MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
April 22, 2022

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, Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager and Tracey Covert, Recording Secretary

The Fire Pension Board met at Fire Station 6 located at 4040 E. Oakland Ave. Jeff Emmert, Vice President, called the meeting to order at 2:05 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 21, 2022 as presented.

Motion carried, (viva voce).

Motion by Carl Reeb, seconded by Scott Rathbun to approve the special session minutes of February 21, 2022

Motion carried, (viva voce).

TREASURER'S REPORT

Mr. Reeb had prepared the Treasurer's Report.

He addressed the PNC account balance. On February 3, 2022, a deposit was made in the amount of $637,326.92, (Athene holding). On February 25, 2022, a deposit was made in the amount of $8,050,031.69, (Delaware holding). On March 14, 2022, a deposit was made in the amount of $121,137.09, (Charles Schwab holding). On March 16, 2022, a wire transfer was made in the amount of $8 million (Delaware holding) to the Firefighters' Pension Investment Fund, (FPIF). He received a confirmation receipt on March 17, 2022. The PNC account balance in March 2022 was $2,243,532.83. The account balance as of this date, (April 22, 2022), was $2,305,527.51.

The monthly pension costs were as follows:

December 2021	$591,430.62
January 2022	$599,904.30

February 2022 $599,904.68

Mr. Reeb presented the following expenditures: Tracey Covert $368.75 (October 2021 & January 2022 meeting minutes, and February 2022 special meeting minutes); City of Bloomington $4,466.07 (actuarial report – Fire Pension Funds share – check given to Scott Rathbun, City's Finance Director, Insight $4,179.33 (quarterly services, December - February), and Alliant Insurance/Ullico $9,990.00 (fiduciary liability insurance). Total expenditures were $19,004.15. Mr. Reeb informed the Board Ms. Covert had presented him with an invoice in the amount of $150 for the October 15, 2021 meeting at the January 21, 2022 meeting but had not been paid.

Curt Oyer questions his reimbursement for attending the IPPFA Spring Conference registration. Mr. Rathbun would also be attending this conference. Mr. Reeb acknowledged his error as he had been given proof of same. Mr. Oyer requested that $425 be added to this of expenditures, (Curt Oyer $425 for IPPFA Spring Conference registration) and the total adjusted.

Scott Rathbun presented his Cash Forecast report which was dated April 22, 2022. He had updated the employee contributions (EE under Monthly Need/upper right hand corner). He added the payroll pension contribution was approximately $74,000 per month. The monthly pension (payroll) cost was $600,000. The lower left corner addressed the FY 2022 City Contributions. The estimated City contribution from property & utility taxes was $6,090,000. The City's FY 2023 budgeted contribution was $6,089,466. He recommended that the Board use three (3) months of expenses as a minimum cash need. He believed $1. 5 million would cover three (3) months of expenses. He believed the PNC account balance would be $4.6 million in December 2022 and lowered to $1.5 million by May 2023. The first installment of property taxes would be received in the first half of June.

Mr. Oyer believed it appeared sufficient funds were available (PNC account cash balance). Mr. Rathbun cited a key question: how easy would it be to work with the FPIF. Mr. Oyer noted that there would be a session at the IPPFA Conference regarding cash management. Mr. Rathbun hoped the Board would have more information by the Board's July 15, 2022 meeting. Mr. Oyer stated it appeared there was no need to withdraw/deposit funds with the FPIF at this time.

Motion by Scott Rathbun, seconded by Carl Reeb 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

Dave Wall, Wall Capital Group's President, addressed the Board. He informed the Board some data was missing in his report. He directed the Board to the proposed updated Investment Policy dated April 2022. He directed them to page 4, Section D. Portfolio Asset Allocation Guidelines

& Re-Balancing Procedures, 1. Mid-cap Equity had been added. This would be a new asset allocation for the Board but was in line with the FPIF. He recommended the Board accept this update.

