MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
July 20, 2018

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

Members absent: Carl Reeb.

Others present: Dave Wall and Stephen McLeod, 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 4:05 p.m.

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

The Board recognized Scott Rathbun, City of Bloomington's Interim Finance Director. Mr. Rathbun would need to complete the thirty-two, (32), hours of initial training. Mr. Rathbun would be also serve on the Police Pension Board. He planned to complete the state mandated training online. He had received direction from the Police Pension Board. There would be discussions between the two (2) Pension Boards regarding cost sharing.

MINUTES

Motion by Jeff Emmet, seconded by Curt Oyer to approve the regular session minutes of April 19, 2018.

Motion carried, (viva voce).

TREASURER'S REPORT

Carl Reeb had prepared the Treasurer's Report. The account balances on June 30, 2018 were as follows:

Bloomington Municipal Employee Credit Union:	$98,480.59
IL Funds:	$262,939.15
PNC:	$3,432,878.15

The BMECU account was closed on July 12, 2018. A request to close the IL Funds account has been made with no response as of this date. The PNC balance was as of June 29, 2018.

The monthly pension costs were as follows:

April 2018	$448,078.07
May 2018	$451,495.29
June 2018	$454,759.41

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

Checks written:

Insight (accounting services since April 20, 2018)	$2,471.60
Tracey Covert (recording secretary)	$256.25
Carl Reeb (postage – overnight three mailing)	$79.10
Alliant/Mesirow (fiduciary liability insurance)	$9,430.00
Don Craven (legal services since April 20, 2018)	$262.50
Jeff Emmet (initial Trustee training – reimbursement)	$452.68
Orthopedic Center of Illinois (Duty Disability exam – Meckley)	$2,000.00
Curt Oyer (annual Trustee training – reimbursement)	$936.41
Springfield Clinic (Duty Disability exam – Meckley)	$1,500.00
TOTAL:	$17,095.07
Wall Capital Group (Management fee – second quarter)	$7,095.07

Mr. Emmet presented the Treasurer's Report in Mr. Reeb's absence. Included with the report were invoices from Insight and Wall Capital Group.

Question raised regarding a regular breakout of the Treasurer's Report. The Board was referred to the April 19, 2018 meeting minutes.

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

Ayes: Jeff Emmet, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

SEATING OF NEW TRUSTEE

Scott Rathbun, City's Interim Finance Director, was welcomed to the Board. Mr. Rathbun was a mayoral appointment.

The results of the Retired Member Election were presented. Seventy, (70), ballots were mailed. Forty-six, (46), ballots were returned. Ron Fowler received forty-four, (44), votes, Scott

Petrovics received one, (1), vote and one, (1), ballot was spoiled as it was postmarked after the deadline.

Curt Oyer recommended that the current officers be retained in their current positions.

Motion by Curt Oyer, seconded by Jeff Emmet that the following be elected: Ron Fowler, President, Jeff Emmet, Vice President and Carl Reeb, Secretary.

Motion carried, (viva voce).

FINANCIAL INVESTMENT REPORT

Dave Wall, Wall Capital Group, addressed the Board. He planned to present the report first, address housekeeping items next and complete his presentation with an update regarding Mischler Financial. He directed the Board to the Second Quarter 2018 report, Portfolio Asset Allocation, (see page 1). Equities were at sixty-one percent, (61%). The Fund started the quarter at $64 million. It ended the quarter at $67 million. The quarter gain was $1.7 million and the rate of return was 2.6%. The fixed income information, (see page 3), treasuries were down six, (6), basis points. They were on a short ladder with maturities in November 2019, 2020 and 2021, (see page 5). He directed the Board to the S & P Vanguard Fund. This was an index return, a passive fund, (see page 6). The Morningstar Report was located on page 9. He directed the Board to the Aviva GA annuity, (see page 10). Some of the insurance companies issue annual statements for their annuities. He requested written instruction from the Board allowing his firm to phone in and request values on a quarterly basis. He address the Fixed Annuity Summary provided by Mischler Financial. He directed the Board to Athene GA, (see page 14). There had been an adjustment and this annuity was up 3.2% for the quarter. He noted this was a good return. He believed this contract was indexed linked. The Integrity GA, Nationwide GA and Symetra GA, (see pages 16, 18 and 20), had similar returns.

