MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
October 19, 2018

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

Others present: Dave Wall, Wall Capital Group, and Tracey Covert, Recording Secretary.

The Fire Pension Board met at Fire Station 6 located at 4040 E. Oakland Ave. Ron Fowler, President, called the meeting to order at 4:00 p.m.

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

MINUTES

Motion by Carl Reeb, seconded by Scott Rathbun to approve the regular session minutes of July 20, 2018 with the following correction change Emmet to Emmert.

Motion carried, (viva voce).

TREASURER'S REPORT

Carl Reeb had prepared the Treasurer's Report. The account balances were as follows:

Bloomington Municipal Employee Credit Union:	0 as of September 30, 2018
IL Funds:	0 as of July 31, 2018
PNC:	$5,871,628.17 as of September 28, 2018

The BMECU and IL Funds accounts were closed. The Mischler account was still open with an account balance of 472,004.12. David Wall, Wall Capital Group, would provide a transfer form to Carl Reeb for Ron Fowler's signature regarding the Mischler account.

There had been deposits into the PNC account: IL Funds - $263,161.28 on July 28, 2018 and the BMECU - $98,480.59 on July 23, 2018, Athene (three accounts) - $3,278,004.22 on September 26, 2018, and Jackson Life (seven accounts) - $89,712.81 on August 9, 2018.

Dave Wall, Wall Capital Group, addressed the Board. He addressed the three (3) Athene accounts, one (1) was from last year and two (2) were from this year.

Mr. Reeb added that $2 million was deposited into the Board's Schwab account on July 31, 2018.

The monthly pension costs were as follows:

July 2018	$454,759.41
August 2018	$456,691.00
September 2018	$453,189.74

Mr. Reeb noted the following amounts had been paid during the preceding quarter:

Checks written:

Baker Tilly (audit two checks)	$8,300.00
Insight (accounting services three checks)	$3,673.86
Don Craven (legal services three checks)	$389.81
Dr. Brett Keller (medical exam - Meckley)	$1,500.00
Orthopedic Center of Illinois (medical exam – Meckley)	$1,500.00
TOTAL:	$15,363.67

Mr. Oyer questioned property tax receipts. (SEE EMAIL)

Mr. Reeb offered to send the Board information via email regarding property tax receipts and the PNC account balance.

Motion by Jeff Emmert, seconded by Curt Oyer to accept the Treasurer's Report as presented.

Ayes: Jeff Emmert, Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

FINANCIAL INVESTMENT REPORT

Dave Wall, Wall Capital Group, addressed the Board. Meaningful progress has been made to reorganize the Board's holdings. The contract that had been established as a 401(k) has been corrected to a 401(a). Three (3) Athene contracts had been sold. (LIST). Surrender charges for Nationwide account # was estimated at $100,000. The subaccounts were rebalanced to the S & P index plus one (1) small cap. The Board's annuity holdings match its Investment Policy. Baker Tilly, (auditors), have been given everything requested. He described this task as a team effort. Wall Capital is able to call in and request the annuity holdings values. The Board's IL Funds and BMECU accounts have been closed. Equities were at sixty-five percent, (65%). Wall will begin to look at the Board's international holdings.

The Board started the quarter with a value of $67.3 million. It ended the quarter with a value of $70.5 million. Gains for the quarter was $2.5 million. The year to date weighted return was 5.78%. The Board could have a good year.

Mr. Oyer noted that Wall had used the market value not the surrender value. The surrender value was $3 million lower. Mr. Wall added that this holdings would not be sold due to the death benefit value. He directed the Board to page 5, Fixed Account showed a value of $3.9 million. The loss came from the bond market. He expressed his opinion that bonds were terrible. Wall Capital was being patient. He directed the Board to page 7. The Board may need to consider a short term investment, (i.e. three to six months).

Wall Capital's fee was charged on the entire holdings and was taken from this account. The quarterly management fee was $7,095.

The Board has dollars available for investment. Mr. Wall believed the Board should consider laddered bonds versus active manager. He directed the Board to page 8. This was a Vanguard account. The weighted return for the quarter was 7.7%. The value at the start of the quarter was $7 million and by the end of the quarter the value was $7.6 million. The Morningstar report was located on pages 9 & 10.

Annuities were located on the following pages: General Account (GA) commenced on page 12. GA listed bond and equity benchmarks which were not true benchmarks. Variable Annuities (VA) commenced on page 24. The Delaware VA were found on page 26. International benchmarks had been used. He directed the Board to the spreadsheet located at the report end. The last Delaware account #2640 was a small cap account with only ten percent (10%) equities. The last VOYA #C13065-OX included ten percent (10%) international holdings. Equity holdings totaled $44.9 million

Mr. Oyer questioned the AIG holdings. The Surrender Value and Surrender Charge columns listed Unknown for a value. Mr. Wall informed the Board that AIG would not provide this information. This information needed to be requested by the Board via a letter. He added that there would be surrender charges.

