

MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
April 26, 2024

Attendees: Carl Reeb, Tyler Zimmerman, and Curt Oyer, Fire Pension Board members.

Members absent: Ron Fowler and Scott Rathbun.

Others present: Dave Wall, Wall Capital Group, and Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager. Mr. Wall and Ms. Campbell participated remotely via telephone.

Other absent: Tracey Covert, Recording Secretary.

The Fire Pension Board met at Fire Station 6 located at 4040 E. Oakland Ave. Carl Reeb, Vice President, called the meeting to order at 2:05 p.m.

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

MINUTES

Curt Oyer noted an error on page 3, second paragraph, first line: change 2024 to 2023.

Tyler Zimmerman requested an update to page 5, under Election Process, first paragraph, last line: change 15 to 18. The actual date on the letter stated postmarked by April 18, 2024.

Motion by Tyler Zimmerman, seconded by Curt Oyer to approve the regular session minutes of January 26, 2024, as corrected and updated.

Motion carried, (viva voce).

TREASURER'S REPORT

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

The monthly pension costs were as follows:

February 2024	\$635,589.38
March 2024	\$635,589.38
April 2024	\$634,235.14

Mr. Zimmerman presented the following expenditures: Striegel Knolblock & Co. – \$1,572.96 (financial services – January 2024); Tracey Covert - \$93.75 (January meeting minutes); IPPFA - \$1,345 (membership dues and new trustee training for Mr. Zimmerman); Craven & Craven - \$25 (legal services); Tyler Zimmerman - \$399.54 (reimbursement for envelopes, labels, stamps and

keys for lockers at Fire Station #2); Dave Wall - \$2,000 (investment services); *Alliant Express \$10,126 (fiduciary liability insurance)*; and City of Bloomington - \$9,155 (audit services). Total expenditure: \$7,493.57.

Mr. Zimmerman had spoken with Striegel Knolblock to change the billing from monthly to quarterly.

Mr. Zimmerman noted Scott Rathbun's Cash Forecast report dated April 26, 2024 had been provided via email. Here are the report's highlights: 1.) updated Monthly Need amount based on March statement. Net monthly payroll had increased by \$22,000. He anticipates further increases during the year; 2.) Due to increased payroll, net monthly expenditures are \$563,000. Board is depositing \$550,000 into the FPIF (Firefighters' Pension Investment Fund) each month, (cushion remains). The Board's annual expenditure would be \$6.756 million. The City's contribution from tax revenue will be \$6.87 million. Property tax revenue would commence in May/June; 3.) Board's goal: have two (2) months cash held locally. Expenditures at \$563,000 per month, total would be \$1.1 million; 4.) at January 26th Board Meeting, decision to send/transfer funds to FPIF and Wall Capital to achieve this target. \$900,000 sent to Wall Capital. No funds were transferred to the FPIF. (PNC Money Market account earns almost three percent, 3%.) He cited the table within the report which had columns for the PNC and Wall Capital when combined these figures equaled the Total 'Local', which should equal \$1.1 million; and 5.) current PNC balance is \$1.49 million, Wall Capital balance is \$900,000, even with the higher monthly expenditures, he recommended \$900,000 be transfer to the FPIF to reach the two (2) month, \$1.1 million goal.

Mr. Oyer questioned if the recurring transfers were already happening. Mr. Reeb responded affirmatively. The effective date was January 2024. There had not been any issues.

Mr. Zimmerman believed Mr. Reeb would have to accompany him to PNC regarding the \$900,000 transfer to FPIF.

Mr. Reeb addressed the Board regarding the state's Department of Insurance (DOI) Public Pension Division's The Siren dated February 8, 2024 regarding Use of Money Market Mutual Funds for Article 3 & 4 Funds. He received this document via email from the FPIF. The new policy states local pension boards were not to invest held funds. The Siren addressed cash management, and the appropriate amount of funds to retain. It means there are limits to the amount of cash a local pension board should have on hand. There should not be any money market and/or mutual funds. Requests for transfers should be received by the first of the month and cash remittance request should be received by the fourteenth of the month. Going forward, there would be no further funds transfer to Wall Capital. The Board would need to establish a schedule for transfers to FPIF. The direction given to Wall Capital in January 2024 appeared to conflict with the DOI's Siren dated February 8, 2024.

