MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
April 26, 2019

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

Members absent: Jeff Emmert

Others present: Stephen McLeod, Wall Capital Group's Vice President Midwest Region; David Wall, Wall Capital Group's President, (via telephone), and Tracey Covert, Recording Secretary.

The Fire Pension Board met at Fire Station 6 located at 4040 E. Oakland Ave. Carl Reeb, Secretary, called the meeting to order at 4:10 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 Curt Oyer to approve the regular session minutes of October 19, 2018 and January 18, 2019 with the following amendment to the January 18, 2019 minutes: retirement information for Eric Vaughn.

Motion carried, (viva voce).

TREASURER'S REPORT

Carl Reeb had prepared the Treasurer's Report. The account balance were as follows:

PNC:	$1,433,861.36 as of March 29, 2019

The monthly pension costs were as follows:

January 2019	$477,751.36
February 2019	$511,031.53
March 2019	$479,350.02

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

Checks written:

Meiserow (insurance)	$9,671.00
Insight (accounting/financial services)	$7,937.95
Don Craven (legal services)	$1,057.50
City of Bloomington (actuarial report)	$4,766.67
IPPFA (void/reissued check Jeff Emmert)	$800.00
Tracey Covert (October 2018 and January 2019 minutes)	$243.75

TOTAL: $24,476.87

Motion by Carl Reeb, seconded by Scott Rathbun to accept the Treasurer's Report as presented.

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Scott Rathbun presented the Board with a handout entitled COB – Fire Pension Contribution FY 2019. This report was drawn from the City's MUNIS system. It was a listing of checks prepared by the City and sent to the Fire Pension. It also stated the revenue source of each check: Property Taxes, PPRT or Utility Tax. It also showed the FY 2019 total payment of $5,075,717. The report also included anticipated payments for FY 2020 by the three (3) revenue sources. The total anticipated payment was $5,260,410. The total figure was drawn from the actuarial report's recommended contribution.

FINANCIAL INVESTMENT REPORT

Stephen McLeod, Wall Capital Group's Vice President Midwest Region, addressed the Board. He informed the Board that Dave Wall, Wall Capital Group's TITLE, was available via telephone. He directed the Board to the quarterly report dated March 31, 2019. It had a different appearance. This report was the first one produced under Wall's new operating system. This represents a first attempt. The report would be fine-tuned and he welcomed Board feedback.

The Asset Allocation was on page 2. The Board was in a good spot. There were two (2) pie charts: the top one represented Assets by class and the lower on represented Assets by type. The Mutual Funds and Variable Annuities represented sixty-eight percent (68%). The Performance Summary was found on page 3. The Ending Market Value was $67.6 million. The Investment Gain was $5.1 million. The Account Return (Net TWR) was 8.06%. Benchmarks will be added. Earnings had been impacted by annuity fees. The Account Performance was located on page 4. This page presented graphs on the information found on page 3. The Bond Analysis was on page 5. It was noted that the bonds had been laddered. The bar chart reflected this as the bonds were shown by year. Holdings were listed on pages 6 - 9. They were divided by Cash, Fixed Income and Annuities. The Fixed Annuities were listed on page 9. There were eleven (11) listed on this page. Capital Flows were found on page 10. It covered the time period from December 31, 2018 until March 31, 2019.

Scott Rathbun questioned if there would be any maturities before the Board's July meeting.

Mr. McLeod directed the Board to the Performance Summary on page14. This page showed return on the PNC Bank account. He encouraged the Board to seek a better yield. The Performance Summary on page 17 addressed the Fixed Income holdings. The Ending Market Value was $5 million. The Investment Gain was $35,886. The Account Return (Net TWR) was .71% The Bloomberg Barclays US Treasury 1 – 3Y Benchmark was .99%. The Account

Performance on page 18 represented graphs of page 17. The Board was directed to page 21 Performance Summary Passive Large-cap Equity. The Investment Gain was $1 million. The Ending Market Value was $9.5 million. The Account Return (Net TWR) was 13.62%. The S& P 500 Composite (Benchmark) was $13.65%.

The variable annuities are found on pages 23 through 46. There were Asset Allocation pie charts and Performance Summary and Account Performance pages. He directed the Board to page 25, Performance Summary for AIG Annuity. The Ending Market Value was $6 million. The Investment Gain was $640,584. The Account Return (Net TWR) was 11.88%. The S & P Composite (Benchmark) was 13.65%. He directed the Board to page 29, Performance Summary for Delaware Life Annuity. The Ending Market Value was $6.1 million. The Investment Gain was $668,197. The Account Return (Net TWR) was 12.13% Thirty percent (30%) S& P 500 & seventy percent (70%) MSCI EAFE (Benchmark) was 14.32%

The Performance Summaries for following companies were found on the following pages: Jackson National Annuity see page 33; Pacific Life Annuity see page 37; Pacific Life see page 41 and Voya see page 45.

