

Fire Pension Board Meeting

Aug. 13, 2019

PRESENT:

Justin Hale
Jeff Becker
Randy Hurd
Chief John Knapp

Steve Cushing from Retzer, Gerber & Associates
Pat Donnelley of Graystone Consulting
Mayor John Kahl
City Commissioner Seth Mingus

ABSENT:

John Raymer
Attorney Jim Dobrolvoney

The meeting was called to order at 10:06 a.m.

TREASURER'S REPORT

Steve Cushing from Retzer, Gerber & Associates presented the treasurer's report. There are no changes in the pension payments. The bank account balance is \$1,146,443.58 as of Aug. 13, 2019.

Motion to accept the treasurer's report:

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

Motion to approve the pension payments for July in the amount of \$154,126.24:

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

AUDIT UPDATE

The audit is still being completed. Hale is compiling the requested retiree spousal information.

NEW BUSINESS

APPROVAL OF MEETING MINUTES

Motion to approve the minutes from the July 9, 2019 Fire Pension Board meeting:

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

FINANCIAL UPDATE

Pat Donnelley of Graystone Consulting discussed the capital markets and what is projected going forward. Orders to buy and sell have been submitted. Some shares have been sold and some open buys have been set. As fluctuations are seen they will buy and sell. Graystone believes the foundations for a bull market are in place with a strong economy, but there will be some fluctuations. There is currently an earnings recession. Geo-political issues will push the market down a bit. The S&P 500 could trade between 2400 and 3000 during 2018-2020 with an earnings recession marking the low point for the bear market last December. Capital spending is disappointing year to date, inventories are bloated, and labor market data is softening.

U.S. Equity Markets look good across the board. International and Emerging market funds are more muted. U.S. Bond returns have been very strong. All elements of the portfolio are doing well.

Cycles of the market were discussed. There was a downturn in April and there was an inverted yield curve.

The economy looks good. Unemployment is lower and wages are increasing.

Growth stocks have outperformed value stocks. Donnelley said there are predictions of an inversion with the valuations being stretched. They will be leaning in coming years more to value stocks.

The total fund value as of June 30, 2019 is \$25,333,783:

- Domestic Equity - 47.21%
- Mid Cap Equity - 3.15%
- International Equity - 18.35%
- Alternatives - 0.72%
- Fixed Income - 33.72%

Donnelley recommended the board act on two motions moving cash account money to bond manager Weaver. The bond manager can look to invest the money for the pension board and find better yields.

Motion to move \$750,000 from the Morton Community Bank checking account to a managed account to put in the cash fund:

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

Motion to move the entire balance in cash and cash equity to the bond manager:

Motion made by Becker, seconded by Hale second. Roll call vote; all vote aye 4-0.

Returns are up 3.22% for the current quarter.

Donnelley discussed money coming into the pension fund versus net cash flow. The ability for the community to add money to the fund in tough times helps the portfolio, and East Peoria has been progressive in being ahead of the curve.

APPROVAL OF BILLS

IPPPFA DUES

The Illinois Public Pension Fund Association dues need to be paid.

Motion to pay IPPFA dues in the amount of \$795.00:

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

PENSION SEMINAR

Motion approving four people to attend the pension seminar in Bloomington:

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

UPDATE ON ACUTUARIAL REPORT

The actuarial report is complete, and the presentation will occur at a future meeting, possibly October.

ATTORNEY REPORT

Attorney Jim Dobrolvoney was unable to attend the meeting so there was no attorney report.

PUBLIC PARTICIPATION:

There was no public participation.

AJOURNMENT

Motion to adjourn the meeting:

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

Next meeting: September 10, 2019 at 10 a.m.

Submitted by Jill Peterson