MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
April 19, 2018

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

Others present: Dave Wall and Stephen McLeod, Wall Capital Group, and Tracey Covert, Recording Secretary.

The Fire Pension Board met at Fire Station 6 located at 4040 E. Oakland Ave. Ron Fowler, President, called the meeting to order at 4:05 p.m.

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

Carl Reeb informed the Board that Paulette Hurd had received a letter from the Mayor terminating her service on the Board.

David Wall addressed the Board. He noted that Wall & Associates had a new company name, Wall Capital Group.

MINUTES

The following corrections were noted to the November 17, 2017 Additional Meeting regarding the spelling of last names: 1.) change Nichols to Nicolas – see page 1, second paragraph; 2.) change Barr to Barrett – page 1, ninth paragraph; and 3.) change Reed to Reeb – see page 3, last paragraph.

Motion by Carl Reeb, seconded by Jeff Emmet to approve the regular session minutes of January 19, 2018, the special meeting of September 28, 2017 and the additional meetings of November 17, 2017 and March 7, 2018 with the corrections noted to the November 17, 2017 Additional Meeting.

Motion carried, (viva voce).

TREASURER'S REPORT

Carl Reeb presented the Treasurer's Report. The account balances on December 29, 2017 were as follows:

Bloomington Municipal Employee Credit Union:	$98,431.50
IL Funds:	$261,792.80
PNC:	$2,017,216.36

He noted the PNC balance as of this date was $2,049,264.61 as of April 20, 2018.

There is $71,509.61 held by Mischler Financial in a Merrill Lynch account.

The monthly pension costs were as follows:

January 2018	$449,499.18
February 2018	$448,078.07
March 2018	$448,078.07

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

Checks written:

Insight (financial)	$3,104.05
Tracey Covert (recording secretary)	$481.25
Carl Reeb (postage – retiree ballots)	$70.00
City of Bloomington (FY 2018 Actuarial Report)	$3,200.00
TOTAL:	$6,855.30

Mr. Reeb informed the Board that Larry Rankens, Mischler Financial, needed to move money or fees would have to be paid.

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

Ayes: Jeff Emmet, Carl Reeb, and Curt Oyer.

Nays: none.

Motion carried.

FINANCIAL INVESTMENT REPORT

Dave Wall, Wall Capital Group, addressed the Board. He provided the Board with First Quarter 2018 report. He directed the Board to page 1 which documented the Portfolio Asset Allocation and Portfolio Asset Class Subsets. He directed the Board to the report's fourth page. There was a pie chart. This chart had been generated by Raymond James' system. The Board had $35.6 million in assets. This amount included the annuity subaccounts. The Performance Summary was on page 2. The beginning Market Value was approximately $54 million. This amount did not include cash holdings. This information was added to the system on March 30, 2018. The Weighted Return for the quarter was down by 1.3%. A benchmark would be built for the fund. The report used the fair market value. He directed the Board to the Performance Summary, (pages 3 – 27). He noted that the top right corner of each page listed the Account Name. He added that GA meant General Account, (i.e. not an equity).

Curt Oyer questioned page 1. He specifically questioned if the portion shown as bonds included items that were not bonds.

Mr. Wall noted a modest increase. The two (2) indexes cited were listed on the bottom of page 3, (S&P TR USD and BBgBarc US Agg Bond TR USD). The index is linked to the annuity. At the end of the month, the fair market value will be used. He directed the Board to page 4, Bloomington Fire: American Investors (Aviva GA). Aviva was broken down by company. The Board had approved the sale of #551692 at their November 17, 2017 Additional Meeting. As of December 31, 2017, this account was still listed as an asset. The Board needed to follow up with Larry Rankens, Mischler Financial, as Mr. Rankens was no longer the agent of record. At the Board's January 19, 2018 Regular Meeting, a motion passed naming Vicky Campbell, with Raymond James, as agent of record. At the Board's November 17, 2017 Additional Meeting, the Board passed a motion to authorize Mr. Wall to instruct Mr. Rankens regarding the allocation of its variable annuity accounts. He expressed his concerns regarding the General Accounts.