Mr. Wall expressed his understanding of the Siren. He had not seen nor read the document. He questioned the meaning of a sentence which addressed imminent need and reasonable imminent expenses. The Board's cash flow needs may change. \$900,000 was transferred to the Schwab account. Three (3) Treasury bills had been purchased. One (1) will mature in May 2024. The

remaining two (2) were laddered to occur in three (3) month increments. Mr. Reeb recommended further discussion under the Financial Investment Report. Change would be made going forward.

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

Ayes: Carl Reeb, Tyler Zimmerman and Curt Oyer.

Nays: none.

Motion carried.

FINANCIAL INVESTMENT REPORT

Dave Wall, Wall Capital Group's President, addressed the Board via telephone. Two (2) reports had been prepared, (December 31, 2023 and March 31, 2024). The report dated December 31st listed all Board assets. The report dated March 31st only listed cash and annuity holdings.

Mr. Wall directed the Board to the report dated March 31, 2024. Portfolio Allocation: equities were listed at 76.6%, and fixed income was listed at 21.4% (see page 1). The Ending Value was \$58,633,404. Portfolio Performance: (see page 2), the Top Performers were located on the right-hand side of the page. He cited the top performer; Delaware Life Large Growth's return was listed at 15.5%. The Account Performance Summary was located on pages 2, (bottom of the page), and 3. Each annuity was listed with the allocation (i.e. weight), and return. The Schwab account represented 1.5% of total asset value.

Account Allocation were located on pages 4 – 15. The Account Allocation for the Schwab account was found on page 4. The net gain for the quarter was \$5,598 or .06% return. The total value was shown as \$903,680. He wanted to verify the inception date and double check the settings for this account.

Mr. Wall questioned the \$950,000 cited earlier in the meeting. \$900,000 had been transferred using MoneyLink. Mr. Reeb stated his intention to speak with Mr. Rathbun. He questioned expenditures and if the PNC account was holding \$1 million which could be transferred to the FPIF. Mr. Wall directed the Board to the March 31st report, Account Allocation PNC, (see page 5). It listed an ending value of \$1,149,083.

Mr. Zimmerman expressed support to confirm cash needs with Mr. Rathburn. \$1.1 million represented two (2) months of expenditure. He cited the PNC account's balance. Mr. Reeb & Mr. Zimmerman would work with Mr. Rathbun. Mr. Wall referred to Mr. Rathbun's Cash Forecast Report. The Bank Balance plus the Wall Capital balance equaled the Total 'Local,' (\$1,149,083 + \$900,000 = \$2,049,083).

Mr. Reeb questioned if Wall Capital had been able to electronically sweep the \$900,000 to the MoneyLink account. Mr. Wall stated as the Treasury bills matured the funds would need to be transferred to PNC and then transferred to the FPIF. Mr. Reeb responded affirmatively.

Mr. Reeb informed the Board Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, had provided the surrender paperwork for Athene #2062. It would be returned in the next few days.

Ms. Campbell addressed the Board via telephone. Documents had been delivered to the Fire Headquarters for Ron Fowler's signature. These documents would grant Mr. Zimmerman access to the Board's holdings. She noted the Athene documents needed to be submitted soon. She estimated the value of this annuity at \$1.2 million.

Mr. Reeb addressed the corporate resolution requested by Delaware Life. ~~Ron~~ Richard Denman was listed as the annuitant on Delaware #3224. The estimated Death Benefit value was \$1.7 million. Mr. Reeb had all the required paperwork. Ms. Campbell provided the following information: Delaware #3224 had an estimated value of \$1,488 million in January 2024. The estimated Death Benefit value was \$1,794,060 as of March 27, 2024. She would find out the exact amounts.

Mr. Wall noted Ms. Campbell provided updated values for the Athene #2062. The value listed in the March 31st report was \$1,226,968.68. Ms. Campbell believed this amount would be close due to the April payout date.

