

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

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

Others present: Dave Wall, Wall Capital Group, Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, Tyler Zimmerman, Board member elect 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 2:05 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 Carl Reeb to approve the regular session minutes of January 27, 2023, as presented.

Motion carried, (viva voce).

TREASURER'S REPORT

Carl Reeb addressed the Board. He had prepared the Treasurer's Report.

The monthly pension costs were as follows:

January 2023	\$611,579.15
February 2023	\$611,579.15
March 2023	\$612,558.52

He noted a deposit in the amount of \$6,163.90 which was a reciprocity payment for Josh Please. He referred the Board to a three-page handout prepared by Scott Rathbun & himself. The first page provided the detail information for the \$1 million CD (Certificate of Deposit) with PNC Bank. He cited the purchased date, February 24, 2023. Execution was thirty (30) days later than expected.

Mr. Reeb presented the following expenditures: Insight – had not sent the quarterly bill (financial services); IPPFA - \$795 (dues); April 2023 - Tracey Covert - \$131.25 (January 27, 2023, meeting minutes); and Ullico - \$10,042 (fiduciary insurance). Total expenditures: \$10,968.25. He added the IPPFA had not invoiced the Board. Curt Oyer discovered this fact when he

registered for the Spring Conference. In addition, Ullico's invoice for last year was \$9,990, an increase of \$52.

The PNC balance as of April 28, 2023, was \$579,653.77. There is a \$25,000 pending balance (checking). This would bring the total to \$604,653.77.

Scott Rathbun addressed the Board. He reviewed the Cash Forecast report. He described it as a basic report. The upper right-hand corner addressed monthly expenditures. The net amount was \$540,000. This figure resulted in an annual net amount of \$6,480,000. The combined bank balance was located in the upper left-hand corner. The combined balance was \$1,110,806. There was a table which addressed the net cash used for April through December 2023. 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. The City Contribution for FY 2024 was \$5,612,280 according to the actuarial report. The FY 2023 contribution had been \$6,089,466. This was \$477,186 less than FY 2023. He did not anticipate a cash flow issue until next year. The Running Balance table addressed cash use from April – December 2023. The table included deposits. (property taxes, CD maturity). The CD maturity did not include interest earnings. Estimated earnings on this CD were \$9,000. The Monthly Need listed was the anticipated payouts. He noted the payments and deposits for May 2023. There should not be any cash flow issues. The CD maturity date was May 25, 2023. The ending balance (December 2023) was listed at \$2,863,086.18. One concern was the number of months with no deposits. At the same time, the Board experiences monthly pension costs. Property tax deposits generally start in the month of May. He restated the City's contribution would be lower than FY 2023.

He also informed the Board the City had changed actuarial firms. The City has ended its business relationship with Lauterbach & Amen and retained Foster & Foster. There were a variety of concerns which impacted this change.

Mr. Oyer noted the Board would receive approximately \$500,000 less from the City in this fiscal year.

Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, addressed the Board. She noted the Board's Athene 2062 (fixed annuity) would reach its Surrender Date on April 7, 2024. Mr. Rathbun stated the Board may not need to withdraw funds from the FPIF. There were no issues with the FPIF as he had communicated with them.

Mr. Oyer did not believe the FPIF monitored the local pension board's fund balances. He agreed there might not be a need to request a withdrawal this fiscal year. He recalled as annuities matured the Board was to transfer those funds to the FPIF.

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

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

Nays: none.

Motion carried.

FINANCIAL INVESTMENT REPORT

Carl Reeb noted the Board had two (2) reports: one dated December 31, 2022 and the other dated March 31, 2023.