Mr. Oyer questioned the Athene GA account. He specifically questioned statutory fixed income. Mr. Wall addressed two, (2), Athene contracts: #551692 end of term 11/27/2017and 569751 end of term 06/05/2018. Both of these contracts were available without surrender charges. These were EIA, (Equity Index Annuity), that do not meet the S & P 500. He added that Carl Reeb had sent all of the statements for the variable annuities. He had seen the subaccounts. He added that half of the trades sent to Mischler Financial were not completed. He had reached out to Vickie Campbell, Raymond James. Ms. Campbell was open to taking direction from Wall Capital.

He directed the Board to page 22 which addressed variable annuities. AIG VA was up 4.25%. He added that the benchmarks needed to be verified. He had prepared a spreadsheet which summarized all of the variable annuities. He directed the Board to the four, (4), VOYA contracts. These four, (4), contracts equaled twenty-two percent, (22%), of the Board's holdings. The Board held $38 million in variable annuity contracts. Five percent, (5%), was international, five percent, (5%), was small cap and the remainder was domestic equity, S & P 500. This was in line with the Board's Investment Policy. Jackson National and AIG were all in index funds. Delaware, Pacific Life and VOYA were not completed. There was work to do which would address balance.

He informed the Board that Mr. Reeb had worked hard. There was a lot going on. There was a single account that had been set up like a 401k. There were questions involving taxes if this contract is surrendered. The spreadsheet included the death benefit and surrender charge. He addressed seven, (7), Jackson National contracts: 12484, 13413, 13731, 07499, 06972, 08150 and 13901. Each had a small death benefit value: $14,595.22, $14,595.22, $14,581.88, $13,975.68, $14,595.22, $14,595.22 and $14,595.22 respectfully. He recommended that the Board surrender these contracts and move the money to index funds. He believed the Board needed to divest itself of its annuity holdings as soon as possible. Wall Capital would provide the Board with quarterly updates of this spreadsheet.

Mr. Oyer requested grand totals for surrender charges and death benefit values be added to the spreadsheet.

Mr. Wall restated that Wall Capital did not have online access. The information provided by Mischler Financial did not match the hardcopy statements. The spreadsheet contained values from the hardcopy statements. Variable annuities were reported on the calendar quarter. The goal was online access for all variable annuities. Their value was market driven not the surrender value. Insight had requested values as of April 30, 2018. The Board may need to reach out the various companies. He restated his preference for telephone access.

Mr. Wall informed the Board that the benchmarks need to be corrected on the following variable annuities: Delaware Life, Jackson National, Pacific Life, Pacific Life 2 and VOYA, (see pages 24, 26, 28, 30 and 32). He noted the return for each.

Mr. Emmet questioned VOYA contract C148457-OX. The annuitant was FIRST NAME Fox. He specifically questioned if the death benefit, ($2.9 million), had been received.

Mr. Wall addressed the Delaware holdings, (seven contracts), which had no surrender charges. He added that on January 1st of each year the spreadsheet will update the age of the annuitant.

Mr. Oyer questioned quarterly gains/returns for index funds. Mr. Wall responded affirmatively for the period from April – June 2018. The goal was lowest expense subaccounts. Benchmarks needed to be corrected. He planned to send a corrected report to the Board via email.

Mr. Oyer believed the holdings were over the S & P. Mr. Wall noted that Pacific Life was small caps. Mr. Oyer added in the past aggressive funds had been used. Mr. Wall believed this action would have impacted the death benefit. He questioned the status of letters to the insurers regarding authorized signatories. He offered to draft same for the Board.

Mr. Oyer questioned Aviva, (see page 10). Mr. Wall noted this was fixed income. Mr. Oyer cited the value: $9.4 million in the report versus $9.5 million in the Mischler Financial summary. He added that the Mischler summary was dated March 31, 2018.

Mr. Wall requested Board action on Jackson National, (seven contracts).

Motion by Curt Oyer, seconded by Jeff Emmet, to surrender seven, (7), Jackson National contracts: 12484, 13413, 13731, 07499, 06972, 08150 and 13901 with the proceeds deposited in the Vanguard S & P 500 account.

Ayes: Jeff Emmet, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Oyer addressed a fixed annuity contract, (i.e. Athene #569751).

Mr. Wall informed the Board that book value accounting was used for EIA GA products. The Board needed to be mindful of the sixty-five percent, (65%), equity limit. The Board has moved $6 million to the Vanguard account. He recommended the Board consider fixed income management.

Mr. Oyer noted that the bond holdings had been laddered. Mr. Wall acknowledged laddering worked well. The Police Pension Fund has worked with Garcia for the past twelve, (12), months. This relationship has worked well.

Mr. Oyer readdressed the fixed income account, (i.e. Athene #569751). The end of term date was June 5, 2018. He recommended that the Board obtain these funds, (i.e. $1,597,348.86).