Mr. Reeb anticipated a large transfer of funds to the FPIF: surrender of Athene #2062 and death benefit for Delaware #3224.

Mr. Wall noted the two (2) Nationwide holdings with 2024 surrender dates: #5068 – 07/23/2024 and #5111 – 11/30/2024. The Board needed to check the Death Benefit values. Mr. Reeb questioned if these were fixed or variable annuities. Ms. Campbell cited fixed. They had higher Death Benefit values which is unusual for this type of holding. Mr. Reeb questioned the annuitant. Ms. Campbell stated Mr. Fowler. Mr. Reeb noted the Board had a practice of holding annuities for the death benefit due to the higher value. Ms. Campbell responded affirmatively. She planned to reach out to Nationwide. Some annuities renew for a set time period thirty (30) days after reaching the surrender date. She did not want the Board to be in violation with the FPIF. Mr. Reeb noted if the Death Benefit value for these two (2) Nationwide holdings was higher than the surrender value, the Board should continue with its practice to hold for the death event.

Mr. Reeb cited the corporate resolution being requested by the insurance companies. Mr. Oyer questioned if this document needed Board approval. Mr. Reeb noted the resolution requested by Delaware Life regarding #3224 would be addressed at today's meeting. Mr. Oyer questioned the Death Benefit value. Ms. Campbell stated #3224 value was \$1,561 million. The Death Benefit value as of March 28, 2024 was \$1,794,060.92. Mr. Oyer questioned the difference between the Surrender and Death Benefit values. Ms. Campbell stated \$233,961. Mr. Oyer believed in the 2022 report the difference had been \$300,000. Ms. Campbell would review how the death benefit is calculated. She estimated the difference would be between \$250,000 - \$300,000. She believed the Death Benefit value might be higher than her estimate.

Mr. Wall directed the Board to the Quarterly Forecast Report dated March 31, 2024. The PNC operating account was on page 5. The annuity holdings, (Fixed and Variable), with Account Allocation and Account Performance, were located on pages 6 – 15. The Treasury bills were found on page 18, Portfolio Holdings, Government/Inflation and Ultra Short-Term Fixed Income. The Ultra Short holding would mature on May 2024. The two (2) other remaining Treasury bills would mature in August and October 2024. The maturity date is not listed in the report. Treasury bills would be held for maturity.

Mr. Reeb noted the Board acted prior to receipt of the DOI Public Pension Division Siren. The Treasury bills would be held until maturity, then the funds would be transferred to the FPIF. Mr. Wall added in May funds would be transferred to PNC and then transferred to the FPIF. He believed the maturity date was May 9th. He recommended the Board pass a motion to transfer these funds to the FPIF. The FPIF had set investment dates, (7th, 14th, 21st, 28th and last business day of the month). Funds should be transferred to the FPIF with these dates in mind. Mr. Reeb acknowledged transfers needed to be timed to minimize sit time.

Mr. Wall addressed the Quarterly Performance Report dated December 31, 2023. All Board assets were located on page 1, Portfolio Allocation. Total assets equaled \$99,946,557. The Return (GoF) for the quarter was 8.6% and Year to Date was 17.9%.

Mr. Oyer noted the first quarter had gone well. He believed total assets would total over \$100 million as of March 31, 2024. Mr. Wall responded affirmatively. The Delaware Death Benefit payment would assist with same. Equities equaled 71.3% and Alternative Assets, (real estate) equaled 2.1%. Portfolio Performance was located on page 2. The Public Real Estate (REITs) performed well, Quarter to Date Return: 30.6%. The Account Performance Summary was located on page 2 & 3. The last item listed was the FPIF. The Ending Value was \$44,896,264 with an Allocation of 44.9%. He cited the \$5.2 million deposited into the FPIF in December 2023. The FPIF's Account Allocation and Account Performance were located on page 16. The Return (GoF) for the quarter was 9.3% and Year to Date was 15%. Specific transaction information was requested. EXAMPLE: \$5.2 million deposit broken down by asset class. The FPIF cannot provide this information. Net asset values were set on the 7th, 14th, 21st, 28th and month's end. Marquette does not prepare weekly reports and there were no breakdowns. There was only a month's end report. The returns between the FPIF and Wall Capital were close but not perfect.