Mr. Oyer questioned foreign/emerging and International Equity. He believed the correct classification was International Equity.

Motion by Scott Rathbun, seconded by Curt Oyer to adopt the updated Investment Policy dated April 2022.

Motion carried, (viva voce).

Mr. Oyer informed the Board there was an error in the February 21, 2022 Special Meeting Minutes. He directed them to page 4, first paragraph, last full line: Small-Cap Equity a/k/a Foreign/Emerging Markets 10%. This should be changed to Small-cap equity and International Equity.

Motion by Carl Reeb, seconded by Scott Rathbun to amend/correct the February 21, 2022 Special Meeting Minutes, see page 4, first paragraph: change Small-Cap Equity a/k/a Foreign/Emerging Markets 10% to Small-cap equity and International Equity at five percent (5%) each.

Motion carried, (viva voce).

Mr. Wall directed the Board to his report dated March 31, 2022. He directed them to page 2. He noted the data from the FPIF was as of February 28, 2022. The Asset Allocation data regarding annuity holdings were as of March 31, 2022. Total assets were $95 million. He cited the Delaware #2640 transaction. The information in the report was not current. He also did not have any reports from the FPIF. He believed equity holdings were at eighty percent (80%). FPIF equities were at twenty-three percent (23%). This would mean the Board was below the statutory equity requirements, (i.e. sixty-five percent/65%). The Board would not have to transfer funds in subaccounts before April 30, 2022, the fiscal year end.

He believed the Board's July 15, 2022 meeting would be a good time to rebalance. There would be annuities to surrender. He believed the FPIF had invested some funds in bonds. He could not address cash flow as there were no transaction details. Time weighted returns were reported monthly. He hoped to start including FPIF information in his report.

Mr. Reeb did not know who prepared the FPIF's report. He believed reports were produced by Marquette. Mr. Wall noted the FPIF took forty-five (45) days to send information to the Board. He did not have the information from the FPIF in time to include same in his Board meeting report.

Mr. Wall referred the Board to page 13, Asset Allocation FPIF. It appeared $30 million was invested in Bonds, (Mutual Funds). He informed the Board that page 3 had been removed from the report. He restated his opinion the FPIF had invested twenty-three percent (23%) equities.

Mr. Oyer questioned if the Asset Allocation data on page 13 was also part of the Asset Allocation on page 2. Mr. Wall believed the key question was how much of the equity holdings was the Board's responsibility. He added the Variable Annuity holdings were $53.6 million.

Mr. Oyer added not all of the equity holdings were equities. Dollars from some of these holdings were invested in fixed income subaccounts. Variable Annuity holdings were found on page 5. Mr. Wall was uncertain if Jackson National #7366 valued at $863,050.70 & #8355 valued at $1,526,929.07 had been transferred. Mr. Oyer restated a number of variable annuity holdings' subaccounts had been moved to fixed income.

Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, addressed the Board. She believed approximately $6.9 million had been transferred. Mr. Oyer restated a number of variable annuity holdings' subaccounts have been moved to fixed income. Mr. Wall affirmed Jackson National #7366 and #8355 subaccounts had been invested in bonds. The subaccount holdings needed to be redefined. The holdings will be left as variable annuities. Under statute, they are considered equities.

Mr. Oyer noted FPIF had invested thirty percent (30%) of its funds in fixed income. It appeared the FPIF had invested a higher percentage in fixed income. Mr. Wall restated equities were at eighty percent (80%). The Board needed to focus on its responsibility, (i.e. assets under its control).

Mr. Oyer believed equities were over seventy percent (70%). He added dollars needed to be moved to fixed income. Mr. Wall informed the Board bonds were down nine percent (9%) year to date. Equities had declined less.

