski reviewed the Report ending September 30, 2016. Piotrowski stated that the total fund composite is \$179.5 million. The fund was up 40 basis points for the month. For the 3 months Kayne Anderson Rudnick is up 3.6%. Both Fidelity and DFA outperformed for the third quarter. Emerging markets were up almost 8%. There are no cash needs for the month.

Motion by Mueller and seconded by Stevens to approve purchases and sales. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

**CITY BILLS**

Motion by Mueller and seconded by Stevens to approve October City Services of \$8,875.25. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve September postage charges of \$129.27. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to HolmstromKennedyPC for general matters for the month of September in the amount of \$1,750.75. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to HolmstromKennedyPC for Annual Medical Reviews 2016 in the amount of \$2,775.00 which includes \$2,025.00 for professional services and \$750.00 in disbursements. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to Northern Trust Company for investment management fees for July 1, 2016 through September 30, 2016 in the amount of \$5,674.48. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve payment to Kayne Anderson Rudnick for investment management fees for July 1, 2016 through September 30, 2016 in the amount of \$31,903.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the expense report for Jeff Nielsen in the amount of \$200.10 for the IPPFA conference. APPROVED.

Ayes: Mueller, Stevens, and Swanberg

Nays: None

Abstain: Nielsen

Motion by Mueller and seconded by Stevens to approve the expense report for Scott Laue in the amount of \$155.52 for the IPPFA conference. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the expense report for Linda Wlaznik in the amount of \$71.67 for the IPPFA conference. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

## **ATTORNEY'S REPORT**

Attorney Mezny stated that almost all of the annual examination reports have been received. Attorney Mezny informed the board that Christina Haske-Whisenand was unable to complete the MRI.

## NEW BUSINESS

The following retired officers were included in the 2015-2017 contract settled in 2016:

<b>Last Name</b>	<b>First Name</b>	<b>Retro Payment</b>
Brannum	Bruce	\$ 973.95
Bubik	Susan	\$ 320.47
Clinite	Douglas	\$1,519.43
Gallardo	Reynaldo	\$ 850.62
Gulbrantson	Erik	\$1,191.60
Joyes	James	\$1,752.29
McLester	Todd	\$1,645.57
Oswald	Scott	\$ 385.81
Perrine	Ronald	\$2,541.17
Triplett	Michael	\$ 854.50

Motion by Mueller and seconded by Stevens to approve the retroactive payments to the retired officers. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for Bruce Brannum to \$4,511.32 monthly/\$54,135.84 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for Susan Bubik to \$3,399.53 monthly/\$40,794.30 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for Doug Clinite to \$5,359.25 monthly/\$64,311.00 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for Reynaldo Gallardo to \$4,718.58 monthly/\$56,622.98 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for Erik Gulbrantson to \$4,311.16 monthly/\$51,733.89 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for James Joyes to \$5,407.98 monthly/\$64,895.70 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for Todd McLester to \$5,021.44 monthly/\$60,257.31 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for Scott Oswald to \$6,637.80 monthly/\$79,653.60 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for Ronald Perrine to \$4,475.40 monthly/\$53,704.75 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension increase for Michael Triplett to \$4,475.40 monthly/\$53,704.75 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the pension benefits for Barry Dock in the monthly amount of \$5,138.21/\$61,658.52 due to his retirement. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the termination of pension benefits for Donald Smith effective October 11, 2016. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the first increase for DiAnn Krigbaum in the amount of \$500.05 for a new monthly benefit of \$4,273.98/\$51,287.76 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the first increase for John Eau Claire in the amount of \$182.22 for a new monthly benefit of \$6,256.17/\$75,074.04 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to accept new applications to the Police Pension Fund for Abel Castaneda and Justin Graceffa. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to suspend the pension of Joseph Rinaldo until his affidavit is received. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

#### **KAYNE ANDERSON RUDNICK**

Aaron Reed was at the meeting to present information regarding the performance of the City's portfolio with Kayne Anderson Rudnick.

Mr. Reed stated the police pension fund has been with Kayne Anderson Rudnick since June 2001. The fund is at \$14,119,173 with a withdrawal of approximately \$8,000,000 over the life of our investment in this portfolio. Mr. Reed stated the stock market reacts positively when nothing gets done with a democratic president and a republican congress. The goal of Kayne Anderson Rudnick is to find businesses that have high return on capital on their own in good and bad markets. Regardless of who is elected president; the police pension fund should be fine. The return on equity over the past five years has been 25%. Mr. Reed stated that Kayne Anderson Rudnick is comfortable with the holdings in the portfolio. Mr. Reed reviewed their process for buying businesses.

Nielsen requested Mr. Reed discuss Jack Henry & Associates. Mr. Reed stated Kayne Anderson has owned Jack Henry & Associates for 12 years. The business has brand reputation for back office operations for banks. The company has a 98% retention rate for clients. Jack Henry does the electronic banking for banks.

#### **NEW BUSINESS (continued)**

Wlaznik stated that after the annual statement has been filed a staff member with the Department of Insurance runs a separate audit function. Wlaznik explained the process.

Motion by Mueller and seconded by Stevens to approve the annual statement salary corrections with a difference of \$(329,364.49) in annual active salaries. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

## PAYROLL

Motion by Mueller and seconded by Stevens to approve the October estimated payroll amount of \$1,340,448.42. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Motion by Mueller and seconded by Stevens to approve the actual September payroll amount of \$1,324,653.09. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, and Swanberg

Nays: None

Wlaznik stated that the mileage reimbursement is not included in the policy manual for the annual medical exams and suggested discussing at the next meeting.

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

WG NIS