The Portfolio Holdings were located on pages 17 – 19. The FPIF holdings were noted under the Symbol column but spread throughout the asset class, (i.e. Equities: International, Emerging Markets, Large Cap Core, Mid Cap Core, & Small Cap Core; Fixed Income: International Bonds - Emerging Market Debt & Domestic Fixed Income; Alternative Assets: REITs – Private and Public Real Estate). He restated the numbers would not be perfect. The Board will not be given transactions which will impact the rate of return, but the numbers would be close. The return for the last calendar year was 17.9%.

Mr. Oyer noted the indexes: S& P was 26.3% and the aggregate bond index was 5.5%. The FPIF was a mixture of these two.

Motion by Tyler Zimmerman, seconded by Curt Oyer that the US Treasury bill with a maturity date of May 9, 2024 in the amount of \$303,000 be transferred to the FPIF.

Ayes: Carl Reeb, Tyler Zimmerman and Curt Oyer.

Nays: none.

Motion carried.

Motion by Tyler Zimmerman, seconded by Curt Oyer to surrender the Athene #2062 with a surrender date of April 7, 2024 with an estimated value of \$1,226,968.68 be transferred to the FPIF.

Ayes: Carl Reeb, Tyler Zimmerman and Curt Oyer.

Nays: none.

Motion carried.

Motion by Tyler Zimmerman, seconded by Curt Oyer to approve the corporate resolution for Delaware #3224 regarding authorized Board officers to file the Death Benefit claim, (~~Ren~~ Richard Denman).

Ayes: Carl Reeb, Tyler Zimmerman and Curt Oyer.

Nays: none.

Motion carried.

Motion by Tyler Zimmerman, seconded by Curt Oyer to transfer the Delaware #3224 Death Benefit payment (~~Ren~~ Richard Denman) to the FPIF.

Ayes: Carl Reeb, Tyler Zimmerman and Curt Oyer.

Nays: none.

Motion carried.

Motion by Tyler Zimmerman, seconded by Curt Oyer to accept the Financial Investment Report dated December 31, 2023.

Ayes: Carl Reeb, Tyler Zimmerman and Curt Oyer.

Nays: none.

Motion carried.

It was noted the Board needed to maintain at least \$1 million in local funds.

Mr. Wall requested to be notified when the checks arrive from Athene and Delaware Life, fixed and variable annuity holdings. The assets will need to be transferred in the Quarterly Performance Report. He also requested to know each check amount.

Ms. Campbell restated she would follow up with Nationwide regarding the fixed annuity holdings #5068 and #5111 with surrender dates in July and November 2024. She would also research the death benefit values and the impact of not surrendering. In 2026, three (3) Integrity fixed annuities would reach their surrender dates.

Mr. Oyer questioned the Nationwide holdings. He cited the following: 1.) death benefit and the impact of not surrendering, this needed to be clarified; and 2.) if renewed, would this action be seen as an additional investment, would this be an FPIF violation.

Ms. Campbell believed the annuities would renew automatically if not surrendered within thirty (30) days. The death benefit might be higher than the surrender value. This might be a question for the FPIF.

Mr. Reeb offered to arrange a conference call with Ms. Campbell, Mr. Zimmerman and himself with the FPIF. In the past, the FPIF understood there were financial and fiduciary concerns. The Board's position had been accepted in the past. It might be seen as a reinvestment. The FPIF would determine what action would be allowed.

Ms. Campbell believed the argument might be different with fixed annuities. There was time, the next surrender date would be in July. She needed to clarify the process with Nationwide before scheduling the conference call.

Mr. Wall did not believe it would be seen as a new contract. Fixed annuities should be treated the same as variable annuities. The Board would be holding the same contract. He questioned if there would be a new set of surrender charges.

Ms. Campbell would verify Nationwide's processes and inform the Board. Mr. Wall questioned if the annuity would expire with the death of the annuitant or if there would be a new surrender date.