Mr. Oyer questioned if Wall Capital recommended further account cash outs. Mr. Wall responded negatively at this time. He instructed the Board to compare the Surrender Value and Death Benefit columns.

Mr. Wall directed the Board to the last page of the report. This spreadsheet listed the remaining fixed annuity contracts.

Mr. Wall directed the Board to a supplemental handout. He noted the second to the last page of same. He noted Nationwide #7121155. He did not believe the end of term date was correct, (i.e. purchased on November 30, 2015 with and End of Term date of July 30, 2018. It was noted that there were a number of accounts listing Ron Fowler as the Annuitant. Mr. Fowler's age was incorrect, (66 should be changed to 71).

Mr. Oyer questioned if this could be a fixed term contract with a reset date. He believed the majority of the fixed annuity contracts were for ten (10) years.

Mr. Wall noted that many were equity linked. He expressed his concern regarding a credit risk.

Mr. Wall restated that there were dollars in the PNC account available for investment. A manager would require a minimum of $5 million. The next step would be for Wall Capital to bring data on various managers with a strong record on fixed holdings versus equities.

Mr. Oyer added that the Board could purchase corporate. The Police Pension Fund had already done so.

Mr. Wall cited Garcia Hamilton, Houston, TX. Wall Capital could make an interest rate call to compare Treasury to corporate. The annual fee would be 25 basis points. High credit quality bonds have been ahead of the benchmarks. Johnson Institutional has been a steady performer for the last fifteen (15) years. An area of concern would be fees, Wall Capital would watch ticket charges. They have had stable staffing. Other firms would require $10 million.

Mr. Oyer recommended that the Board maximize equities first. The Board needed to look at fixed income and how much to invest.

Mr. Reeb cited the monthly pension cost: $450,000 - $500,000. Mr. Oyer questioned the employee contributions. Mr. Reeb believed $70,000 - $75,000 per month.

Mr. Wall restated the Board needed $425,000 - $450,000 per month for six (6) months, (i.e. next receipt of property tax dollars). He recommended that the Board hold enough cash to cover nine (9) months of monthly pension costs. The Board would have $1 - $1.5 million to invest.

Mr. Oyer added that if a manager would retained the Board could not go out too far.

Mr. Wall recommended that the Board purchase a six (6) month CD from Schwab. Treasuries were another option, (i.e. six months to a year). The Board needed to stay short. The Board would look at managers at their January 2019 meeting.

Mr. Oyer expressed his interest in a robust discussion which would end in a decision to interview managers or not.

Mr. Wall stated that Wall Capital typically worked with four to five (4 – 5) firms that managed public funds in IL.

Motion by Curt Oyer, seconded by Carl Reeb to instruct Wall Capital to invest $1 million in a fixed income account, (i.e. six months to one year CD or Treasury).

Ayes: Jeff Emmert, Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Wall noted the FDIC (Federal Deposit Insurance Corporation) limit of $250,000. These were pension fund dollars, the Board must be cognizant of the vested interest of the participants.

Four (4) CD would need to be opened under a single tax identification number. This option may not work. Wall Capital would put these dollars to work.

Mr. Oyer address the quarterly report. He requested format changes. He noted there were separate reports by insurance company. He questioned if the fixed annuities could be consolidated on one page as a single category. The portion addressing the variable annuities was fine as is.

Mr. Wall expressed a willingness to try and accomplish this. Wall Capital would be leaving Morningstar. There were issues. Wall would move to Tamarack. The two reports would be run side by side until April 2019. Data conversion had started this week. The spreadsheets would be retained.

Mr. Oyer addressed the pie charts being provided, (Portfolio Asset Allocation and Portfolio Asset Class Subsets). He requested a third pie chart: type of instrument holding by percentage.

Mr. Wall believed this would be possible under the new system, (i.e. asset type by class).

Mr. Oyer noted that over time the annuities would decline. He cited the issue of obtaining values, (i.e. quarterly, annually, etc.). He questioned who should be responsible for this role: Carl Reeb, Wall Capital or Insight. Mr. Reeb informed the Board when reports are received, they are scanned and emailed to Wall Capital. He estimated the timeline as two to five (2 – 5) days.

Mr. Wall added that Vicky Campbell, Raymond James, provided figures for the variable annuities. He offered to speak with Ms. Campbell. He questioned if his firm might be able to call in and request this information. Mr. Oyer instructed Mr. Wall to make this request. Mr. Wall restated his firm's willingness to make this request via telephone.

Mr. Reeb noted that generally fixed annuities provided an annual report.

Mr. Oyer noted that the fiscal year quarters would not match the calendar year quarters. The City's fiscal year ended on April 30th. He recommended the Board use calendar year quarters, (March, June, September and December). Discussions should be held with Insight.

Mr. Wall reminded the Board that Insight had been granted view only permission for the Board's Schwab accounts.

