MINUTES OF THE SPECIAL MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
September 28, 2017

Attendees: Ron Fowler, Jeff Emmet, Carl Reeb, Curt Oyer, and Paulette Hurd, Fire Pension Board members.

Others present: Tracey Covert, Recording Secretary.

The Fire Pension Board met at Fire Headquarters Station located at 310 N. Lee St. Ron Fowler, President, called the meeting to order at 4:02 p.m.

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

NEW BUSINESS

Selection of an Investment Consultant.

Curt Oyer reviewed the RFP, (Request for Proposal). He read from same. He had prepared a handout which listed three, (3), categories: 1. Qualifications and Experience; 2. Service and Comfort Level and 3. Fees. The first category addressed the question can the firm do the job. The second category addressed the firm's ability to do the job.

Mr. Oyer presented his top three, (3); Wall & Associates, Graystone Consulting and Marquette Associates. He added that Andco Consulting appeared to be a quality firm. He cited their lack of experience.

Mr. Oyer addressed fees. He noted that Wall & Associates fees were significantly less. The fees were based upon $55 million in assets. This firm would also have to retain a custodian.

He noted that Graystone Consulting was affiliated with Morgan Stanley. He added that transaction costs for Marquette Associates was unknown.

He also addressed basis points, (bp). Wall & Associates was 1 bp or $100 per $1 million. Graystone Consulting was 15 bp or $1,500 per $1 million. Only Marquette Associates listed a custody over $55 million in assets of 3 bp.

It will take some time to develop a model portfolio. The Board would need to transition out of annuities. Wall & Associates offered the lowest expense ratio. This was a smaller firm with less overhead costs and potentially less resources. The principals at the firm were retired public safety officers: one, (1), police and the other fire. He believed this firm may have given the Board a discount by changing their fee schedule. He restated that Wall & Associates had the lowest cost.

Carl Reeb had reached out to perform reference checks. Normal's Fire Pension Board began working with Graystone Consulting in January 2017. Work had just begun on strategy implementation. Graystone was described as attentive with prompt follow-up.

Naperville's Fire Pension Board had been with Marquette Associates since 2006. They gave Marquette complete credit for their funds' performance. RFPs were issued every five, (5), years and they have stayed with Marquette. Marquette staff seemed content. There had been little staff turnover. He had been given a copy of the fund's last report. He cited the funds' performance. Naperville Fire Pension was doing well. He added that the Police Pension also worked with Marquette. The City was looking into working with Marquette as well.

He had reached out to Patti-Lynn Silva, City of Bloomington's Finance Director, regarding Wall & Associates. The City's Police Pension Fund worked with this firm. The Police Pension Board was pleased with Wall. Services were described as prompt. He noted that performance comparison between Police and Fire would be possible, (percentage). He noted actuarial smoothing.

He had hoped to reach out to other references for these firms.

Mr. Oyer recommended that the Board begin by addressing 1. Qualifications and Experience and 2. Service & Comfort Level. He addressed the number of Article 3 & 4 accounts: Wall – 34; Graystone – 22 and Marquette – 36. He cited account size: Wall - $24.6 million; Graystone - $42.4 million and Marquette - $86.1 million. He added that for Wall & Associates ninety percent (90%) of their business was smaller Article 3 & 4 accounts. He addressed resources. Both Graystone and Marquette have their own in-house teams. Wall outsources and he cited Morning Star as an example.

Mr. Oyer noted that Dave Wall currently resided in Arizona. He made regular quarterly visits. Mr. Wall is a retired police officer who had served on a Police Pension Board. The firm was active in IPPFA. Graystone's staff were Morgan Stanley employees. Graystone attended the IPPFA conferences. Mr. Oyer was not familiar with Marquette.

Mr. Oyer cited Mr. Wall's passion. A concern would be backup personnel. Mr. Wall appeared to have a transition/succession plan. Graystone and Marquette both had more resources.

Mr. Oyer noted the importance of trust. Wall & Associates would provide recommendations and be attentive. This firm had been with the City's Police Pension Fund since the early 2000's. In the recent past, the state of Illinois attempted to ban public pension funds from any investments in the Sudan. Wall & Associates opposed the proposed legislation. The firm tried to engage various police and fire pension funds. The City's Police Pension Fund became involved. The law did not apply to Article 3 & 4.

Mr. Oyer was confident that the fund would receive Mr. Wall's attention. He questioned Wall's investment resources. There were not significant concerns regarding this firm. None of these firms have a glaring weakness. The Board would sign a five, (5), year contract. As fiduciary,

one role was to be objective. He did not believe the other two, (2), firms were worth the additional costs.

