MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
July 17, 2020

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

Absent: Ron Fowler, Fire Pension Board member.

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

The Fire Pension Board met at Fire Station 5 located at 2602 Six Points Rd. Jeff Emmert, Vice President, called the meeting to order at 2:00 p.m.

Mr. Emmert 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 January 24, 2020 as corrected: see page 6 correct dollar figure for James Lanhart's pension refund; and see page 7, OLD BUSINESS motion correct spelling for Curt from "Cur" to "Curt".

Motion carried, (viva voce).

TREASURER'S REPORT

Carl Reeb had prepared the Treasurer's Report.

The monthly pension costs were as follows:

January 2020	$506,668.15
February 2020	$506,668.15
March 2020	$513,950.17
April 2020	$507,923.67
May 2020	$507,923.64
June 2020	$528,644.31

Mr. Reeb noted that on June 1, 2020, Symetra annuity account ending in 8430 was closed in the amount of $2,214,261.93. There will be two (2) deposits the first in the amount of $1.9 million and the second will be in the amount of the remainder.

Dave Wall, Wall Capital Group, addressed the Board. Vicky Campbell, Raymond James Senior Vice President, Investment/Branch Manager, was authorized in amounts up to $2 million.

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

PNC balance as of this date: $4,680,616.10. He added that this figure needed to be verified.

Mr. Rathbun questioned if Mr. Reeb had the June PNC statement at the meeting. Mr. Reeb responded negatively. Mr. Wall added that his report showed a balance of $3,572,217, (see page 7).

Mr. Rathbun questioned PNC's interest rate.

Curt Oyer questioned the receipt of payroll deductions for pensions. Mr. Reeb believed those receipts were based upon payroll dates.

Checks written:

Insight (accounting/financial services)	$5,022.40
City of Bloomington (actuary services/cost split evenly)	$4,766.67
Tracey Covert (Recording Secretary)	$156.25
Mesirow (fiduciary insurance)	$9,716.00
Illinois Department of Insurance (annual compliance fee)	$8,000.00
TOTAL:	$27,661.32

Motion by Scott Rathbun, 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.

Scott Rathbun presented the Board with a Property Tax Report – Cash Forecast. He noted that additional funds would be deposited in September. He believed there was $3.5 million in the bank at the end of August, (report lists $3.7 million). He addressed the FY 2021 City Contribution Split. He noted where these dollars originated from, (Property Tax, Replacement Tax and Utility Tax). The FY2021 Contribution total was $5.4 million. He believed the remaining balance: $3,364,390.66 would be reached. Property taxes to date had been paid. There has been a slight decrease to the Utility Tax which were attributed to telecommunications. He also addressed the City's FY2020 Contribution. He cited issues with timing.

SEATING OF NEW TRUSTEES

Carl Reeb informed the Board that the election was held from April 20 – 22, 2020. Jeff Emmert was the only name listed on the ballot for active firefighters. 111 ballots had been prepared. There were 92 votes for Jeff Emmert and 1 vote for Steve Zimmerman. There were no spoiled ballots. Steve Guisti served as a witness.

Motion by Carl Reeb, seconded by Scott Rathbun to certify the election results.

Motion carried, (viva voce).

The election of officers will appear on the October 16, 2020 meeting agenda.

FINANCIAL INVESTMENT REPORT

Dave Wall, Wall Capital Group's President, addressed the Board. There was a quarterly report dated June 30, 2020. He began by noting that the asset values were off by $2 million. He directed the Board to page 11, Symetra annuity account ending in 8430 had been surrendered. He would email an updated report to the Board. Sixty-seven percent (67%) of plan assets were in equities. In April, the fund was under the sixty-five percent (65%) equities rule. The plan value was $71 million. He directed the Board to page 3, the Investment Gain was $8 million. The Year to Date Account Return (Net TWR) was down by 4.25%. He attributed the decline to expenses charged on annuities. Cash & equivalent holdings were located on page 7. Passive large cap and Active large cap holdings were located on page 8. All annuities, (variable and fixed) were found on pages 9 – 11.

Fixed income was up by two percent (2%). Bond holdings have short maturity dates: 2020 – 2026. The Performance Summary for Passive Large cap was located on page 20. The Account Return (Net TWR) was 20.54%. The S & P 500 Composite (Benchmark) was 20.54%. The Performance Summary for Active Large cap was located on page 23. The Account Return (Net TWR) was 24.20%. The S & P 500 Composite (Benchmark) was 20.54%.

The Performance Summary for variable annuities commence on page 26. He noted that the compounding effect of fees is documented when comparing the Account Return (Net TWR) to the S & P 500 Composite (Benchmark). These annuities are being held due to the Death Benefit value.

Mr. Reeb informed the Board that he had attended an IPPFA virtual meeting. There were other pension funds holding annuities. There was no direction from the state regarding the possible loss of assets, the turnover of cash assets, and holding annuities until maturity.

Mr. Wall noted an outstanding issue: setting the actuarial value, explanation how to determine the annuities value. He added that the local board knows the beneficiaries.

Mr. Oyer questioned waiting for the death benefit if the annuity is beyond its surrender value. Mr. Wall noted his belief that the Board was still the fiduciary of the asset.

Mr. Oyer questioned if the Board would still need an Investment Advisor. Mr. Wall noted the following functions: 1.) provide investment returns and 2.) select low cost subaccounts, (i.e. index funds).

Mr. Wall directed the Board to the following pages for Performance Summaries: page 29 – Delaware Life; page 32 – Jackson National; page 35 and 38 – Pacific Life; and page 41 – Voya International. Voya has some international holdings. The General Accounts (Fixed Annuity) Performance Summary was located on page 44.