Mr. Oyer noted the ten (10) year contract. He questioned if there was an automatic termination clause. Mr. Wall informed the Board that Mr. Rankens claimed there would not be any surrender values, charges and/or penalties, if the contract was sold at this time. The Board needed to reach a decision.

Mr. Oyer questioned if the Board would be locked into another ten (10) year term. Mr. Wall informed the Board that on the fixed side Raymond James did not have seller's agreements. The Board could not take all. Mr. Rankens was still the agent of record on the fixed holdings. Ms. Campbell did a wonderful job for the Board. All of the variable annuities have been transferred to Raymond James.

Mr. Wall noted that Mr. Rankens reports were dated December 31, 2017. He needed the values as of March 31, 2018. He questioned what action the Board planned to take.

Mr. Wall directed the Board to the single page handout entitled Bloomington Fire: Bton Fire Fixed Income. It addressed dollars that arrived at the end of the quarter. His firm had started to build a bond ladder. He noted the investment with a November 2019 maturity date. These investments were more conservative. Three (3) investments had been recently been purchased. Maturity dates were November 2019, November 2020 and November 2021. He recommended that the funds from Aviva #551692 be directed to this fund. He estimated the Aviva account at $978,000 which would bring this fund up to $1 million. If the Board had other small cash holdings, they could also be moved to bonds. He noted that there had been as small market gain already, (i.e. $10,000). The yield was 1.73%. These investments were conservative and well diversified. He added that there was no opposition to index linked annuities. There was a time and place for same. He noted the credit issue.

Mr. Oyer expresses his concern regarding the arrangement. The term had ended and he believed the Board should withdraw its funds. Mr. Wall restated his belief that the Board would not be locked in according to Mr. Rankens. The surrender value should match the report. These accounts were updated on their anniversary date. The price was updated using the market value.

Mr. Oyer cited other holdings that would be maturing: Aviva #569751 and #579488. Aviva #569751 would mature on May 8, 2018 with an estimated value of $1.5 million and Aviva #579488 would mature on August 11, 2018 with an estimated value of $692,000.

Mr. Wall offered to add maturity dates to his firm's report.

Mr. Oyer anticipated that there would be an annual increase. He believed the Board's intent had been to hold its investments until maturity then transfer the funds. He recommended that the Board stay on course.

Mr. Wall offered to reach out to Mr. Rankens and inform him to proceed with the sale of Aviva #551962. All of the companies had been contacted and informed that Wall Capital was an interested third party. He planned to request the market value be provided on a monthly basis. He believed that the Board would need to direct the insurance companies to do so for all of the GA annuity products.

Mr. Reeb noted that Ms. Campbell had taken ownership of all holdings/accounts that she was able to. The Board would need to reach out regarding those remaining. Mr. Wall added that most insurance companies allow for interested parties.

Mr. Oyer noted that there were six (6) companies with a combined total of fifteen (15) holdings.

Mr. Wall directed the Board to page 5 which addressed the Anico GA Account. There had been no change in value. His firm could request an expense ratio. He believed the fees were buried in the price. The Board needed to know earnings after fees. He directed the Board to page 7 which addressed the Athene GA Account. There had been no change. His firm had Mr. Rankens reports for September 30, 2017 and December 31, 2017.

Mr. Wall directed the Board to page 9 which addressed the Bton Fire Fixed Income account. Total value: $6 million, $2 million had been invested in US Treasury and $4 million had been invested in a Schwab index 500 fund. There would be activity in the next quarter. $21,000 had been held in cash.

He noted that page 11 addressed the Integrity GA account, page 13 addressed the Nationwide GA account and page 15 addressed the Symetra GA account. Page 17 addressed the AIG VA, Variable Account), account. The rate of return was -2.6. This was an international account that had lagged the benchmark by -1.35%. He cautioned the Board: do not expect to outperform the benchmark. Fees impacted performance. There were six (6) AIG contracts. The return was based upon a death event.

Page 19 addressed the Bton Fire Passive Lg-cap Domestic Equity account. This was a Schwab account. He described it as passive. It was down -4.5% while the benchmark was down -4.1%. These figures represented a one (1) month return. Morningstar Reports would be added to this report as a second benchmark.

