

MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
July 28, 2023

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

Members absent: Carl Reeb.

Others present: Dave Wall, Wall Capital Group, Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, and Tracey Covert, Recording Secretary. Mr. Wall 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 2:06 p.m.

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

MINUTES

Motion by Scott Rathbun, seconded by Curt Oyer to approve the regular session minutes of April 28, 2023, as presented.

Motion carried, (viva voce).

SEATING OF TRUSTEE

Mr. Fowler noted that this was Tyler Zimmerman's first Board Meeting. The election of officers would occur at this meeting. A proposed slate was presented: Ron Fowler, President, Carl Reeb, Vice President, and Tyler Zimmerman, Secretary.

Motion by Curt Oyer, seconded by Scott Rathbun, to approve the slate of officers as presented: Ron Fowler, President, Carl Reeb, Vice President, and Tyler Zimmerman, Secretary.

Motion carried, (viva voce).

TREASURER'S REPORT

Scott Rathbun informed the Board that funds had not been transferred for the MoneyLink account. A voided check had been provided this week. He addressed the Cash Forecast report.

He described it as a basic report. The upper right-hand corner addressed monthly expenditures. The net amount was \$531,000. This figure resulted in an annual net amount of \$6,372,000. The combined bank balance was located in the upper left-hand corner. The combined balance was \$2,468,297. There was a table which addressed the net cash used for July 2023 through April

2024. This addressed the time period prior to the first installment of property tax dollars. FPIF policy recommended holding three (3) months cash reserve. City Contributions were located in the lower left-hand corner. There have been three (3) City Contributions for FY 2024: May - \$964,904, June - \$982,819 and July - \$579,800. The estimated September contribution was \$1,400,000 and the estimated December contribution was \$1,684,757. The FY 2024 City Contribution was \$5,612,280 according to the actuarial report. There was a table to the left of the City Contributions which listed the City’s actual contributions from May through December 2022. The Running Balance table addressed cash use from July 2023 – April 2024. It listed an ending balance of \$822,854. He restated last year’s expenses were \$6,372,000. There was the potential the Board would need to transfer funds from investments to cover the monthly pension cost next year.

He addressed the \$1 million and MoneyLink. He believed the Board could go beyond September 2023. He suggested March 2024 as a possible end date. He added property tax receipts came in earlier this year compared to last year. Mr. Oyer noted February 2024 would offer a six (6) month timeframe.

Tyler Zimmerman addressed the Board. He had prepared the Treasurer’s Report.

The monthly pension costs were as follows:

April 2023	\$612,558.52
May 2023	\$608,146.88
June 2023	\$611,317.14
July 2023	\$611,639.30

He noted a deposit in the amount of \$549.99 which was a widow’s pension final distribution for Sharon Wheat.

Mr. Zimmerman presented the following expenditures: Insight – \$3,006.25 (financial services); Tracey Covert - \$268.75 (January 27, 2023 - 131.25 and April 28, 2023 - \$137.50, meeting minutes); Curt Oyer - \$1,085.88 (IPPFA Conference reimbursement), and Dave Wall - \$3,000 (investment services) and Baker Tilly - \$2,000 (FY 22 audit invoice) and \$9,000 (FY 23 audit invoice). Total expenditures: \$18,360.88.

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

Ayes: 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. The Board had been provided two (2) reports: one dated March 31, 2023 and the other dated June 30, 2023. The numbers in the March 31, 2023 were incorrect. The error was in the performance numbers. The numbers for the annuity holdings were correct in the June 30, 2023 report.

He addressed the Schwab MoneyLink account. He cited oversight of cash accounts. There were law firms which held the opinion all assets were to be transferred to the FPIF (Firefighters' Pension Investment Fund). There were other law firms which held the opinion it was permissible for local pension boards to have an account invested in governmental securities. Schwab's MoneyLink account would act like a bank savings account. Government securities would be purchased. It acted like a Money Market account with current earnings of 4.8%. Other investment vehicles may not be permissible. Earnings on treasuries were currently higher. Treasury bills offer the full faith and credit of the United States government. CDs (Certificate of Deposits) should be avoided due to the banking crisis and concerns regarding FDIC (Federal Deposit Insurance Corporation) limitations.