Mr. Wall added two, (2), additional contracts: 1.) Athene #579488 – end of term August 11, 2018 and 2.) Nationwide #7121511 – end of term July 30, 2018. Estimated end of term value: $700, 427.57 and $961,014.49 respectfully. All of these dollars could not be transferred to equities. Equities would be filled first with remaining dollars laddered. He restated that the Board needed to have a discussion regarding an active fixed income manager.

Motion by Curt Oyer, seconded by Scott Rathbun to liquidate three, (3), contracts: Athene #569751, Athene #551692 and Nationwide #7121511, funds be deposited into equities to reach sixty-five percent, (65%), statutory limit first, remaining dollars would be laddered into Treasuries.

Ayes: Jeff Emmet, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Wall informed the Board that the Schwab account listed Ron Fowler, Carl Reeb and Patti Lynn Silva as signatories. He recommended the signatories be changed to Ron Fowler, Carl Reeb and Scott Rathbun.

Motion by Jeff Emmet, seconded by Curt Oyer to update and execute the signatories on the Schwab account by the removal of Patti Lynn Silva and the addition of Scott Rathbun.

Motion carried, (viva voce).

Stephen McLeod, Wall Capital Group, addressed view only access for Insight of the Schwab accounts. The Board would need to grant same. He added that this action could not be taken until the signatories on the Schwab account were updated.

Motion by Jeff Emmet, seconded by Curt Oyer to authorize/grant Insight view only access of the Schwab accounts.

Motion carried, (viva voce).

Mr. Wall informed the Board that Wall Capital Group hosted an appreciation dinner at the IPPFA's Fall Conference.

Mr. Wall informed the Board that standard wiring instructions needed to be set up for the Schwab accounts. This was an SEC, (Securities & Exchange Commission), requirement.

Motion by Scott Rathbun, seconded by Jeff Emmet to establish standard set up wiring instructions for the two (2) Schwab accounts to PNC Bank.

Ayes: Jeff Emmet, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Oyer noted the PNC account's current balance: $3.4 million. Additional dollars were available. He recommended $2 million be transferred from PNC to Schwab.

Motion by Curt Oyer, seconded by Scott Rathbun to withdraw $2 million from PNC Bank and deposit these funds in the Schwab account.

Ayes: Jeff Emmet, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Oyer added that Wall Capital should follow the directive that these dollars be used to reach the sixty-five percent, (65%), equity statutory limit, then laddered into Treasuries.

Mr. Wall expressed his optimism regarding the stock market. The economy was good, unemployment was low. The unknown item was tariffs and the potential for a trade war.

COMMUNICATIONS

Mr. Fowler noted he would be attending the AFFI Conference with Jeff Emmet, Carl Reeb in October 2018.

WITHDRAWAL FROM FUND

Mr. Emmet informed the Board that Ben Brown, Firefighter, last day was July 28, 2018. He had been with City for approximately four, (4), years. Mr. Brown requested reciprocity. He had relocated to Downers Grove, IL. James Wellwood resigned effective July 13, 2018. He relocated to Pekin, IL. Chad Carlson had relocated. Upon resignation, Mr. Carlson requested his pension contributions be refunded during his employment with the City.

Motion by Jeff Emmet, seconded by Scott Rathbun to approve Ben Brown's request for reciprocity.

Ayes: Jeff Emmet, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Motion by Jeff Emmet, seconded by Scott Rathbun to refund Chad Carlson's pension contributions and include a letter regarding the tax implications.

Ayes: Jeff Emmet, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

APPLICATION FOR RETIREMENT

Mr. Fowler informed the Board that there were two (2) applications: 1.) John Meckley – duty disability and 2.) Gary Gundy – regular. Mr. Meckley was working through the medical process. Mr. Gundy has filed for a regular pension.

Gary Gundy:	
Rank:	
Retirement date:	May 21, 2018
Years of service:	28 years, ???
Base pension – 50%:	$3,592.47
Additional years of service – 25%:	$1,466.92
Beginning pension:	$5,059.39

Motion by Jeff Emmet, seconded by Scott Rathbun to accept the regular pension for Gary Gundy.

Ayes: Jeff Emmet, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

NEW BUSINESS

Mr. Fowler informed the Board the annual physicals would be scheduled for Steve Hill and William Krohe.

The Annual Audit was ongoing.

Mr. Oyer noted a precedent setting cancer line of duty disability pension.

Motion by Jeff Emmet, seconded by Scott Rathbun to adjourn. Time: 5:40 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