Page 21 addressed the Delaware Life VA account. The benchmarks would be changed to S & P 500 TR USD. Page 23 addressed Jackson National VA account. It was down slightly -1.6% compared to the benchmark that was down -.76%. Page 25 addressed the Pacific Life account. There were similar results: down slightly -.89% compared to the benchmark that was down -.99%. Page 27 addressed the VOYA VA account. There were similar results: down slightly -

1.96% compared to the benchmark that was down .99%. The benchmark used for Delaware Lift, Pacific Life and VOYA would be changed to S & P 500 TR USD. Updated pages would be sent to the Board via electronic means.

Mr. Wall recommend that following holdings be sold: Bloomington Employee Municipal Credit Union, IL Funds and Merrill Lynch. These were cash holdings. Dollars would be placed in the Board's Bond account, (i.e. Bton Fire Fixed Income). A US Treasury ladder would be built. The current rate of return was 1.7%. Wall Capital would report all yields. Bonds would be purchased at a discount. He recommended that the Board move forward with his recommendation.

He informed the Board that the first invoice had been sent to Mr. Reeb. The Board had two (2) options: 1.) pay by check or 2.) deduction by Wall Capital from the Board's account. The Board would see all of the management fees on the Schwab statement. In addition, Wall Capital would send quarterly invoices.

Motion by Carl Reeb, seconded by Jeff Emmet to authorize Wall Capital to deduct their quarterly fee from the Board's fixed income account.

Ayes: Jeff Emmet, Carl Reeb and Curt Oyer.

Nays: none.

Motion carried.

Mr. Oyer requested that this information be included in the Treasurer's Report. Mr. Reeb responded affirmatively. The report lists all paid bills.

Mr. Wall added that the invoice would be sent at the end of the quarter and would be based on the previous quarter's values.

Mr. Oyer noted that annuitants had died which would impact a couple of contracts. Mr. Reeb informed the Board that Ms. Campbell had provided him with the values. The Death Benefit Value on one of the accounts was $390,363.62. Mr. Wall requested that the Board provide him with the sale report. He would need the dollar amount.

Mr. Oyer questioned the status. Mr. Reeb believed that a check would be issued on Monday, January 22, 2018. Delaware Life had the required paperwork. He hoped to receive the check by Wednesday.

The Board currently had cash holdings to cover four and a half, (4½), months of pension payments. Mr. Wall recommended that the Board transfer cash holdings to an investment account. On April 30th, equities could be at sixty-five percent, (65%), or less to be in compliance with statute. His firm used the current year to determine the sixty-five percent, (65%).

Mr. Oyer questioned the $3 million VOYA contract. Mr. Wall informed the Board that it was not in the report. These dollars ended up in the Vanguard account.

Mr. Oyer questioned Jackson National. Mr. Wall expressed his hope that the pricing on all contracts would be the same. There were different prices on different contracts. Price would be presented by unit. There were three (3) share classes with three (3) different prices. All were S & P index funds.

Mr. Oyer stated his preference that each contract be presented separately. The Board would make the decision to keep or terminate. He expressed his willingness to accept small losses.

Mr. Wall noted that his firm needed quarterly statements for each contract. Mr. Reeb expressed his willingness to scan and email the information to Mr. Wall. Mr. Wall added that his firm would be able to verify that all swaps had been completed on a quarterly basis.

Jeff Emmet left at 5:10 p.m. (i.e. service call).

Mr. Wall questioned if the Board was interested in Death Benefit Values and Surrender Values. He added that tracking same would be a challenge.

Mr. Oyer believed the Board needed to look at all factor.

Mr. Wall noted that Mr. Rankens' reports listed the Death Benefit Value, the annuitants, expiration date, etc. He believed the Board would see savings in expenses. He noted the life expectancy of the annuitants.

Mr. Oyer questioned if the accounting method would be cash basis. Mr. Wall stated that Raymond James used fair market value. He added his preference to see surrender values too. Insurance companies issue reports on quarterly or annual basis. Mr. Oyer believed additional information was needed.

Motion by Carl Reeb, seconded by Curt Oyer to liquidate the following accounts: Bloomington Employee Municipal Credit Union, IL Funds, Merrill Lynch and these dollars be placed in the Bton Fire Fixed Income account and the Death Benefit amount from Delaware Life also be placed in the same fund.

