

Fire Pension Board Meeting

Jan. 14, 2020

PRESENT:

Justin Hale
Jeff Becker
Randy Hurd
Chief John Knapp

Pat Donnelley of Graystone Consulting
Steve Cushing from Retzer, Gerber & Associates

ABSENT:

John Raymer

The meeting was called to order at 10:01 a.m.

There was no board meeting in December 2019.

TREASURER'S REPORT

Steve Cushing from Retzer, Gerber & Associates was delayed, so Justin Hale presented the treasurer's report. The checking account balance was \$530,956.79 as of Dec. 31, 2019.

Anthony Tintori has pulled his money out of the pension fund and a check was issued to him in the amount of \$31,865.39. All the proper paperwork was submitted.

Motion to approve the pension payments for November 2019 and December 2019, each month in the amount of \$154,332.88:

Motion made by Justin Hale, seconded by John Knapp. Roll call vote; all vote aye 4-0.

APPROVAL OF MINUTES

Motion to approve the minutes from the Nov. 11, 2019 Fire Pension Board meeting:

Motion made by Hale, seconded by Knapp. All vote aye 4-0.

DISCUSSION ON CONSOLIDATION

Attorney Jim Dobrovoney was not at the meeting but told Hale that there is nothing new on consolidation talks. It is undecided who will be on the boards. Dobrovoney thinks the money will be pulled sometime within a year from the EPFD pension funds.

Randy Hurd will be attending a meeting on Jan. 25, 2020 which will include an update on consolidation.

FINANCIAL UPDATE

Pat Donnelley of Graystone Consulting provided a financial update. Regarding consolidation, the EPFD Pension Fund assets are being put in easily transferable securities.

He discussed the economy which he said was great last year. It was a whip-saw year with Brexit and trade wars, and the Fed reversing its stance from raising interest rates to lowering them. The global recovery is in a new phase and the national election will determine where the market goes.

The Fed's balance sheet is growing, and assets are appreciating. As long as the Fed keeps this stance it will be good for the stock market.

The total fund value as of Dec. 31, 2019 is \$27,737,000. The asset allocation is:

- Domestic Equity – 46.05%
- Mid Cap Equity – 3.07%
- International Equity – 17.94%
- Alternatives - 0.71%
- Fixed Income – 35.30%

There is \$535,000 in the Money Market and \$135,000 will be taken out for expenses. There is no reason to move from the bank account to the investment account.

Motion to move \$400,000 in cash to the international mutual funds:

Motion made by Hale, seconded by Knapp. Roll call vote; ayes by Hale, Hurd and Knapp, nay by Jeff Becker.

Motion carries 3-1.

Becker said he voted against the motion because he wants time to consider these types of matters and has previously asked to receive the information prior to the meeting via email, to no avail. Donnelley agreed to provide advance notice in the future.

Total fund for the quarter was up 5.11%. Year-to-date it was up almost 19%. The fund is up over \$6 million over the last three years. It is growing well, and it needs to be kept strong through the time of transition.

Donnelley talked about switching from ETFs to other funds. His firm owns the ETFs which lets you buy and sell at any time. It was not clear in the statute if it is allowed to own ETFs. The firm decided it did not make sense to own ETFs in case of being flagged in an audit.

Motion to exchange from the Vanguard ETFs to Vanguard Total International Admiral Mutual Fund:

Motion made by Hale, seconded by Knapp. All vote aye 4-0.

Motion to switch from Vanguard Emerging Markets ETF to Invesco Oppenheimer Developing Markets mutual fund: Motion made by Hale, seconded by Knapp. All vote aye 4-0.

Motion to replace the Vanguard ETF Real Estate Fund with Cohen & Steers Realty Shares:

Motion made by Hale, seconded by Knapp. All vote aye 4-0.

JANUARY MEMBER INCREASES

January member increases will occur at the end of January. Some members have asked if they can get a printout each month about what is being withheld from their pension checks. Steve Cushing from Retzer, Gerber & Associates said it is possible but could take some effort on a monthly basis. He thinks it would be better to send it yearly with the Form 1099. He said they can always call him and check but it would be a fair amount of work to do this monthly. Hale suggested contacting the retirees via email and let them know who to contact if there are questions. It was decided it makes the most sense to do it when the Form 1099s are issued.

A discussion occurred on having Retzer, Gerber & Associates send out the Form 1099 instead of paying Heinold-Banwart to do it. It was decided to let Heinold-Banwart do it this year and transition next year.

ATTORNEY REPORT

Attorney Jim Dobrolvoney was not present and there was no report.

Hale reported that Jim Dobrolvoney is cutting back his work hours, and if an attorney is needed at a meeting likely someone else from his firm will attend. Dobrolvoney will be available for disability hearings.

PUBLIC PARTICIPATION:

East Peoria resident Don Norbits asked if consolidation is a done deal and was told it is. Hale said right now all the details are not known. Becker said the transition committee has been created. Hale said there is a concern that eventually the individual boards will not even exist, and the boards will not have financial control of their funds. The board members are skeptical that the consolidation will actually solve any issues.

AJOURNMENT

Motion to adjourn the meeting:

Motion made by Hurd, seconded by Becker. All vote aye 4-0.

Next meeting: Feb. 11, 2020 at 10 a.m.

Submitted by Jill Peterson