Dave Wall, Wall Capital Group's President, addressed the Board via telephone. He focused on the highlights. He began with the report dated December 31, 2022. Total assets were over \$85 million. Over eighty percent (80%) of the Board's holdings were in equities, (see page 2). The Performance Summary (see page 3) showed an Account Return (Net TWR) of 5.68%. He restated this report covered the fourth quarter of the previous year. He cited an error in the numbers. Returns were closer to (15%). He would provide updated account return information to the Board. The error involved money flow. He cited an \$8 million deposit which was an annuity death payment. Holdings were listed on page 4. He cited fixed annuities with 2024 maturity dates: Athene 2062 and Nationwide 5068 & 5111. This would have a positive impact on cash flow. He was unsure of their Death Benefit values. The Account Asset Allocation (see page 7) lists the PNC account balance with a value of \$3,673,750. The Account Asset Allocation for fixed annuities (see page 9) lists a value of \$7,148,567. Changes to a fix annuity's value occurred on a holding's anniversary date. The Performance Summary (see page 10) listed an Account Return (Gross TWR) Year to Date was 3.91%. The Account Asset Allocation for variable annuities (see page 10) lists a value of \$40,384,473. The Performance Summary (see page 12) listed an Account Return (Grow TWR) Year to Date was (18.16%). The Asset Allocation for FPIF (see page 13) lists a value of \$34,335,203. The Performance Summary (see page 14) listed an Account Return (Gross TWR) Year to Date was (15.64%). The FPIF Monthly Summary report dated January 31, 2023, prepared by Marquette Associates (see page 15 – 22). Pages 23 – 25 were Statement of Result for October through December 2022. The December report (see page 25) listed a 2022 YTD Return on Invested Capital of (15.68%).

He informed the Board the FPIF had retained a fixed asset management firm, NAME, Houston, TX. He was unsure of the impact on the FPIF's report.

Mr. Oyer informed the Board he had performed an early review of Wall Capital's reports dated December 31, 2022 and March 31, 2023. Bonds had declined by thirteen percent (13%). He noted the variation in returns. Ms. Campbell restated the fixed annuities only report any gains on their anniversary date. The Board would not lose any value on these holdings. Only gains would be reported. These would be impacted by underlying index and timing. Mr. Oyer believed these holdings were based on the equity index.

Mr. Reeb believed the annuities had helped the Board weather fluctuations in the markets. Mr. Oyer believed the S & P was down eighteen percent (18%) from the previous year. He addressed the Holdings (see page 4). He specifically cited the fixed annuity, National #5111. He did not believe the dates were correct. He believed the purchase date was 11/30/2015. It appeared the Board would surrender all of the fixed annuity holdings by 2026. The variable annuities appeared to mirror the S & P. He questioned the impact of fees and believed these

holdings may be down by nineteen percent (19%). Mr. Wall added large cap stocks had declined by twenty-seven percent (27%). Mr. Oyer cited the Jackson National holdings which had declined in value. He believed this was the impact of fees. Variable annuity holdings were down by over eighteen percent (18%). Their performance was worse than the FPIF holdings. He believed ninety percent (90%) of the variable annuity holdings were invested in equities. He cited Marquette Associates FPIF Statement of Results report which listed a Return on Invested Capital 2022 TYD as (15.66%) as of December 2022. He also noted the FPIF's Total Fee & Expenses for 2022 was \$19,087.78, (see page 25 – broken downs as Administrator Expenses (FPIF), Other Fee & Expenses (FPIF), Other Expenses, Management Fee & Performance Fee). The Board paid Wall Capital \$4,000 in compensation over the same period.

Mr. Reeb restated the FPIF's holdings had declined by (15.66%) and the Board's holdings had declined by (18.16%). Mr. Wall affirmed but added the \$8 million error. After correction, the Board's figure may be closer to the FPIF. Mr. Oyer added the Board hoped the Death Benefit gains would offset the fees.