Ayes: Ron Fowler, Carl Reeb and Curt Oyer.

Nays: none.

Motion carried.

Mr. Reeb informed the Board that Delaware Life would wire transfer the Death Benefit amount to the Board's PNC account.

Mr. Wall offered to prepare a letter of instruction for the Illinois Funds account on behalf of Ron Fowler, Board President.

Motion by Carl Reeb, second by Curt Oyer to accept the Investment Report.

Ayes: Ron Fowler, Carl Reeb and Curt Oyer.

Nays: none.

Motion carried.

Stephen McLeod, Wall Capital Group's Vice President Midwest Region, addressed the Board. He took the opportunity to introduce himself to the Board. He had been employed with Schwab for twenty-one (21) years. He had known Mr. Wall for over ten (10) years. He was excited to join the firm. The Board would see him more often due to location. Mr. Wall's role would be focused on the Board's portfolio.

Mr. Oyer questioned if Bill Gallager was still with the firm. Mr. Wall stated that any of the three (3) of them would attend the Board's quarterly meetings. Wall Capital Group has $1 billion in assets. The search took eighteen (18) months to find the right individual. Wall Capital Group was a growing business.

COMMUNICATIONS

Mr. Reeb addressed the topic of training. Jeff Emmet would attend the initial Trustee training on April 30, 2018 by attending the IPPFA conference. Mr. Emmet had already completed the online OMA and FOIA, (Open Meetings Act and Freedom of Information Act), training.

Mr. Reeb reminded the Board members that their Statement of Economic Interest must be filed with the McLean County Clerk's Office by May 1, 2018.

The City's fiscal year ends on April 30th. The DOI (Department of Insurance) report would commence in May. It is part of the annual audit. The engagement letter for the audit had been sent to Baker Tilly. He believed that Baker Tilly would need information from Wall Capital Group. Insight also had information that was needed as part of the audit. Lauterbach & Amen would start the actuarial report in June.

Mr. Oyer questioned if there were specific dates for the audit, DOI report and actuarial report. Mr. Reeb responded negatively.

Mr. Reeb addressed Ms. Hurd removal from the Pension Board. She received a letter from Mayor Renner. He had reached out to Mayor Renner via email regarding a replacement/successor and a timeline for same.

APPLICATION TO FUND

Mr. Reeb informed the Board that there were four (4) new hires. Their start date was April 2, 2018. He had all of the information.

Motion by Carl Reeb, seconded by Curt Oyer to accept the following individuals into the fund all with the hire date of April 2, 2018: Luke Pool, Joseph Wilkerson, Brandon Vaugh and Brady Fulkerson.

Ayes: Ron Fowler, Carl Reeb and Curt Oyer.

Nays: none.

Motion carried.

Jeff Emmet returned to the meeting. Time: 5:35 p.m.

OLD BUSINESS

Mr. Reeb informed the Board that the retiree election was ongoing. Seventy (70) ballots had been mailed. At this date, forty-one (41) had been returned. Each ballot included a stamped addressed return envelope. Ballots must be postmarked by April 20, 2018. The ballots would be counted next week.

The required 1099 were postmarked by January 31st in compliance with the law.

NEW BUSINESS

Mr. Reeb informed the Board that reciprocity needed to approve for two (2) former Firefighters who terminated their employment with the City and are employed with another Fire Department. At their retirement, their age and length of service would be used to compute their pension with a percentage of same coming from the City. Christopher Overland is employed with the Berwyn Fire Department. Mr. Overland has made payment. Insight had been sent the required correspondence. The calculations for Joshua Plese have not been completed. Mr. Plese is employed with the Champaign Fire Department.

Motion by Carl Reeb, seconded by Jeff Emmet to approve reciprocity based upon Insight's calculations for the following individuals: Christopher Overland and Joshua Plese.

Ayes: Jeff Emmet, Carl Reeb and Curt Oyer.

Nays: none.

Motion carried.

Motion by Carl Reeb, seconded by Jeff Emmet to adjourn. Time: 5:40 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:

Ron Fowler, President

Carl Reeb, Secretary