Mr. Oyer questioned VOYA 650X's subaccount, valued at $2,484,258.05, and AIG #8240 subaccounts, valued at $1,361,055.42. He recommended mid-cap subaccounts should be used. He noted previous Board action to move three (3) variable annuities' subaccounts to fixed income not locked in for more than one year, (Jackson National #7366 & #8355 and Venerable/VOYA #650X). Ms. Campbell informed the Board that over $51.8 million in fixed and variable annuities were held by Raymond James. In addition, $6.9 million was in fixed annuities that were indexed annuities. The VOYA #650X subaccounts were transferred to bonds on April 21, 2022 with a value of $2,392,103.

Mr. Oyer noted Delaware #2640 was still listed under Variable Annuity holdings, (see page 5). This item had been cashed out. Mr. Wall noted this change would reduced equity holdings.

Mr. Rathbun recommended $11.7 million in variable annuity holdings' subaccounts be moved. He estimated fixed income holdings were at twenty-six percent (26%). Mr. Wall informed the Board in future reports an asterisk would be used to mark those holdings whose subaccounts had been moved to bonds. He added VOYA #650X needed to be updated.

Mr. Oyer believed the Board's fund was seventy-three to seventy-four percent (73 – 74%) equities and twenty-six percent (26%) fixed income. Mr. Wall restated dollars might need to be transferred to bonds. There were four (4) variable annuity holdings with Out of Surrender Dates as of August 22, 2022: American General/AIG #9892, #9894, #9898 & #9903. Death value versus Surrender value: $1,706,432.81 to $1,690,432.81. Ms. Campbell affirmed these four (4) AIG holdings would mature this year. Each of these contracts were valued at $1,706,432.81. The contract and death benefit values were the same. She offered to verify with AIG if the subaccounts were held in fixed income investments. She added her concern that any transfers might reduce the value. She recommended the Board take no action at this time and surrender them in August 2022. Mr. Oyer expressed his support to consider action, (i.e. surrender for cash value) in August 2022.

Mr. Wall expressed his opinion the Board would not have any issues with the state's Department of Insurance (DOI). Mr. Oyer recommended the Board take no action at this time. He requested Mr. Wall make updates to his report. Mr. Wall believed the changes would increase bond percentages. He would also include additional information regarding variable annuities, (i.e. add subaccount asset class).

Mr. Reeb stated there was no fiduciary reasons to surrender annuities prior to Out of Surrender date or a death event. Mr. Wall directed the Board to page 10 and page 12, Performance Summary Fixed Annuities and Performance Summary Variable Annuities, respectively.

Mr. Oyer readdressed the Fixed Annuity holdings. There were seven (7) contracts remaining. The Out of Surrender dates would occur during calendar years 2024 & 2026. Three (3) would reach Out of Surrender in 2024 and the remaining four (4) would reach Out of Surrender in 2026. The Board would wait and make decisions at that time. He added the Board should hold its Variable Annuities until a death event or Out of Surrender date. The decision should be based upon the cash values. Mr. Wall reminded the Board a lot of progress had been made.

Mr. Reeb questioned Jackson National #7366. The Amount Invested was ($85,145.41) compared to the Contract Value $863,050.70. Ms. Campbell reminded the Board withdrawals had been made from this holding. She directed the Board to Athene #10. The Contract Value and Death Benefit values were the same, $1,172,865.15. Out of Surrender date is April 7, 2024. Mr. Oyer restated there were only seven (7) fixed annuity holdings left. The Board should use the Out of Surrender date as the opportunity to surrender these holdings.

He addressed the six (6) AIG holdings, all were variable annuities: #9892, #9894, #9898, & #9903 would be Out of Surrender on August 10, 2022, #8240 would be Out of Surrender on March 8, 2023; and #3214 would be Out of Surrender on January 29, 2023. It there was no death benefit premium, the contracts should be cashed out once the surrender date passes. Others could be held for the death event.

The asset allocation could be revisited at the Board's July 15, 2022 meeting. Mr. Wall informed the Board the FPIF's goal was thirty percent (30%) fixed income. The FPIF tended to look to bonds.

