

MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
October 27, 2023

Attendees: Ron Fowler, Carl Reeb, Tyler Zimmerman, Curt Oyer, and Scott Rathbun, Fire Pension Board members.

Others present: Dave Wall, Wall Capital Group, Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, and Tracey Covert, Recording Secretary. Mr. Wall and Ms. Campbell participated remotely via telephone.

The Fire Pension Board met at Fire Station 6 located at 4040 E. Oakland Ave. Ron Fowler, President, called the meeting to order at 2:02 p.m.

Motion by Scott Rathbun, seconded by Carl Reeb to allow Tyler Zimmerman to participate remotely via telephone as he was on duty at Headquarters Station.

Motion carried, (viva voce).

Mr. Fowler opened the meeting to Public Comment. No one came forward to address the Board.

MINUTES

See page 5, third paragraph: remove the last sentence. Page 7, Jeff Flairty retirement information: Age: 60 years and Monthly Pension: \$7,772.17. Page 7, signature line: change Carl Reeb to Tyler Zimmerman, Secretary.

Motion by Carl Reeb, seconded by Scott Rathbun to approve the regular session minutes of July 28, 2023, as corrected.

Motion carried, (viva voce).

Mr. Reeb informed the Board the City had acquired Agenda management software. The following items were not needed and would be removed from the meeting agenda:

- D. Disability Medical Review;*
- E. Proposed changes to By-laws in Compliance with Illinois Compiled Statutes;*
- F. Pension Benefits & Cost of Living Adjustment (COLA) Increase for 2024; and*
- J. Approval of Deputy Chief Jeff Flairty's Retirement*

Item F. would be addressed under new business.

TREASURER'S REPORT

Carl Reeb addressed the Board. He had prepared the Treasurer's Report.

The monthly pension costs were as follows:

August 2023	\$622,043.87
September 2023	\$610,055.19
October 2023	\$610,176.53

Mr. Reeb presented the following expenditures: Insight – \$7,960.04 (financial services); Tracey Covert - \$168.75 (July 28, 2023 meeting minutes - \$118.75 and Resolution – L. Brewer - \$50); AFFI - \$750 (October 23/24, 2023 virtual pension seminar: Ron Fowler, Carl Reeb & Tyler Zimmerman), and Dave Wall - \$1,000 (investment services). Total expenditures: \$9,878.79.

To date Baker Tilly has been paid \$9,000 (FY 23 audit invoice). He had not received any additional invoices.

Two (2) checks had been received and deposited. They were death benefits for Lloyd Brewer: Delaware #0109: \$496,832.66 and VOYA #8464: \$3,733,065.32. He also received another check from Delaware. He believed the amount was \$3,000. There was no explanation accompanying the check. It had not been deposited as of this date.

Motion by Scott Rathbun, seconded by Tyler Zimmerman to accept the Treasurer’s Report as presented.

Ayes: Carl Reeb, Tyler Zimmerman, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

FINANCIAL INVESTMENT REPORT

Dave Wall, Wall Capital Group’s President, addressed the Board via telephone. Wall Capital was transitioning to a new reporting system. His daughter, Alisha Stocker, was also on the telephone. He hoped the new system would provide information and the possibility of tracking transactions.

Ms. Stocker addressed the Board. Current information/data was being uploaded into the new system. The reporting would be similar but provide more depth. She was unsure if the new system would be able to track FPIF, (Firefighters’ Pension Investment Fund) transactions. There would be the ability to upload information manually. The new system would offer access via a portal and an app.

Mr. Wall directed the Board to page 2 of the FPIF report within the June 30, 2023 report. He cited the need for the transactions. The Board should be able to see when dollars were added to the fund. There was not any information regarding asset allocation. Wall Capital would try to obtain values and shares owned by the Board.

Ms. Stocker would continue to research what the new system would be able to do. Mr. Wall added his hopes some issues would be resolved.

Ms. Stocker left the meeting at 2:20 p.m.

Mr. Wall addressed the report dated September 30, 2023. It only addressed annuity and cash holdings. He stated the death benefit checks were deposited on September 29, 2023. Asset Allocation was on page 2 and the Performance Summary was on page 3. Year to Date, Account Return (Gross TWR) was 10.93%. Performance was strong due to the death benefit payments. They proved beneficial to the fund. Holdings, (see pages 4 and 5), included Cash & Equivalents, Fixed Annuity and Variable Annuity, were listed. He noted Variable Annuity represented 79.79% of these holdings.

He directed the Board to the Jackson National #7366. This variable annuity listed its subaccount as Fixed Income. He recommended Jackson National #5658 & #4651 change the subaccounts from S & P 500 to a fixed income. There have been market declines. Bond performance has been poor this year.

The September 30, 2023 report included FPIF Statement of Results for June, July & August 2023. He cited the Return on Total Assets: June 8.81%; July 11.76% & August 9.22%. He also cited the Return on Invested Capital: June 3.75%; July 2.71% & August -2.27%. The challenge of timely information remained.