Mr. Oyer noted that the Board relied on Wall's investment values. Mr. Wall informed the Board that reports were sent to Insight regarding the Board's investment holdings, (i.e. monthly and quarterly).

COMMUNICATIONS

Mr. Fowler noted the following Board members attended the AFFI Conference on October 29 – 30, 2018: Jeff Emmet, Carl Reeb and himself.

Mr. Oyer questioned Mr. Rathbun's initial thirty-two (32) hours of training. Mr. Rathbun's intention was to complete same online.

APPLICATION TO FUND

Mr. Reeb presented the following individuals: Gregory Stevens, Nicholas Rochkus, and Justin Sullivan. He had received all of the required paperwork. The Board does not receive physical examination records. These three (3) individuals commenced employment with the City on October 1, 2018.

Motion by Carl Reeb, seconded by Jeff Emmert to accept Gregory Stevens, Nicholas Rochkus and Justin Sullivan into the Pension Fund effective October 1, 2018.

Ayes: Jeff Emmert, Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

WITHDRAWAL FROM FUND

Mr. Reeb informed the Board that Chad Carlson, Firefighter, last day was September 30, 2016. Chad Carlson had relocated. Mr. Carlson requested his pension contributions be refunded during his employment with the City.

Motion by Jeff Emmert, seconded by Carl Reeb to approve Chad Carlson's request for refund of his pension contributions.

Ayes: Jeff Emmet, Carl Reeb, Curt Oyer, and Scott Rathbun.

Nays: none.

Motion carried.

THIS ACTION WAS TAKEN AT THE BOARD'S JULY MEETING.

APPLICATION DUTY DISABILITY

Mr. Reeb addressed concerns raised regarding John Meckley's duty disability hearing. The Board could file in Circuit Courts for a review of the Board's decision. The Court would be limited to the pension hearing. Mr. Reeb read from a letter received by Don Craven, Board's attorney. The duty disability hearing was approved on October 4, 2018. Mr. Meckley held a retirement party on October 5, 2018. He left on a trip to Florida on October 6, 2018 which included motorcycle riding. The Board believed Mr. Meckley lied while under oath.

Mr. Fowler believed the Board needed to review the hearing transcript.

Mr. Reeb noted that Mr. Meckley was over age fifty (50).

Mr. Oyer questioned a thirty (30) day window.

Mr. Reeb believed this applied to pension miscalculation. The question before the Board appeared to be if the right pension had been awarded. Board discussion regarding duty disability versus disability versus regular. Mr. Reeb believed the law favored the firefighter.

Mr. Emmert expressed his concerns. Mr. Meckley suffered from a mild back strain. He did not attempt to improve himself. He also believed that Mr. Meckley lied under oath.

Mr. Reeb restated the appeals process could only look at the official record. An appeal could involve a lot of time. The Board could reconvene to investigate Mr. Meckley's testimony. The Board would need to gather evidence.

Mr. Wall questioned if the Board could also reach out to the doctors involved.

Mr. Fowler restated his interest in obtaining the hearing transcript to determine if Mr. Meckley had lied under oath.

Motion by Carl Reeb, seconded by Jeff Emmert to instruct Mr. Fowler to contact Don Craven, Board attorney, to order the hearing transcript to allow the board to investigate its options including the option of retaining another attorney.

Ayes: Jeff Emmert, Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Pension data for Mr. Meckley would be presented at the Board's January 18, 2018 meeting.

NEW BUSINESS

Mr. Reeb presented the following updates: item a.) the actuarial report was a work in progress; items b and c.) the Department of Insurance and Municipal Compliance Report were works in progress to be completed by Baker Tilly and item d.) Schedule of Regular Business Meetings for 2019: January 18th, April 19th, July 19th, and October 18th.

Motion by Carl Reeb, seconded by Scott Rathbun to approved the 2019 Schedule of Regular Business Meetings, (quarterly meetings will be held at 4:00 p.m.).

Motion carried, (viva voce).

Mr. Reeb addressed item e.) review and approve pension benefits and COLA (Cost of Living Adjustment) increases for 2019. He had met with Insight staff to review same.

Mr. Reeb needed a letter for PNC Bank to allow Scott Rathbun as a signatory as the City's Finance Director.

Mr. Oyer questioned if the Board would require an additional meeting. He cited the audit, actuary report, and pension benefits. He recommended a meeting be scheduled in November 2018. He expressed his willingness to work with all parties involved.

Mr. Reeb expressed interest in finding ways to improve the audit processes. He hoped to schedule a conference call with the three (3) firms: Insight, Baker Tilly and Lauterbach & Amen thirty (30) days after the reports are received. His goals were improvements and efficiencies.

Motion by Carl Reeb, seconded by Jeff Emmert to adjourn. Time: 5:36 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:

Ronald E. Fowler

Ron Fowler, President

Carl R. Reeb

Carl Reeb, Secretary