

Fire Pension Board Special Meeting

Feb. 11, 2021

PRESENT:

Justin Hale
Mike Kruse
Randy Hurd
Jeff Becker
Chief John Knapp

Pat Donnelley of Graystone Consulting
Jim Dobrolvoney of Reimer & Dobrolvoney

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

There were no board meetings in December 2020 or January 2021.

TREASURER'S REPORT

Steve Cushing from Retzer, Gerber & Associates was not present at the meeting so there was no Treasurer's Report.

APPROVAL OF PENSION PAYMENTS

Motion to approve the pension payments for October 2020 and November 2020, both months in the amount of \$170,808.48:

Motion by Justin Hale, seconded by John Knapp. All vote aye 5-0.

Motion to approve the pension payments for December 2020 in the amount of \$1,762,65.24:

Motion by Hale, seconded by Randy Hurd. All vote aye 5-0.

Motion to approve the pension payments for January 2021 in the amount of \$179,959.37:

Motion by Hale, seconded by Hurd. All vote aye 5-0.

APPROVAL OF MINUTES

Motion to approve the minutes from the August 11, 2020 Fire Pension Board meeting:

Motion made by Hale, seconded by Kruse. All vote aye 5-0.

PUBLIC PARTICIPATION:

East Peoria Mayor John Kahl addressed the board. He asked, as the principal source of funding of the pension fund, that the City of East Peoria be recognized as an interested party to the disability hearing of Lt. Charles Melton. The City does not believe the disability was related to Melton's stroke. Board Attorney Jim Dobrolvoney asked if there is any additional evidence to consider. Kahl said he did not have any at this time and did not know the Fire Pension Board meeting had been rescheduled from earlier in the week to today. Kahl said the transcript of the disability hearing had been sought to prepare for the Pension Board meeting but had not been received. Dobrolvoney said the transcript was not going to be accepted and filed by the board until today, so it could not be made available prior.

Dobrolvoney asked if the board members wanted to proceed with accepting the filing.

Board member John Knapp made remarks, saying they were not being directed as personal to any board member, but he has an issue with the integrity of the situation. He thinks Melton is a great man and firefighter, but Knapp has struggled with Melton's integrity since he filed for disability. Knapp said Melton was aware of his health issues since he was a teenager. Knapp says there was no evidence presented to decide awarding of the disability claim. During the disability hearing Knapp said he heard some board members come up with evidence on their own. He said the board members cannot come up with their own evidence and now there is an issue with the integrity of the board. Knapp said there is no presumption of disability and asked as a board how the members can move forward with a decision that is not right. He said they were advised they could not move forward without evidence. Knapp said he will not support this decision. During a prior disability hearing there was black and white evidence. But under the Melton circumstances, Knapp said he cannot go forward and questioned if it is in the best interest of the

board to make a decision that is not backed by evidence. He asked the attorney what can be done about making such a decision not based on evidence.

Dobrolvoney said the decision order outlines the evidence that supports the findings the board made, and Knapp does not have to sign it. He cited cases of other pension boards in which of multiple doctors only one had a different opinion and the board went with that. Dobrolvoney said if there is more evidence that needs to be presented which was not, someone should have come forth before today. No one has done that until today. Dobrolvoney said he tends to be conservative and allows two weeks to present more evidence but if it isn't available the decision stands. Either there is more evidence or there is not. He said if the board makes its decision and the city appeals, there is no chance to submit more evidence. Since the final written decision has not been issued, more evidence can be submitted.

Hurd said he takes exception with the statements about his integrity. He said he looked at the evidence and voted with his conscience.

Knapp said he is more concerned with the two active firefighters who will be on the board for years. He will question the board's integrity going forward. In this case, he said there were enough contributing factors that most people would not ask for a disability hearing. He said the board is to be fair and impartial and look at the evidence. Knapp said the board's attorney explained very well at the hearing about what the board was to decide upon, and the message was lost on the board members.

Dobrolvoney said he plays devil's advocate at meetings to get people to look at all sides and get to a considered opinion. The circumstances indicate to him that if the person can do the job the city has to hire them regardless of health condition. The law says if a person can do the job they are in the pension fund regardless of health conditions. Dobrolvoney said if the board wants to allow the City of East Peoria to present additional evidence within two weeks, he has no problem with that. If the board wants to accept the disability decision today, he has no problem with that either.

Hurd asked how the evidence can be admitted when the board has already had a hearing and decided. Since the board has not yet voted to adopt and publish the written decision, Dobrolvoney said the board has not made the final decision.

Hale said he made a conscious decision, will not change it and that is where he stands. Hurd said he stands by his decision and sees no point in extending the timeline.

NEW BUSINESS

Motion to adopt and publish the Written Decision and Order in the Disability Claim for Lt. Charles Melton: Motion made by Kruse, seconded by Hale. Roll call vote: Yes – Justin Hale, Mike Kruse, Randy Hurd. No - Jeff Becker and John Knapp. Three ayes, two nays; motion carries.

FINANCIAL UPDATE

Pat Donnelley of Graystone Consulting provided a brief financial update. The last stimulus is positive for the market, but the vaccine for COVID-19 is an even greater stimulus. The improving COVID-19 pandemic situation is likely going to open things up such as weddings, travel, and gatherings that will stimulate economic growth. But there is less production availability so there will likely be price increases. This is important to the fund because some items could be added to hedge inflation. Corporate profits are exploding. New companies in e-commerce, Zoom, DocuSign, etc. exploded much faster than they would have otherwise. The portfolio is set to take advantage of this growth. The fund today is over \$31 million. There is not any real need to make any changes unless cash is needed in the future.

The total fund value as of December 31, 2020 is \$30,573,710.00. The asset allocation is:

- Domestic Equity – 48.32%
- Mid Cap Equity – 3.28%
- International Equity – 20.06%
- Alternatives – 0.62%
- Fixed Income – 30.99%

Donnelley recommended moving \$400,000 to the bond manager. Returns have been quite good, and the board has been very disciplined in its decisions. Small and midcap companies are doing well coming out of the pandemic. International and emerging market funds have come back nicely. Weaver Barksdale is also doing well.

Motion to move \$400,000 to the bond manager:

Motion made by Kruse, seconded by Hale. Roll call vote; all vote aye 5-0.

Donnelley will send Justin Hale a full financial report via email so the board will have it for its files.

APPROVAL OF BILLS

Motion to approve payment for legal services to Reimer & Dobrolvoney in the amount of \$6,930.04:

Motion made by Hale, second by Kruse. Roll call vote; all vote aye 5-0.

ATTORNEY REPORT

Attorney Jim Dobrolvoney said there are now draft rules for the pension board consolidation. He listed the names of the elected consolidated board members.

He also detailed several recent lawsuits involving the Illinois Public Safety Employees Benefit Act.

AJOURNMENT

Motion to adjourn the meeting:

Motion made by Knapp, seconded by Hurd. Four vote aye. (Knapp left prior to the vote.)

Next meeting: March 9 at 10 a.m.

Submitted by Jill Peterson