Ms. Campbell cited the VOYA 650X holding which appeared to be invested in bond funds. She noted the increase in value: December 2022 \$2,247,004 and March 2023 \$2,287,405. Mr. Oyer added bonds had been up this year. Mr. Wall noted in the first quarter. He restated the March 31, 2023 report did not include the purchase of a \$1 million CD. He added interest on same would be paid monthly. Mr. Oyer stated the total value listed on page 5 would be over \$51 million, (due to the missing CD). In addition, this report does not include a FPIF report. Mr. Wall restated the FPIF dates do not line up. In December 2022, all dates lined up. He still did not have the FPIF's March 2023 report.

Mr. Oyer address Wall Capital's March 31, 2023 report. The Board's holdings were listed at \$50,520,506. The FPIF Statement of Results for March 2023 listed total value at \$36,045,817.54, (see handout from Mr. Reeb & Mr. Rathbun). The funds total value was over \$86 million. There was a lag in receiving information from the FPIF. For cash flow purposes, the Board needed information from PNC Bank regarding the CD.

Mr. Wall expressed his willingness to work with Mr. Rathbun to monitor cashflow. He had the ability to open CD with Schwab. Funds would be transferred from PNC to Schwab MoneyLink. Funds would be moved via EFT (Electronic Funds Transfer). A three (3) month CD paid almost five percent (5%). This was comparable to US Treasuries. He did not believe the Board would have cash available until the July 28, 2023 Board Meeting. He offered to set up MoneyLink in order to build a ladder for maturities. This idea presented a better return than PNC Bank. It would also ease administrative duties on the Board.

Mr. Rathbun did not see additional work. He would confirm with Mr. Wall. The Board would need to authorize any action, (i.e. transfer funds up to a set dollar amount, no additional cost to the Board, and gain additional earnings.)

Mr. Wall added any action would be limited to PNC Bank and Schwab. Only Mr. Rathbun and he would be allowed to move funds. Board discussion would address how much and the duration. The Board would need to pass a motion to authorize the establishment of a Schwab

MoneyLink account. He noted the following Board members were currently authorize with Schwab: Mr. Fowler, Mr. Reeb and Mr. Rathbun.

Mr. Oyer questioned if there was collateral on the PNC Bank CD. Mr. Reeb could not answer for the CD. All other accounts were collateralized. Mr. Wall noted collateralization was usually done at a set dollar amount. Mr. Rathbun offered to reach out to PNC. Mr. Wall believed when a bank back stopped (i.e. equaled a bailout), the Board's accounts should be covered. This would include the CD. Mr. Oyer did not believe the proposed MoneyLink account was part of the Board's current agreement with Wall Capital. Mr. Wall stated there would be no impact upon the agreement. At this time, the Board would be looking at treasuries.

Mr. Oyer commented on Mr. Rathbun's Cash Forecast report. The projection for May 2023 was \$1.8 million. The Board's next meeting will be held on July 28, 2023. There was the potential to gain two (2) months of interest earnings, if the Board took action at this meeting. Mr. Wall suggested a thirty (30) day T-bill.

Mr. Rathbun concurred and added the \$1 million CD matured at the end of May. He also expressed support for Mr. Wall's suggestion, (i.e. MoneyLink). He expressed support an investment up to \$1 million.

Mr. Oyer noted the Board had \$1 million available for investment for three (3) months. The CD would mature on May 25, 2023. The Board's cash flow was in good condition. \$1 million could be invested for three (3) months in early June 2023. Mr. Rathbun offered to confirm the PNC balance.

Mr. Wall recommended a CD or a short maturity government security. He requested a copy of a voided PNC deposit slip be provided via a secure method to set up a portal. Mr. Oyer added the Board needed to confirm which account the funds were deposited.

Motion by Scott Rathbun, seconded by Carl Reeb to establish a Schwab MoneyLink account.

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

Nays: none.

Motion carried.

Motion by Carl Reeb, seconded by Jeff Emmert to authorize Scott Rathbun to work with Wall Capital to invest up to \$1 million over a ninety (90) period, (June through September 2023).

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

Nays: none.

Motion carried.

Mr. Oyer added Mr. Rathbun would monitor cash flow.