The general annuities are found are pages 47 through 50. There was Asset Allocation pie charts were found on pages 48 – 49. These were fixed and had been compiled. The Performance Summary was located on page 49. The Ending Market Value was $15 million. The Investment Gain was $48,785. The Account Return (Net TWR) was .33%. The S & P 500 Composite (Benchmark) was 13.65%.

The peer group report was on page52. The Board's investments were compared to its peers. The blue dot on the chart represented the Vanguard 500 Index Admiral. The goal is to for the Board's investments to reach the green areas. These charts also track the S & P 500 TR USD, The Russell 1000 TR USD and the US Fund Large Blend. The 3 Year Rolling Return Quartiles chart was located at the bottom of the page. This chart tracked the Vanguard 500 Index Admiral, the US Fund Large Blend and the Russell 1000 TR USD. The Vanguard 500 Index Admiral had been a solid fund for the Board's portfolio.

Mr. Oyer questioned if the Variable Annuities were below the benchmark due to fees?

Mr. McLeod noted the question of equity percentage at the Fiscal Year end and any rebalance to sixty-five percent (65%) needed to be addressed by the Board.

Dave Wall, Wall Capital Group's TITLE, addressed the Board. The market was up forty (40) basis points this date. There had been a communication from Don Craven, Board's attorney, regarding state statute, (40 ILCS 5/1-113.10). He added that a rebalance to sixty-five percent (65%) was a conservative approach. He restated his opinion that rebalancing was a conservative approach. The statute was provided to the Board. He noted that the Board had not added funds. There was no need to rebalance. The Board's holdings were over sixty-five percent (65%) due to growth. Mr. Craven had stated that new dollars could not be added. Any rebalance back to the sixty-five percent (65%) level would be detrimental to the fund. The only efficient way would be to transfer funds from the best performing equity. There were two (2) issues; 1.)

legality, (i.e. information provided by Mr. Craven); and 2.) risk, (the Board's comfort level at sixty-eight percent/68%). Mr. Wall did not foresee a recession. The economy looked good. The Board had earned back its 2018 fourth quarter losses in the first quarter of 2019.

Mr. Reeb had received an email from Mr. Craven which cited his opinion. One concern raised was conflict with the Board's Investment Policy. Mr. Wall and Mr. McLeod noted that the typical maximum was seventy percent (70%). Mr. Wall added that the target was sixty-five percent (65%). He believed the Board was in compliance with its Investment Policy.

Mr. Reeb expressed his comfort level.

Mr. Oyer believed the statute was clear. The language was plain. He did not see a reason to rebalance. He expressed his concern regarding a withdrawal from the Vanguard account. The Board should monitor this percentage on a quarterly basis.

Mr. Wall believed the Board was at the sixty-five percent (65%) when the Department of Insurance (DOI) report was filed.

Mr. Oyer questioned this report being filed at the sixty-eight/sixty-nine percent (68/69%) level. He specifically cited risks. Mr. Wall informed the Board that this issue had not been raised by DOI with any of Wall's clients.

Mr. Oyer recommended that the Board document its reasoning and be clear in its opinion regarding the balance. He cited the first quarter returns and the need to monitor.

Mr. McLeod restated that the Board had a legal opinion and the percentage was due to growth.

Mr. Wall presented the Board with another option: the Vanguard dividends had been reinvested, they would be converted to cash.

Mr. Rathbun expressed support for the Board providing a rationale. He added that the Board could stop the reinvestment of dividends and convert them into cash.

Mr. McLeod recommended that the Board let things ride and convert the Vanguard dividends into cash.

Mr. Oyer noted that on the annuity side all of the dollars would remain in the fund.

Mr. Wall stated that there was no information regarding annuity distributions. The insurance companies were not transparent and dividends were unknown.

Motion by Curt Oyer, seconded by Scott Rathbun that Vanguard dividends be converted to cash for reinvestment, (they would be journaled to Fix Income Account).

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. McLeod had a housekeeping item: the Mischler money market account.

Mr. Reeb noted that there were documents for Mr. Fowler and himself to sign. He offered to email the account balance to Mr. McLeod.