The Morning Star report commenced on page 47. He provided some guidance regarding the DoubleLine report, (see page 48). He directed the Board to the Trailing Returns table. He directed the Board to the iShares report (see page 49). He directed them to the Rolling Performance bar chart. Under the Relative Performance, he directed the Board to the Down Capture Ratio. He noted that DoubleLine focuses on four (4) sectors: least expensive, rebalanced monthly and materials. iShares has no sector restrictions and rebalances twice a year. The preferred benchmark was the S & P. Morningstar selected Russell 1000 Growth.

He directed the Board to the Annuity holding handout. He directed the Board to a Voya holding. The Surrender Value held a higher value than the Death Benefit. The Out of Surrender dated was November 27, 2020.

Mr. Oyer believed the Board had dollars for an Athene holding to invest. Mr. Wall acknowledged there was $1 million to ladder out. Mr. Oyer noted the Federal Reserve's intention to keep rates low for the next two (2) years. Mr. Wall believed there were some positives in the economy. He added full employment would return by 2023/2024. The monthly pension cost was over $500,000.

He addressed the statewide pension consolidation. He believed assets would be turned over in the first or second quarter 2021. June 30, 2023 was the final date. The election dates for the permanent board may be pushed back as there were issues on the police side.

Mr. Wall addressed a housekeeping item in the Board's Investment Policy. The state had passed a Sustainable Investing Act, (40 ILCS 5/1-113.6 and 1-113.17). An evaluation that showed the fund was within the bounds of fiduciary prudence. A paragraph was added to IV. Investment Guideline, B. Objectives, 12. Factors to be considered include: 1.) corporate governance & leadership factors; 2.) environmental factors; 3.) social capital factors; 4.) human capital factors; and 5.) business model & innovation factors.

Motion by Scott Rathbun, seconded by Jeff Emmert to accept and approve the updated Investment Policy effective July 17, 2020 as required by state statute.

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

Nays: none.

Motion carried.

Mr. Reeb requested a copy of the updated Investment Policy.

Mr. Oyer questioned collateral protection at the bank. He question deposit limits. Mr. Rathbun stated there were no limits.

Motion by Scott Rathbun, seconded by Carl Reeb to accept the Financial Investment Report.

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

Nays: none.

Motion carried.

Mr. Rathbun noted that the Board had up to $3 million to invest. Mr. Wall suggested a bond if the return was better than a bank investment.

Mr. Oyer believed that the Athene ending in 4869 would mature in November as it was purchased on November 16, 2020. The out of surrender date is November 16, 2047. Mr. Wall agreed it would mature in 2020. Mr. Wall directed the Board to page 8 of his firm's financial report. He specifically cited a US Treasury bond that would come due on November 30, 2020, current value: $502,969. In addition, he directed the Board to page 7 under CDs, Texas Capital Bank that would come due on November 12, 2020, current value: $1,005,762.

Mr. Wall left the meeting at 3:15 p.m.

COMMUNICATIONS

Mr. Reeb noted that there were no upcoming training session. He believed training opportunities would be virtual due to COVID – 19.

Mr. Oyer expressed his interest in attending the IPPFA fall conference. It would be held from September 30 – October 2, 2020. The conference would be virtual.

Mr. Rathbun stated his intention to use alternative training hours. The IGFOA, (Illinois Government Finance Officers Association), had a certification program, CPFO, (Certified Public Finance Officer).

Mr. Emmert stated his intention to complete his training requirements virtually.

Mr. Reeb noted that the online OMA (Open Meeting Act) training would apply to Jeff Emmert, newly seated Trustee.

Mr. Reeb had been instructed to pull together a voting list for the state board.

APPLICATION TO FUND

Mr. Reeb presented five (5) individuals. Their hire date was February 24, 2020. He provided the following information:

Jesse Ellis – was from Georgia, he had previous experience as a firefighter.
Chad Elam – was from the local area.
Mitchel Kempka – was from Chicago.
Austin Isham – was from the LaSalle/Peru area
John Henderson – was from Morton.

All of their paperwork was in order.

Motion by Carl Reeb, seconded by Scott Rathbun to accept Jesse Ellis, Chad Elam, Mitchel Kempka, Austin Isham and John Henderson into the pension fund effective February 24, 2020.

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

Nays: none.

Motion carried.

Mr. Reeb informed the Board that the Fire Department had seven (7) open positions.

WITHDRAWAL FROM FUND

Mr. Reeb presented Michael McPherson to the Board. He had been employed with the City for two (2) years. His date of withdrawal could be his final date of employment. No instructions had been received from Mr. McPherson as of this date. He was waiting to hear from Mr. McPherson.

He informed the Board that the Fire Department expected three (3) retirements in the near future.

NEW BUSINESS

Mr. Reeb had scheduled Bill Krohe's annual disability medical review.

Baker Tily, outside auditor, was on tract or slightly ahead of schedule. Mr. Rathbun reported that from the City's finance side, he was not aware of any issues. Jamie Klawitter, Insight, had reported that things were going well. Mr. Reeb believed that the work completed by Mr. Wall and Ms. Campbell meant that the audit went smoother this year.

Mr. Reeb planned to work with Don Craven, Board attorney, regarding the Affidavits to Retirees. Two (2) years ago, this task was handled by Baker Tily. This year, the Pension Board would use its letterhead and hope for a better response rate. Attempts had been made to put the word out to the retirees. He wanted to coordinate his efforts with Don Craven to address any legal issues.

Motion by Scott Rathbun, seconded by Curt Oyer to grant Wall Capital Group the discretion to transfer up to $3 million from the PNC operating fund for a bond investment.

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

Nays: none.

Motion carried.

Motion by Carl Reeb, seconded by Scott Rathbun to adjourn. Time: 3:40 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:

Ron Fowler, President

Carl Reeb, Secretary