Mr. Wall requested the Board not take action, (i.e. accepting the Financial Reports) regarding Wall Capital Reports dated December 31, 2022 and March 31, 2023 until corrected.

COMMUNICATIONS

Mr. Reeb informed the Board that Mr. Oyer and Mr. Rathbun may be attending the IPPFA's Spring Conference in Galena on May 10 – 12, 2023. He added Mr. Rathbun split training cost between the Police and Fire Pension Boards. Tyler Zimmerman would need to complete the online OMA (Open Meetings Act) training. Mr. Zimmerman had completed the online FOIA (Freedom of Information Act) training as a member of the Foreign Fire Board.

Statement of Economic Interest were due to the McLean County Clerk by May 1st.

The Fiscal Year ends on April 30th. The state's Department of Insurance (DOI) audit would start in May. The FPIF has a larger role regarding same. The actuarial review would begin in June. He believed the Board would hear from the FPIF in the new future regarding DOI.

APPLICATION TO FUND

Mr. Reeb presented Donovan McIntire. Mr. McIntire was currently attending the Academy, (one week remaining). He had been raised in Africa as his parents were missionaries. His grandparents resided in Peoria, IL. He attended Western Illinois University. All of the required paperwork had been submitted. The start date was February 20, 2023.

Motion by Carl Reeb, seconded by Scott Rathbun to accept Donovan McIntire into the fund effective February 20, 2023.

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

Nays: none.

Motion carried.

WITHDRAWAL FROM FUND

Mr. Reeb informed the Board of two (2) resignations: Jakob Johnson and Josh Andracki. Neither have requested funds.

Mr. Johnson's tenure was seven (7) months. He resigned from the department on March 19, 2023. He has transferred to the Peoria Fire Department.

Mr. Andracki tenure was seven (7) years. He had become a commercial pilot. He resigned from the department on March 13, 2023.

OLD BUSINESS

Mr. Reeb informed the Board Tyler Zimmerman had been elected to the Board. Mr. Zimmerman would be seated at the Board's July 28th meeting. The election was held over three (3) days, April 17 – 19, 2023.

Ballots provided 108. Ballots returned 73. The results were as follows:

Tyler Zimmerman – 71 votes

Jay Capodice – 1 vote

James Buenrastro – 1 vote.

There were no spoiled ballots. The only person who signed up for the vacant position was Mr. Zimmerman. The Board's attorney has advised there be an option for write-in votes.

Mr. Reeb thanked Mr. Emmert for his six (6) years of Board service.

Mr. Reeb informed the Board both the 1099R and 1099MISC were completed on time.

NEW BUSINESS

Mr. Reeb informed the Board the FPIF Resolution would be updated at the July 28th meeting. This was due to Mr. Zimmerman's election to the Board.

Mr. Reeb addressed the one (1) year contract with Baker Tilly for the FY23 audit.

Mr. Rathbun added the City would also be using Baker Tilly for the FY23 audit. The City would be issuing an RFP (Request for Proposal) for Audit Services starting with the FY24 audit. This RFP will also include the Police and Fire Pension Funds. The City had retained Baker Tilly for the last eight (8) years.

Mr. Reeb restated this would be a one (1) year agreement. A full ACFR (Annual Comprehensive Financial Report) would cost \$19,500. The smaller audit report would cost \$17,500. Mr. Oyer questioned last year's cost. Mr. Reeb believed around \$17,000. Mr. Rathbun and Mr. Oyer supported the smaller report.

Motion by Carl Reeb, seconded by Scott Rathbun to engage Baker Tilly for the FY23 nonACFR in the amount of \$17,500.

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

Nays: none.

Motion carried.

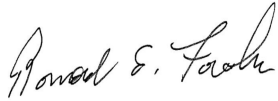
Motion by Scott Rathbun, seconded by Carl Reeb to adjourn. Time: 3:45 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:



Ron Fowler, President



Carl Reeb, Secretary