Mr. Wall directed the Board to the report dated June 30, 2023. This report contains all the information. Asset Allocations total \$92,161,277, (see page 2). This page lists broad asset class and asset type. The Performance Summary, (see page 3), lists a Year-to-Date Account Return (Gross TWR) at 9.29%. This had been impacted by death benefits. Holdings, (see page 4 – 6), listed Cash & Equivalents, Fixed Annuity, Variable Annuity & FPIF Cash & Equivalents & Mutual Funds. Asset Allocation for the Bank Operating Account was found on page 7.

He directed the Board to page 19. FPIF, Investment Manager report. The FPIF had retained Garcia Hamilton & Associates and Brown Brothers Harriman & Co. as fixed income managers. FPIF Statement of Results for April, May and June 2023 were also contained in the report.

The Schwab MoneyLink account has been set up for money market and/or US treasuries.

Mr. Oyer requested additional information regarding Mr. Wall's recommendations. Mr. Wall recommended the Board reduce equity holdings to seventy percent (70%). On June 30, 2023, equities were at seventy-five percent (75%). He questioned the numbers today as the market was volatile. The Federal Reserve System was facing challenges: 1.) questions regarding higher interest rates and 2.) recession. The yield curve was modestly inverted. Six (6) month treasuries were at five percent (5%). The FPIF's equity target was seventy percent (70%). Two (2) Jackson National holdings, #5658 & #4651 subaccounts would be move from S & P 500 to fixed income. Each was priced at \$1,551,508.27 in the September 30, 2023 report. He planned to work with Ms. Campbell to accomplish same. He estimated \$4.6 million would be needed to reach the targeted goal. The two (2) Jackson National holdings were valued at \$3,103,016.54. This would move the Board's holdings closer to the seventy percent (70%) goal.

Motion by Curt Oyer, seconded by Carl Reeb to authorize Dave Wall and Vicky Campbell to transfer Jackson National #5658 & #4651 subaccount from S & P 500 to fixed income.

Ayes: Carl Reeb, Tyler Zimmerman, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Wall gave a report on the lawsuit opposing consolidation. Oral arguments would be held before the state Supreme Court on November 21, 2023. A ruling was expected by the first quarter of 2024. Fourteen (14) funds which are not part of the lawsuit have refused to turn over their assets. He believed all the funds were Police Pension.

Ms. Campbell addressed the Board. Three (3) Fixed Annuity holdings would reach maturity in 2024: Athene #2062 in April, Nationwide #5068 in July and Nationwide #1511 also in July. This might result in an influx of cash. Mr. Wall added these fixed annuities might result in a higher percentage of dollars invested in equities. Ms. Campbell directed the Board to the FPIF’s Statement of Results for August 2023. The Board’s Ownership was listed at 0.47%.

Motion by Scott Rathbun, seconded by Carl Reeb to accept the Financial Report dated June 30, 2023.

Ayes: Carl Reeb, Tyler Zimmerman, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

CASH MANAGEMENT

Scott Rathbun presented the Cash Forecast report dated October 26, 2023. He noted Don Craven, Board attorney, confirmed and Steve Zahn, FPIF’s Chief Operating Officer, provided information addressing cash flow and return achievement. The Board was able to hold cash equivalents for less than one (1) year. Acceptable cash equivalents were Certificates of Deposits (CD) and US treasuries. He made the following recommendations: 1.) use reoccurring withdrawals/monthly auto withdrawal from the FPIF; 2.) establish the Board’s cash need; and 3.) retain up to three (3) months of the average monthly expenditure. He added his opinion the Board could retain two (2) months of operating expenditures plus some US treasuries not to exceed one (1) year. Additional recommendations included: 1.) send excess cash to the FPIF when received from the City and 2.) schedule monthly deposits with the FPIF.

He described it as a basic report. The upper right-hand corner addressed monthly expenditures. The net amount was \$537,000. This figure resulted in a two-month operating expenditure of \$1,074,000. The combined bank balance was in the upper left-hand corner. The combined balance was \$8,018,491. He recommended \$6.4 million be transferred to the FPIF. In December 2023, the City would make its final deposit, (property and/or utility taxes) in the amount of \$853,561. Deposits and auto withdrawals with the FPIF could commence in January

2024. He estimated the Board would have \$1,022,052 cash on hand in January 2024. The PNC Money Market account was earning three percent (3%).

He cited the benefits of his recommendations: 1.) excess cash would be sent to the FPIF; 2.) easier Board management; and 3.) quarterly review of expenses with the Board adjusting if needed.

Mr. Oyer believed withdrawn funds would be deposited in the Board's account by the 14th of the month. The Board made monthly pension payments. The funds to be transferred would include the recent Death Benefit payments. The FPIF has established deposit dates. He questioned when these dollars would be invested by the FPIF. Mr. Rathbun offered to investigate the FPIF's deposit policy. Mr. Oyer added there were only two or three days a month when FPIF funds were invested into the market. Mr. Rathbun noted the FPIF had been very responsive to his inquiries.