She restated Mr. Fowler needed to sign the documents which would grant Mr. Zimmerman permission to access the annuities held by the insurance companies. She added the letters must be placed on Pension Board letterhead. Mr. Reeb planned to follow up with Mr. Fowler within the week.

She complimented the Fire Department's administrative staff at the Headquarters station.

Mr. Wall & Ms. Campbell left the meeting at 3:03 p.m.

ELECTION

The retiree election ballots were counted at the meeting. Mr. Zimmerman had confirmed each ballot was postmarked no later than April 18, 2024. To be eligible to vote for this position, one must be a retired firefighter. Widows are not eligible to vote.

The election was conducted via USPS mail. To be valid the postmark had to be dated April 18, 2024 or earlier.

Ballots mailed 94. Ballots returned 53. The results were as follows:

Ron Fowler – 52 votes

Spoiled – 1 vote.

The only person who signed up for the vacant position was Mr. Fowler. The Board's attorney has advised there be an option for write-in votes.

Motion by Curt Oyer, seconded by Tyler Zimmerman to accept the election results.

Motion carried (viva voce).

SEATING OF BOARD OFFICERS

The election of Board Officers would be placed on the July 26, 2024 meeting agenda.

FIDUCIARY LIABILITY INSURANCE

Mr. Reeb informed the Board the invoice from Alliant Express in the amount of \$10,126 had been received. Continued coverage was quoted at \$10,126. This was an increase of \$84 over the previous year. Mr. Zimmerman confirmed the cost for the previous year was \$10,042. A check would be written today as the policy's effective date was May 1st. Mr. Reeb would follow up with Alliant Express via email.

This item was included in the Treasurer's Report.

ENGAGEMENT LETTER WITH BAKER TILLY

Mr. Reeb informed the Board he had spoken with Michael Mallott, CPA – Baker Tilly. Two (2) engagement letters had been sent: 1.) year by year and 2.) in agreement with City of Bloomington's approved five (5) year agreement. The Board needed to select one.

Mr. Oyer questioned if the fee was fixed over five (5) year agreement or included an inflation cap per year.

Mr. Reeb noted option 1 only addressed FY2024 at a cost of \$18,500. Option 2 costs increased each year: FY 2024 - \$18,500; FY 2025 - \$19,425; FY 2026 - \$20,396; FY 2027 - \$21,416 and FY 2028 - \$22,487. Cost increase per year: five percent (5%).

The proposal was for the shortened version: basic statement plus schedule of administrative expenses, investment expenses, professional services, etc. The Board could hope inflation would be lower than five percent (5%) per year. Fee increases for this industry were unknown.

Mr. Zimmerman questioned the normal annual increase. Mr. Reeb cited last year's cost was reduced due to the shortened version. It was not a full ACFR, (Annual Comprehensive Financial Report).

Mr. Oyer questioned if the cost had been fixed for the previous three (3) year agreement. Mr. Zimmerman noted the first year's cost was the same for both agreements. Mr. Oyer cited the five percent (5%) annual increase with the five (5) year agreement. He recommended the Board re-evaluate next year. He would have been agreeable if the annual increase had been three percent (3%).

Mr. Reeb stated the Board would proceed one year at a time. Audit work was ready to commence. He would inform Baker Tilly of the Board's decision and question moving to a three (3) year agreement.

Motion by Carl Reeb, seconded by Tyler Zimmerman to enter into a one (1) year agreement with Baker Tilly for the FY 2024 audit.

Ayes: Carl Reeb, Tyler Zimmerman and Curt Oyer.

Nays: none.

Motion carried.

Mr. Reeb planned to reach out to Mr. Malatt via email to inform him of the Board's decision. Mr. Zimmerman would be Baker Tilly's point of contact. Mr. Zimmerman would inform Striegel Knolblock and Insight that Baker Tilly was the Board's auditor.