He encouraged the Board to reach out to its legal counsel. The question to be answered: how to invest these dollars. Mr. Rathbun believed there would be various legal opinions on this issue. Mr. Wall noted this account would be used as an emergency reserve. The funds would remain liquid to meet cash needs. It was important to inform the Board regarding this situation. It appears no one understands the statutes and the role of the Pension Board. There are contrary opinions.

Mr. Oyer noted under the prior statute money market funds were considered equities. Mr. Wall acknowledged the MoneyLink account might be considered a mutual fund. There were limits on equities. However, there was another opinion that this account might not be an equity.

Mr. Oyer believed the first step was to contact Don Craven, Board attorney, to obtain his opinion. If given the okay, then the Board would open both accounts, (money market and CD), in the minimum amount, (FDIC limit of \$250,000). He believed the Board would have \$1 million available. Mr. Wall noted the Board could open four (4) CDs in the amount \$250,000 each at four (4) different banks. Currently, US treasuries were paying slightly better. Mr. Oyer questioned if there was an earnings/interest rate difference between three (3) and six (6) months. Mr. Wall responded negatively. Both were short-term investments. He provided the following information: 3, 6, 9 and 12 months: 5.4%; 1 year: 5.25% and 2 years: 5.06%. The yield curve was inverted. Corporate bonds were paying less than US bonds. This may be a sign of a coming recession in 2024.

The GDP (Gross Domestic Product) annualized number was 2.4%. The economy was not on fire. He anticipated higher inflation and increased interest rates. The cost for utilities and gasoline were up. CDs were paying less than US treasuries.

Mr. Oyer believed the Board was looking at a six (6) month investment timeline. The choice was between three (3) or six (6) months. There was a chance there might be interest rate

increase. Mr. Wall recommended the Board build a ladder. Purchase one (1) at each rung (quarter): 3, 6, 9 and 12 months. This would open a path to rate increases. Mr. Oyer addressed cash flow issues. He did not recommend going any longer than six (6) months.

Motion by Curt Oyer, seconded by Scott Rathbun to place \$1.1 million in a Schwab account, with \$100,000 transferred to a money market account, and two (2) \$500,000 treasury bills be acquired: one (1) – three (3) month and one (1) – six (6) month, contingent upon the Board's attorney providing a positive opinion for said action.

Ayes: Tyler Zimmerman, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Fowler would contact Mr. Craven the beginning of the next week and stress his response was needed as quickly as possible.

Mr. Wall added when the Board was ready to move the funds, Mr. Reeb and Mr. Rathbun would need to complete the MoneyLink application. Mr. Oyer believed the Board should have an answer in the next two (2) weeks. Mr. Zimmerman informed the Board Mr. Reeb would return on Monday, July 31, 2023. Mr. Wall stated Mr. Reeb was a signatory.

Mr. Wall returned to the Financial Reports dated March 31 and June 30, 2023. The Performance numbers in the June report were correct. The Asset Allocation numbers in the March report were correct.

Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, addressed the Board. An annuitant passed, Lloyd Brewer on July 7, 2023. He was listed on two (2) annuities: Delaware #0109 and VOYA #8464. Death Benefit values as of June 29, 2023 were \$500,230.34 and \$3,741,320.45 respectively. She had the paperwork which required signatures. She also needed certified Death Certificates. She believed the checks from the insurance companies would be mailed directly to the Board.

Mr. Fowler informed the Board he was working with Mr. Brewer's son. Mr. Brewer resided in Colorado at the time of his death.

Mr. Wall noted after the Death Benefits had been received, there would be changed to the Board's asset allocation. The percentage of fixed income would be higher.

Mr. Oyer added the fund's value would increase by \$1.6 million due to the Death Benefit.

Ms. Campbell requested a corporate resolution addressing the new officers. Mr. Zimmerman needed to be added to all the required paperwork.

Mr. Oyer noted the March 31, 2023 included the FPIF's report dated March 31, 2023. Mr. Wall responded affirmatively. The FPIF reports continue to be slow. Mr. Oyer had spoken with William Atwood, FPIF's Executive Director. The target was to have balances, activities, Statement of Results fifteen (15) days after the end of the month. The Marquette Associates report has been delayed. Mr. Wall believed Garcia Hamilton & Associates, LP and Brown Brother Harriman had been hired as fixed income managers.