Mr. Fowler noted the cost difference and Wall's tenure with the City's Police Pension Fund.

Paulette Hurd expressed her agreement with Mr. Oyer's comments. There were no major concerns over any weaknesses. Wall was excited about working with the Board. This would be a larger fund. She believed the Board would receive Mr. Wall's attention.

Jeff Emmett enjoyed Marquette's presentation. He noted that Wall would build a relationship with both the City's Police and Fire Pension Funds.

Mr. Oyer restated that the principals were a former police officer and a former firefighter. Wall has never lost a fund.

Mr. Reeb noted Marquette's youthful enthusiasm. He could support Wall & Associates. Mr. Wall was passionate and enthusiastic. He would personally handle the fund. The Board would work with him over the next five, (5), years.

Mr. Fowler believed that it was time for the Board to try something new. He believed that Wall & Associates would be one of the top three, (3), firms. He had not heard anything negative about this firm. The City's Police Pension Board was pleased with their work. The Fire Pension Board would sign a five, (5), year contract.

Motion by Jeff Emmert, seconded by Paulette Hurd that the RFP for Investment Consultant be awarded to Wall & Associates subject to satisfactory contract negotiations and approval by Don Craven, Board attorney, upon a legal review of the contract document.

Ayes: Jeff Emmett, Carl Reeb, Curt Oyer and Paulette Hurd.

Nays: None.

Motion carried.

Mr. Reeb noted that Mr. Wall would present a contract to the Board which Don Craven would review.

Mr. Fowler thanked the Board for their efforts. It had been a learning process. The Board addressed its fiduciary responsibility. He expected good things.

Mr. Oyer noted that the Board's next regular meeting was scheduled for October 21, 2017. He questioned a timeline for a finalized contract.

Mr. Reeb planned to notify Mr. Craven the next day. He would request that Mr. Wall provide the contract via email. He would forward the email on to Mr. Craven.

Mr. Oyer questioned Larry Rankens', Mischler Financial, role. Discussion regarding email received from Mr. Rankens and Lauterbach Amen. The subject involved was the Fund's CAFR, (Comprehensive Annual Financial Report). Mr. Rankens had projected returns in the past. There would be change to the Board's investments.

Mr. Fowler noted that Mr. Rankens had attended every quarterly meeting of the Board.

Ms. Hurd believed that the Board needed to inform Mr. Rankens of its intentions. She noted that Mr. Rankens also attended the IL GFOA, (Illinois Government Finance Officers Association), meetings. He had stated his willingness to attend Board meetings. The Board needed to send Mr. Rankens information regarding the selection of an Investment Consultant.

Mr. Oyer added that all of the presentations by the firms addressed easing out of annuities. He saw no issues if Mr. Rankens continued to attend the Board's meetings. He questioned the July statements and the need to obtain certain information from Mr. Rankens.

Ms. Hurd agreed and added that Mr. Rankens should continue to provide value information.

Mr. Oyer noted that the Board was in this position due to an IDOI, (Illinois Department of Insurance), compliance audit. The Board want to avoid controversy.

Mr. Fowler restated his comfort level with the process. The Board needed to make a change. This was a business decision. He noted Mr. Oyer and Ms. Hurd's financial knowledge.

Mr. Oyer stated that the Board needed to receive good performance data. A transition would need to be worked out.

Mr. Reeb offered to reach out to Mr. Rankens. This was a business decision. The Board needed to obtain quarterly reports.

Mr. Oyer questioned the audit schedule. Mr. Reeb cited Ann VanVooren's intention to list N/A, explain the transition and state that there were no good numbers. Mr. Oyer recommended that the Board reach out to Mr. Wall. He hope Wall & Associates might be able to provide some numbers after reviewed the past three to five, (3 – 5), years. He questioned timing and Lauterbach Amen's figures.

Ms. Hurd questioned if this was a required schedule.

Mr. Reeb requested that Mr. Oyer draft a letter from the Board which would be sent to Ms. VanVooren. This letter would addressed the Board's questions and concerns regarding the draft CAFR.

Mr. Oyer questioned the Investment Manager fees listed. He questioned if these were bank charges. Ms. Hurd noted that bank service charges should not be listed as Investment Manager fees.

Mr. Reeb informed the Board that Mr. Craven questioned attending the Board's Regular Meeting on October 20, 2017. Board consensus that his attendance was not necessary.

Motion by Carl Reeb seconded by Jeff Emmert to adjourn. Time: 5:13 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:

Ron Fowler, President

Carl Reeb, Secretary