

GUNNISON FIREMEN'S PENSION BOARD

Minutes of Meeting

February 25, 2016

Voting members present:

- Dennis Spritzer, Fire Chief
- Bob Drexel, City of Gunnison
- Stu Ferguson, City of Gunnison
- Steve Williams, Gunnison Fire Protection District
- Shane Rider, Gunnison Volunteer Fire Department
- Ernie Young, Gunnison Volunteer Fire Department

Other Attendees:

- Ben Cowan, Secretary/Treasurer
- Kevin Eichinger, Portfolio Strategist for Wells Fargo Institutional Retirement and Trust
- Sarah Ross, Relationship Manager for Wells Fargo Institutional Retirement and Trust (via phone)

Call to Order. The semi-annual meeting of the Gunnison Firemen's Pension Fund Board was called to order at 6:30 pm on February 25, 2016 by Fire Chief Dennis Spritzer in the City Hall Council Chambers.

Minutes Approval. Moved by Stu Ferguson to approve the meeting minutes from August 27, 2015. Motion carried unanimously.

Financial Report. Secretary/Treasurer Cowan presented the financial report through December 31, 2015. The fund balance was \$2,084,514.94. \$12,420.12 had been paid to Well Fargo, \$4,000 was paid to Actuarial Consulting Services, and benefits had been paid totaling \$147,425. All contributions had been received totaling \$124,260. The budget, as amended, was \$165,425 with total actual 2015 expenditures at \$163,845.12. The 2016 Budget has been adopted with an amount sufficient to accommodate increasing the pension payments to \$400 per month, if desired. Moved by Stu Ferguson to accept the financial report. Motion carried unanimously.

Investment Report. Sarah Ross introduced herself as the Wells Fargo Relations Manager. She will be present at the August meeting. She requested whether there were any issues that she needed to be aware of. The Board expressed they are satisfied. She will gather some information to comply with regulations to ensure Wells Fargo knows their customers. The money market accounts are going to have floating net asset value (NAV) in the future. The financial contraction of 2007 through 2009 resulted in liquidity reform. Instead of maintaining a \$1 par value, it will go to four decimal places allowing for capital gains/losses. Changing to a government money market will not require the floating NAV, so it shouldn't have an effect. He has until October to make that change.

Kevin Eichinger presented the current market status. As China moves from a manufacturing and export country to a consumer economy, its economy has slowed. The overall globe is also slowing as we see a repricing of assets and the market adjusts to the interest rate increase. The oil prices are also having an impact. The economy is built on a price of oil at \$60 per barrel. Fracking has had an impact and the U.S. has become one of the largest oil producers. Saudi Arabia, India, and others increased production to shake out weak players in the market, which is having an impact on domestic oil production. Oil has a major impact on S&P. It appears some of the savings at the pump is being spent elsewhere. Personal balance sheets are improving. Steve Williams reiterated that the world economy has no magic to it, and the economy is slowing. The confidence in the data that comes out of China is questionable. Emerging markets are being effected negatively. The U.S. is the "nicest house on a crummy block", meaning domestic investments are the best currently.

Steve Williams asked about the forecast and Mr. Eichinger feels that there will have more fiscal constraint if the Republicans are elected. Bernie supporters are supporting him at \$27 each. Unemployment is reaching historical lows. The participation rate is also reviewed to gauge the health of the economy, which is not as favorable as the raw unemployment numbers. Manufacturing is slowing. 4-5-6% modest growth is predicted in S&P. 1.6% is predicted on the yr treasury. 2.4% on 10 yr treasury at year end. But as the bond market is looking more secure, the price of bonds will increase, while decreasing yield. That will make the S&P more attractive.

The portfolio is invested in approximately 50% stocks, 47% bonds and 3% cash. Wells Fargo has a pairing strategy because even a good manager's style will not be favorable in certain economies. The pairing allows competing managers to balance out each other. He says this is what stands Wells Fargo apart from other competitors. The year is about flat. The current portfolio as of late February is \$1,986,287, so we are about \$100,000 off from the December 31 balance. Contributions will be picking up low cost investments and as oil prices increase, the fund should see better growth. Although the portfolio did not perform as desired, the stocks were performing above benchmark. Bonds were not as favorable. Overall, the last three months performed at 2.35% net of fees, whereas the 50%/50% benchmark was 2.29%.

Application for Retirement Benefits. The Board considered a request to begin retirement benefits from Shane Rider. Mr. Rider served since April 1991 (nearly 24 years) and reached his 50th birthday on February 18. **Moved** by Steve Williams to accept Shane Rider's request for retirement. Motion carried unanimously.

Application for Retirement Benefits. The Board considered a request to begin retirement benefits from Ernest Young. Mr. Young served since September 1993 (approximately 22.5 years) and will reach his 50th birthday on April 6. **Moved** by Steve Williams to accept Ernie Young's request for retirement. Motion carried unanimously.

Set Pension Payment Amount for 1st half of 2016. Dennis Spritzer recommended increasing the benefit to \$400. Steve Williams expressed he would have been supportive until he heard \$100,000 was lost since December 31. Stu Ferguson says oil is causing volatility, causing a need for conservatism. Bob Drexel reported he would also like to leave it the same. Shane Rider said increasing the rate is certainly worth questioning. While cognizant of the wants of the pensioners, those felt it was prudent to keep it the same. Steve Williams said we may need to watch the market and call a special meeting. **Moved** by Stu Ferguson to set pension payments for the first half of 2016 at \$350. Motion carried unanimously.

Set Survivor's Death Benefit Payment Amount for 1st half of 2016. **Moved** by Stu Ferguson to set survivor's death benefit payment for the first half of 2016 at \$1,000. Motion carried unanimously.

Stu Ferguson Retirement. Mr. Ferguson wanted to share with the Board that this is the last pension board meeting he will be attending as he will be retiring prior to the next board meeting. The City Council will appoint a replacement for him. He has enjoyed serving on the pension board, believes it is very important for community and it has been a privilege. The Board thanked him for his service.

Next Meeting. The next meeting was set for August 25th, 2016 at 6:30 in the City Hall Council Chambers.

Adjourn. **Moved** by Stu Ferguson, as his last official act, to adjourn at 7:36 pm. Motion carried unanimously.