Mr. Oyer noted fixed annuities were up \$40,000. Each annuity has an annual notification. In 2017, the Board held fifteen (15) fixed annuities, today the number had been reduced to seven (7). Three (3) would mature in 2024 and four (4) would mature in 2026. In 2017, the Board held thirty-three (33) variable annuities. In 2022, the number had been reduced to twenty-one (21). As of this date, the number would be reduced to nineteen (19). The value was up to \$2.3 million or 6.9% in six (6) months. However, earnings were lower than the S & P, which were over eight percent (8%).

Ms. Campbell noted all annuities were not invested in equities. Some had been invested in bonds. The Board had seen gains due to death benefits. Mr. Wall added the death benefits would be added to fund performance.

Mr. Wall addressed the last quarter's performance numbers, (June 30, 2023 report). There was no transaction history from the FPIF. He hoped to receive net asset value and each subset. This information would be helpful.

He noted the Board would need to accept/approve the March 31 and June 30, 2023 financial reports at their October 27, 2023 meeting.

Mr. Oyer stated it appeared the fund had a large gain, (i.e. \$1.6 million). In reality, there was a loss due to fees. There had not been any calculations over the life of the investments., (i.e. annuities).

Mr. Wall questioned action regarding the Schwab account. Board consensus to establish the MoneyLink account. No further action would be taken until after the Board had received an opinion from Mr. Craven, Board attorney.

Mr. Wall left the meeting at 3:16 p.m.

COMMUNICATIONS

Mr. Fowler addressed the fall AFFI Pension Seminar. It would be held on October 23 & 24, 2023 in Naperville. He expressed his preference to attend in person.

He also reminded the Board regarding the online Open Meeting Act training. The review of active member and beneficiary member records was ongoing.

Mr. Oyer addressed the Annual Audit. The Board has selected the shorter format which resulted in a \$2,000 savings. In comparison to last year's audit, the year's audit would only include the

Financial Section, (see Table of Contents for FY23 audit). He believed this shorter form audit would be fine. He noted the various outside auditing firms that had been retained by the Board. During the past ten (10) years, there have been additional requirements. He noted the Required Supplemental Information, (i.e. Schedule of Changes in Employer’s Net Pension Liability, Schedule of Employer Contributions and Schedule of Investment Returns).

Mr. Rathbun informed the Board the City would issue an RFP (Request for Proposal) for Auditing Services. The RFP would include the Police and Fire Pension Funds. The RFP would be bundled with individual options.

APPLICATION TO FUND

Mr. Zimmerman presented Kyle Cheeseman. All of the required paperwork had been submitted. The start date was June 26, 2023.

Motion by Tyler Zimmerman, seconded by Scott Rathbun to accept Kyle Cheeseman into the fund effective June 26, 2023.

Ayes: Tyler Zimmerman, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

WITHDRAWAL FROM FUND

Mr. Zimmerman informed the Board of a withdrawal request from Brandon Burnett. He had been employed with the City from 2009 – 2011. He left employment with the City to become a firefighter in Pekin, IL. Mr. Burnett had recently been granted a duty disability pension. He has requested a full refund of his contribution to the pension fund. The amount would be \$11,314.81.

Motion by Tyler Zimmerman, seconded by Scott Rathbun to approve the request from Brandon Burnett to voluntarily end his reciprocity with the Pension Fund and a full refund of contributed funds in the amount of \$11,314.81.

Ayes: Tyler Zimmerman, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

APPLICATION FOR PENSION

Mr. Zimmerman presented Jeff Flarity, retiree. The application was for a regular pension.

Rank: Deputy Chief
Retirement Date: June 30, 2023
Hire Date: January 21, 1997
Age: 60 years
Years of Service: 26 years, 5 months, 10 days
Salary: \$141,222.87
Monthly Pension: \$7,772.17

Motion by Tyler Zimmerman, seconded by Scott Rathbun to approve the application for regular pension for Jeff Flarity effective June 30, 2023.

Ayes: Tyler Zimmerman, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

NEW BUSINESS

Mr. Zimmerman provided additional information regarding the review and updating of active and beneficiary member records. A program would be started to verify every retiree, spouse and survivors. This was a combined effort by Carl Reeb and himself.

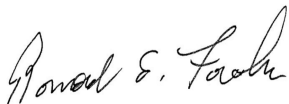
Motion by Scott Rathbun, seconded by Tyler Zimmerman to adjourn. Time: 3:35 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:



Ron Fowler, President

Tyler Zimmerman, Secretary