MINUTES OF THE ADDITIONAL MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
May 20, 2016

Attendees: Carl Reeb, Curt Oyer and Paulette Hurd, Fire Pension Board members.

Member absent: Ron Fowler and Jim Stokes.

Others present: Tracey Covert, Recording Secretary.

The Fire Pension Board met at Fire Headquarters Station located at 310 N. Lee St. Carl Reeb, Secretary, called the meeting to order at 4:05 p.m.

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

NEW BUSINESS

Carl Reeb stated his intention to encouraged Ron Fowler and Jim Stokes to attend the Additional Meeting scheduled for June 17, 2016.

Paulette Hurd introduced the Work Session topic: draft Investment Policy (IP). She presented the Board with a draft copy of the document. She noted that areas highlighted in blue were pulled from the Police Pension Fund's IP and those areas highlighted in red were from the Fire Pension Fund's IP. She had made the changes as recommended at the March 17, 2016 Additional Meeting. She addressed the Introduction and questioned if a statutory citation was needed. This question would be directed to Don Craven, Board attorney.

Curt Oyer addressed the Statement of Purpose. He recommended that the word "eligible" be added to the last line prior to the word participants.

Ms. Hurd addressed the Roles and Responsibilities section. She noted the change to section B. Investment Professional. She directed the Board to page 2, first paragraph, last sentence. It was highlighted, ("Such written agreement must be include all elements required by 40 ILCS 5/1-113.5(b).") This was new language which was not contained in either funds existing IP.

Mr. Reeb questioned if the state statute should be listed as an attachment to the IP for ease of use.

Ms. Hurd questioned meeting attendance for the investment manager, (see page 3, first paragraph, last sentence). "The investment manager will personally meet with the Board at least once each calendar year, or more often, as requested by the Board."

Mr. Oyer questioned the use of the word "manager". He believed that the Board should refer to the statutory definitions.

Mr. Reeb expressed his concern regarding the existing contracts. He cited the inability to measure performance. Each contract was different. He expressed his concerns regarding 1.) performance; 2.) fees being separated from commissions; and 3.) the annual rate of return. He questioned if there were caps on the high end of earnings. The Board currently had a unique way of investing. He acknowledged that the fund was meeting the benchmarks.

Ms. Hurd express her concern which was focused on Mischler's unwillingness to take on the consultant's role. She noted the size of the fund and the number of investments. She expressed her opinion that the Board needed to hire an Investment Consultant.

Mr. Reeb cited the fiduciary role and the need to have a good understanding of investments.

Mr. Oyer cited a new law which require the individual/firm to act in fund's best interest.

Mr. Reeb was looking to the future. The Board may need to hire someone to act as an investment consultant/advisor. He believed that the Police Pension Board had hired someone on a flat fee/annual guaranteed amount. This person was a fiduciary to the Board.

Mr. Oyer addressed section 1. Custodian, (see page 3). He recommended that this be relabeled section C. Additional changes: 2. Investment Consultant would be renumbered 1. and 3. Money Manager would be renumbered 2.

Mr. Reeb questioned if current statute cited Investment Broker. If Investment Broker language is added it would be numbered 3. This was another question for Mr. Craven. Mr. Reeb offered to contact same.

Ms. Hurd directed the Board to item IV. Investment Guidelines. Section I. was added to address checking accounts, CD's, etc. and FDIC insurance. Section II. addressed the objectives. She described this section as standard language.

Mr. Oyer addressed 8., (see page 5). He recommended that 35% be changed to 65%.

Mr. Reeb questioned the impact of acquisition and merger, (see 8. on page 5). "No more than 20% of said assets may be invested with one single insurance company."

Ms. Hurd believed that language could be added to address this situation.

Mr. Oyer addressed IV. Portfolio Asset Allocation Guidelines and Re-Balancing Procedures, (see page 6). Number 1. addressed distribution. Number 2. addressed cash. Number 3. addressed fixed income. Number 4. should address the Board's equity holdings. There were four (4) areas that needed to be addressed: 1.) new language; 2.) variable annuities; 3. List of current investments; and 4.) death benefit riders. He recommended that following changes to page 7: number 4 would become a; number 5 would become b; number 6 would become c; and number 7 would become 5.

Mr. Oyer addressed V. Performance Objectives, Item 2, (see page 8). He recommended the following changes: 45% should be changed to 35% and 55% should be changed to 65%. This section would match the Portfolio Asset Allocation Guidelines and Re-balancing Procedures, under item 1 on page 6.

Ms. Hurd addressed Definitions of Terms, (see page 9). She believed that the definition of Investment Professional should be amended to read as follows: "refers to the investment manager and the investment consultants of the Pension fund." She added that a definition for broker/dealer needed to be added.

Mr. Oyer cited the term investment manager. He believed the ILCS citation states "investment adviser'.

Ms. Hurd noted the addition could be for an investment adviser/investment advisor.

Mr. Reeb noted that the next Additional Meeting would be held on Friday, June 17, 2016 at 4:00 p.m. – Headquarters Station. He hoped to provide Mr. Fowler and Mr. Stokes with a copy of the draft IP in the next week. He restated his hope that they would attend the June 17, 2016 meeting.

The draft IP would be sent to Larry Rankens, Mischler Financial and Mr. Craven after the June 17th meeting. They would be informed of the Board's intention to vote on the IP at the Board's July 15, 2016 meeting. Feedback from both parties would be needed prior to the July meeting date.

Mr. Reeb noted that he would be on vacation on July 15, 2016. Discussion regarding changing the July meeting date to July 19th. Potential start time 5:00 p.m. It was noted that Dave Wall, Wall & Associates, would be meeting with the Police Pension Fund on that same day at 3:00 p.m.

There being no further business the Additional Meeting adjourned at 5:55 p.m.

Respectfully submitted:

Tracey Covert
Recording Secretary

Signed by:

Ronald E. Fowler

Ron Fowler, President

Carl R. Reeb

Carl Reeb, Secretary