Mr. Oyer questioned when Striegel Knolblock began serving the Board. Mr. Reeb stated January 2024. Things had gone well. It was new for them, and they had been very responsive. Mr. Zimmerman added there has been no service issues. Mr. Oyer believed the Police Pension Board was using them too. Mr. Reeb responded affirmatively. Mr. Rathbun had coordinated the change and it had gone well. Mr. Zimmerman noted the short window involved for the change.

Mr. Reeb added the FPIF had been flawless in setting up the transfers. He recognized Mr. Rathbun's efforts. Transfers had been set up for calendar year 2024. The October 25, 2024 meeting agenda would include a request to approve transfers for calendar year 2025.

APPLICATION TO FUND

Mr. Zimmerman presented thirteen (13) individuals for acceptance into the Pension Fund. The hire date for all was April 1, 2024: Phillip Taylor, Ethan Snively, Mason Witzke, Katie Breazeale, Mark Pitzer, Jacob Bergelin, Heather Luth, Brandon Brown, Christopher Marek, Jason Mercer, Kevin Aschbrenner, Alex Cosgriff and Cal Urycki.

Mr. Reeb noted the Fire Department had hired its first two (2) female firefighters.

Motion by Carl Reeb, seconded by Tyler Zimmerman to accept Phillip Taylor, Ethan Snively, Mason Witzke, Katie Breazeale, Mark Pitzer, Jacob Bergelin, Heather Luth, Brandon Brown, Christopher Marek, Jason Mercer, Kevin Aschbrenner, Alex Cosgriff and Cal Urycki into the fund effective April 1, 2024.

Ayes: Carl Reeb, Tyler Zimmerman and Curt Oyer.

Nays: none.

Motion carried.

Mr. Oyer questioned the required training. Mr. Reeb noted all had been sent to Fire Academy in Chicago. Due to the recent hiring changes, once back from Academy there will be two (2) groups. Those with an EMT-P license/certification would be fast tracked. Those without will start the formal EMT-P course work. These individuals will be in training for two and a half (2 ½) years.

Mr. Oyer questioned if individuals entered the fund when hired. Mr. Reeb responded affirmatively.

WITHDRAWAL FROM FUND

Mr. Reeb informed the Board that Alex Cosgriff left employment with the City after only a few days. The Board had not received a formal request to withdraw from the fund. This would be tracked by the Board.

FPIF AUDIT

Mr. Reeb informed the Board the Department of Insurance would no longer be conducting a state audit of the Fund. There would be an audit of the consolidated fund. It would only address FY 2023. The FPIF had requested a variety of records: Board Minutes, training records, collective bargaining agreement, pension payout reports, Investment Policy, etc. The due date for submission was May 7, 2024.

Mr. Oyer questioned the contact person and office location. Mr. Reeb noted the FPIF had contracted with RSM US LLP. The firm provided a variety of financial services: tax, audit, consulting, etc. The initial issue would be in July 2024. The Board would need to respond to any concerns raised.

In 2015, McGladrey changed its name to RSM US LLP. The company's headquarters is in Chicago. The Board's contact is in Colorado.

COMMUNICATION

Mr. Reeb informed the Board the IPPFA dues had been paid. Mr. Zimmerman would attend the new trustee training in May 2024. It was noted Mr. Oyer has attended the IPPFA's spring conference in the past.

Mr. Zimmerman had received three (3) death notifications: Richard Denman, retired firefighter; and Betty Smiley and Marta Scott, widows.

Mr. Reeb noted the Pension Board needed to receive the death certificate for Mrs. Smiley. He added the family owned/operated Smiley's Sport Shop. Mr. Zimmerman would notify Chad Rogers, Striegel Knolblock, of the deaths to stop the pension payments. Mrs. Smiley's son was aware the money may need to be returned to the Pension Fund. Mr. Zimmerman noted all the paperwork had been completed for Mrs. Scott.

The Pension Board's next meeting was scheduled for July 26, 2024.

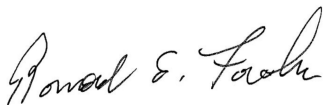
Motion by Carl Reeb, seconded by Tyler Zimmerman to adjourn. Time: 3:42 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:



Ron Fowler, President

Tyler Zimmerman, Secretary