Mr. Reeb expressed his concern with the FPIF monthly report timing. The FPIF would be audited in April/May 2024. It will be a compliance audit.

Mr. Rathbun restated the target balances would be \$1.1 million: \$1 million invested by Wall Capital and \$100,000 held in a local bank. Everything was dependent upon the FPIF actions. His target was two (2) months' expenses on hand.

Mr. Wall planned to ladder the dollars in US treasuries: three, six and nine (3, 6 & 9) months.

Mr. Oyer viewed the withdrawal as straightforward. The timing of deposits would be more complicated. The first deposit of property taxes would be in May/June 2024. Mr. Rathbun planned to use the City's deposits to trigger deposits to the FPIF. Monthly pension costs would be handled from automatic withdrawals from the FPIF. Mr. Oyer added the Board needed to know the FPIF's set deposit dates.

Mr. Oyer noted the pension payments occurred on the 25th of the month. The automatic withdrawal could occur on the 14th of the month. The Board would earn three percent (3%) on these dollars in the interim.

Motion by Scott Rathburn, seconded by Curt Oyer that the Board take the following actions: 1.) sign up for recurring withdrawals with the FPIF; 2.) determine the monthly cash needs and have two (2) months cash on hand in a local financial institution; 3.) transfer \$1 million to Wall Capital to be invested in US treasuries for no longer than one (1) year and 4.) excess cash to be deposited with the FPIF on the appropriate dates.

Ayes: Carl Reeb, Tyler Zimmerman, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Wall questioned who would transfer the funds to the Schwab MoneyLink account. He restated his plan to purchase three, six and nine (3, 6 & 9) month Treasury bills. Currently, they were earning just over five percent (5%).

Mr. Rathbun informed the Board he would work on scheduling. The PNC Money Market account was currently earning a little over three percent (3%).

Vicky Campbell and Dave Wall left the meeting at 3:00 p.m.

SCHEDULE OF MEETINGS

Carl Reeb recommended the Board continue to meet quarterly, on the fourth Friday of the month, at 2:00 p.m. The meeting dates for 2024 would be January 26th, April 26th, July 26th, and October 25th.

Motion by Scott Rathbun, seconded by Carl Reeb to approve the 2024 Regular Schedule of Meetings: January 26th, April 26th, July 26th, and October 25th at 2:00 p.m.

Motion carried, (viva voce).

STAFF REPORT EDUCATION AND ON-GOING PROJECTS

Mr. Reeb informed the Board that Ron Fowler, Tyler Zimmerman, and he virtually attended the AFFI seminar on October 23 – 24, 2023. He expressed his hope to attend next year’s seminar in person. The AFFI had done a decent job with the online offering.

Mr. Reeb added Tyler Zimmerman needed pension trustee training. Mr. Zimmerman has completed both the OMA (Open Meeting Act) and FOIA (Freedom of Information Act) online training as a member of the Foreign Fire Board. Mr. Fowler should complete the OMA training due to his re-election to the Board.

Mr. Reeb addressed the transition plan (position changes: Tyler Zimmerman, Secretary and Vice President for him). During the first year, they would work together on the Secretary’s various roles and responsibilities. During the second year, he would shadow Mr. Zimmerman. The resulting redundancy should be beneficial to the Board.

AUTHORIZED SIGNERS

Mr. Reeb noted Mr. Emmert was no longer a Board member. Mr. Zimmerman was newly elected and served as the Board’s Secretary. Mr. Zimmerman needed to be added to the PNC accounts and FPIF account as an authorized signatory. The FPIF required: one (1) authorized signatory for deposits and two (2) authorized signatories for withdrawals. He noted Mr. Fowler and he were the authorized signatories to the Board’s annuity holdings. The process for the annuities was different.

Motion by Carl Reeb, seconded by Scott Rathbun to add Tyler Zimmerman, Secretary, as an authorized signatory for the PNC and FPIF accounts.

Ayes: Carl Reeb, Tyler Zimmerman, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Reeb added the Board would need a Resolution to give to PNC. It should list the following individuals as authorized signatories: Ron Fowler, Carl Reeb, Tyler Zimmerman, and Scott Rathbun.

NEW BUSINESS

Mr. Reeb addressed the new agenda appearance. There were many benefits to the City's new system. Proof of posting was required. This must be provided due to the Board's meeting location. The Board has strived to be a good collaborator with the City.

Mr. Reeb recommended the Board schedule a time to review its bylaws.

Mr. Reeb added a meeting with Insight would be scheduled in December to determine the pensions Cost of Living Adjustment, (COLA). Mr. Zimmerman would also attend this meeting. A report would be made to the Board at the January 26, 2024 meeting.

Eric West, Fire Chief, would retire on November 29/30, 2023. His application for pension would also appear on the Board's January 26, 2024 meeting agenda.

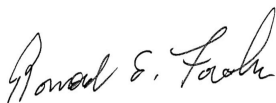
Motion by Carl Reeb, seconded by Scott Rathbun to adjourn. Time: 3:30 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:



Ron Fowler, President

Tyler Zimmerman, Secretary