Mr. Oyer cited AIG #8240 with a value of $1,361,055.42. He believed the subaccounts should be invested in mid-cap. Mr. Wall suggested the Board reduce its stock exposure. He believed all trades had been done correctly.

Ms. Campbell affirmed the previous comments. She agreed with the assessment and when to hold a contract for the death benefit. She presented the Board with a fee sheet.

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

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

Nays: none.

Motion carried.

COMMUNICATIONS

Mr. Reeb informed the Board that Mr. Oyer and Mr. Rathbun would attend the IPPFA's Spring Conference in East Peoria.

Mr. Reeb would complete the Attorney General's online training for the Freedom of Information Act (FOIA) and Open Meetings Act (OMA).

Statement of Economic Interest forms would due to the McLean County Clerk by May 1, 2022. He informed the Board there was a new form and new requirements. He added the Fiscal Year ended on April 30, 2022. The DOI report work would commence in May 2022. Lauterbach & Amen would start work on the actuarial report in June 2022.

NEW BUSINESS

Mr. Reeb informed the Board that Baker Tilly, outside auditor, had provided a Letter of Engagement for FY 2022. The cost was $17,000 which represented a five percent (5%) increase over the previous year. Baker Tilly had provided a time line for the audit. He recommended the Board accept and approve the Letter of Engagement with Baker Tilly for the Comprehensive Annual Financial Report (CAFR) for the FY ending April 30, 2022.

Motion by Carl Reeb, seconded by Scott Rathbun to accept and approve the Letter of Engagement with Baker Tilly for the CAFR for the FY ending April 30, 2022.

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

Nays: none.

Motion carried.

Mr. Reeb had an agreement from Alliant Insurance/Ullico for the fiduciary liability insurance. The cost had increased by five percent (5%). There was paperwork to complete with a due date of May 1, 2022.

Motion by Carl Reeb, seconded by Scott Rathbun to approve the agreement with Alliant Insurance/Ullico for fiduciary liability insurance.

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

Nays: none.

Motion carried.

APPLICATION TO FUND

Carl Reeb informed the Board that five (5) entry level firefighters had been hired. The department had lost two (2) of them. The start date was February 14, 2022. Joseph Fidler realized he preferred to be a Springfield firefighter. Stephen (Nate) Wren had to resign when a medical issue arose and it was determined he could no longer continue. Three (3) completed the Fire Academy: Tyler Eft, Cody Cheeseman and Kyle Walder. Mr. Eft's father was a Normal firefighter. Mr. Cheeseman's father was a City firefighter. Mr. Walder was from Goodfield. The Fire Department was still down nine (9) positions. Request for Withdrawal from Fund had not been received. The dollar amounts will be small. Mr. Fidler's last day was February 21, 2022 and Mr. Wren's last day was March 18, 2022.

Motion by Carl Reeb, seconded by Scott Rathbun to accept Tyler Eft, Cody Cheeseman, Kyle Walder, Stephen (Nate) Wren, and Joseph Fidler into the fund effective February 14, 2022.

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

Nays: none.

Motion carried.

OLD BUSINESS

Mr. Reeb informed the Board the election process had been completed. The new member would be seated at the Board's July 15, 2022 meeting. He added he had been re-elected to the Board.

110 ballots had been prepared. Eighty-two (82) had been returned. The election results were as follows:

Carl Reeb	76 votes
Steve Zimmerman	2 votes
Mark Visintine	3 votes
John Caponi	1 vote

There were no spoiled ballots. The votes for Mr. Zimmerman, Mr. Visintine and Mr. Caponi were write in.

Mr. Reeb informed the Board all tax requirements had been completed, (i.e. 1099R & 1099MISC). He had received a letter from the Internal Revenue Service (IRS). Insight had filed all of the require documents.

Motion by Carl Reeb, seconded by Scott Rathbun to adjourn. Time: 3:37 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