

Fire Pension Board Meeting

May 12, 2020

PRESENT:

Justin Hale
Mike Kruse
Jeff Becker
Chief John Knapp

Pat Donnelley of Graystone Consulting (via Zoom)
Steve Cushing from Retzer, Gerber & Associates

ABSENT:

Randy Hurd

The meeting was called to order at 10:05 a.m.

There was no board meeting in February, March and April 2020.

BOARD MEMBER ELECTIONS

John Raymer's term on the board expired and he decided not to run for re-election. Mike Kruse is the new board member, elected by acclimation. Justin Hale was re-elected to the board by acclimation. Both Hale's and Kruse's terms on the board is May 2020 through May 2023.

TREASURER'S REPORT

Steve Cushing from Retzer, Gerber & Associates presented the treasurer's report. The checking account balance was \$711,221.33 as of April 2020. A transfer of \$500,000 was made in April to cover pension payments. The city paid \$167,881.12 to the pension fund and that was deposited in April.

Motion to approve the pension payments for February 2020, March 2020 and April 2020, each month in the amount of \$158,295.09:

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

A check for \$2,732.18 was issued in February to retiree Mike Vaugh because the city kept taking out his health insurance after he turned age 60.

The April payment of \$2,991.40 to Anna Mae Decker will be reversed due to her recent death.

APPROVAL OF MINUTES

Motion to approve the minutes from the January 14, 2020 Fire Pension Board meeting:

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

FINANCIAL UPDATE

Pat Donnelley of Graystone Consulting provided a financial update. The markets were violently hit in March due to the shutdown of the economy from the COVID-19 pandemic, but they have come back nicely. It is still negative but much better than at the end of March. The first part of the crisis is the COVID-19 virus with the second part the economic damage caused by the recession. Municipalities have been hit just like small businesses have been hit. The federal government has taken measures to boost the economy but now what is unknown is if unemployed people will be able to come back to work, and the government assistance programs for businesses has not actually helped all of them. There is a lot of uncertainty going forward. Nothing has been dramatically been reallocated into equities.

The total fund value as of April 30, 2020 is \$25,481,000. The asset allocation is:

- Domestic Equity – 45.62%
- Mid Cap Equity – 2.84%
- International Equity – 17.44%
- Alternatives - 0.64%
- Fixed Income – 36.29%

The current quarter was down, and the market pulled back quite a bit. About \$500,000 has come out of the fund for expenses.

The total fund allocation and performance was down. Clearbridge was down 8.60% Clearbridge has been a good manager for the fund in past years. Mid Cap Equity was hit especially hard. If things start to normalize and come back online, it will be more comfortable to sell some bonds.

On average, a recession lasts 24 months and goes down 44%. This one was very rapid, hitting the bottom in 26 days in March. However, the portfolio has actually grown. Municipalities will have challenges with how the economy will affect receipts such as property taxes and sales taxes.

Historical data suggests the markets will recover. There have been eight recessions in the past 86 years, starting in 1929 and including the Great Depression, the Cuban Missile Crisis and the 1987 stock market crash. It took 37 months after the 2009 recession to climb back to the pre-crisis peak. Greystone Consulting is actively monitoring the individual managers to see how they will do and is not seeing any problems at this time.

Cash flow was discussed. The monthly expense, which will now include three new retirees, will be approximately \$170,828. There are four months of expense funds, which will get the Pension Fund through the summer. Property taxes will still be coming in with the first payment in late July. Jeff Becker does not think there will be a significant impact to the fund from property taxes. Donnelly recommended looking at rebalancing the portfolio and had no recommendations for any changes during today's meeting.

Motion to accept the financial report:

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

APPROVAL OF BILLS

Motion to approve a payment of \$850.00 to Heinold-Banwart for the retirees Tax Form 1099:

Motion made by Mike Kruse, second by Becker. All vote aye 4-0.

Motion to approve a payment of \$4,138.00 to ULLICO for liability insurance:

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

PENSION FUND CONSOLIDATION

There is no new information on the statewide pension fund consolidation.

APPROVAL OF MEMBER RETIREMENTS

Two East Peoria firefighters have retired, and one has an upcoming retirement. Brett Brown retired May 1, 2020 and Bill VanAntwerp retired May 4, 2020. Don Wieburg will retire on June 17, 2020. Hale has submitted Brown's and VanAntwerp's paperwork to Retzer, Gerber & Associates, and will soon submit the papers for Wieburg. Wieburg's ex-wife will receive monthly payments of \$618.84 with no increases.

Motion to approve the retirements of Brett Brown, Bill VanAntwerp and Don Wieburg:

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

ATTORNEY REPORT

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

PUBLIC PARTICIPATION:

There was no public participation.

AJOURNMENT

Motion to adjourn the meeting:

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

Next meeting: June 9, 2020 at 10 a.m.

Submitted by Jill Peterson