Mr. McLeod addressed the Fixed Annuities. Vicky Campbell, Raymond James, was listed as agent of record on all but two (2): Athene holdings. She was the agent of record on nine (9) contracts. He hoped to create greater transparency regarding the contract values.

Mr. Reeb believed that Mr. Fowler and he were the signors for the Athene holdings.

Mr. Wall noted that there were eleven (11) contracts with six (6) companies. The two (2) Athene contracts could not be changed.

Mr. McLeod reported as a matter of transparency Ms. Campbell received a commission on a Variable Annuity contract of $10,000 per quarter. Mr. Oyer questioned if Raymond James was the agent of record. Mr. Wall responded affirmatively. Wall Capital has three ways to obtain information. The values can be different due to the date.

Mr. Oyer questioned the date on a Nationwide account as it listed July 30, 2018. He also questioned if this was a reset date. Mr. Wall noted that this was an indexed linked annuity. These were problematic and complicated. By statute they were nonequity. They are listed under general account of the insurance company. Wall Capital had prepared two (2) summary sheets: 1.) Fixed Annuity and 2.) Variable Annuity.

Mr. Oyer noted that Mr. Fowler had been listed as the annuitant on all but one (1) of the Fixed Annuity holdings. Mr. Reeb was listed on that one.

Mr. McLeod directed the Board to the Variable Annuity Summary. Birth dates were needed for the annuitants.

Mr. Oyer questioned if the Surrender Values had been updated. Mr. Wall noted that this information was not readily available from the insurance companies. He added that Wall had not been able to obtain the Surrender Values for the two (2) Nationwide contracts, (see Fixed Annuity Summary).

Mr. Oyer believed the issue involved the insurance companies' statements. He cited the Variable Annuity's Surrender Charge which totaled $4.3 million. He did not believe this figure was correct. He requested that this spreadsheet be updated to reflect the March 31, 2019 values and the information be provided to the Board.

Mr. Oyer also questioned PNC Bank. Mr., McLeod noted that he would follow up with Insight. Mr. Reeb also offered to reach out to PNC Bank. Mr. Rathbun recommended that Mr. Reeb be direct and delicate. Mr. Reeb noted that after conversations with PNC, the Board may need to look into alternatives. Mr. Rathbun believed PNC Bank would be open to offering the Board something.

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

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

COMMUNICATION

Mr. Oyer cited his plans to attend the IPPFA's Spring Seminar.

Mr. Reeb informed the Board of his intention to complete the online OMA (Open Meetings Act) and FOIA (Freedom of Information Act) training as required. He reminded the Board that their Statement of Economic Interest forms were due to the McLean County Clerk by May 1, 2019.

The Fiscal Year end was occur on April 30, 2019. The DOI audit commences in May. The Actuarial Report would begin in June.

Mr. McLeod informed the Board that Wall Capital would be attending the IAFPD, (IL Association of Fire Protection Districts) seminar. It will be held in Peoria in June. He offered to send information to the Board regarding same.

WITHDRAWAL FROM THE FUND

Mr. Reeb informed the Board that Greg Stevens, probationary Firefighter, had been released and requested a refund. The refund amount was $2,104.13. His separation date was DATE.

Stuart Blade, a seven (7) year Firefighter resigned and accepted a position at a local church. He would remain with the Fire Department as the Chaplain. He requested a refund which he rolled over into an IRA (Individual Retirement Account). The refund amount was $XXXXXXX. His separation date was DATE.

Motion by Carl Reeb, seconded by Scott Rathbun to approved the withdrawals from the fund for Greg Stevens and Stuart Blade.

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

APPLICATION FOR RETIREMENT/DISABILITY

Mr. Reeb informed the Board that Mark Guymon had applied for a duty disability pension. This application was being processed. There were three (3) required medical examinations. Two (2) of them had been completed. The third was scheduled for May. The request cited PTSD (Post Traumatic Stress Disorder).

OLD BUSINESS

Mr. Reeb informed the Board that the election had been completed. Jeff Emmert, Vice President, oversaw the election. The election was held on DATES. NUMBER of ballots prepared; NUMBER of spoiled ballot; ballot TALLEYS. NEED ELECTION INFORMATION.

Mr. Reeb had been re-elected. He would be seated at the Board's July 19, 2019 meeting.

NEW BUSINESS

Mr. Reeb addressed reciprocity for James Wellwood. Mr. Wellwood had been a Firefighter in Pekin. All of the required paperwork had been completed.

Motion by Carl Reeb, seconded by Scott Rathbun to approve the reciprocity for Mr. Wellwood.

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Motion by Scott Rathbun, seconded by Carl Reeb to adjourn. Time: 5:17 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