MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
January 15, 2021

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

Others present: Dave Wall, Wall Capital Group's President and Tracey Covert, Recording Secretary.

Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager.

The Fire Pension Board met at Fire Station 6 located at 4040 E. Oakland Ave. Ron Fowler, President, called the meeting to order at 2:00 p.m.

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

MINUTES

Tracey Covert informed the Board that Dave Wall, Wall Capital Group's President, had provided his Office Manager's last name, Bobbitt. The "LAST NAME" found on pages 3 & 6 would be replaced with Bobbitt.

Motion by Carl Reeb, seconded by Scott Rathbun to approve the regular session minutes of October 16, 2020 as amended.

Motion carried, (viva voce).

TREASURER'S REPORT

Mr. Reeb had prepared the Treasurer's Report.

The monthly pension costs were as follows:

January 2021	$565,111.52
February 2021	$564,080.20
March 2021	$570,615.78

Mr. Reeb presented the following expenditures: Baker Tilley $2,390.00 (last year's audit); Insight, two (2) checks: $2,628.40 & $3,401.06; City of Bloomington $4,266.67 (Pension Board's portion of actuarial services); Tracey Covert, Recording Secretary, $125 (January Board Meeting services); and Curt Oyer, Board member, $385 (reimbursement continuing education). Total expenditures was $13,196.13. He informed that Board that Scott Rathbun, Board member, emailed him regarding an outstanding bill from Trisha Gibson in the amount of $62.50. He had not received an invoice as of this date.

The PNC balance as of April 12, 2021 was $1,825,666.13. As of April 16th, the account balance was $8,591,014.05. On April 16th, an additional $6.7 million would be available. Mr. Reeb thanked Barb Bobbitt, Wall Capital, for her assistance. The $6.7 million check had been sent via United States Postal Service.

Scott Rathbun presented his Cash Forecast report. His report showed a bank balance of $1.7 million. The City of Bloomington had received $3.2 million in CURES grant funds. The American Rescue Plan would give the City an additional $7 million. He addressed the Board's monthly cash need for pensions: pension cost $560,000, employee pension contributions $72,000, net was ($488,000). The first property tax deposit would occur in early June. He estimated as of May 2021, the Board had $7.5 million available to invest.

Curt Oyer questioned the timing of the employee pension contributions. Mr. Rathbun informed the Board they were received at month's end. The City will receive the first installment of property taxes from McLean County in early June.

Motion by Scott Rathbun, 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

Dave Wall, Wall Capital Group's President, addressed the Board. He directed the Board to page 2. Total assets were over $88 million. Current equity holdings were around seventy-two percent, (72%). He expressed his opinion that $6.2 million in equities holdings should be transferred to bonds. The Board's holdings were over weighted in equities. There were options. Ten percent (10%) or $5 million could be withdrawn without penalty from the variable annuities. The goal was by the end of the fiscal year, (i.e. April 30th), to lower the percentage of equity holdings. He requested the Board grant Wall Capital the flexibility to surrender portions, divest from more expensive instruments.

He directed the Board to page 3. Performance Summary. He cited the Benchmark 2, Previous 12 months was 37.23%. He also cited the Investment gains Year to Date was $3,351,024. The Account Return (Gross TWR) was 37.04%. He also cited the Investment Gain, Previous 5 Years/Custom was $22,707,107. The Ending Market Value was $87,995,189.

The Fixed Annuity holdings were located on page 9. He noted that the Athene #51124 had been sold. Surrender Value: $6,651,762.58

Mr. Oyer noted the Treasurer's Report which listed $6,775,347.92. This figure was $118,000 more than the Financial Report. He directed the Board to page 16. Performance Summary, Fixed Income. This was the bond portfolio. The Board has invested $2 million in bonds. The Board had not lost any dollars but there also had been no gains. The total investment was $9,091,838. The Board could end up with $13 - $15 million invested in bonds.

The Board was directed to the Performance Summary Passive Large-cap Equity found on page 19. Mr. Wall noted the strong market. He addressed Account Returns: (Gross TWR) previous 12 months 56.33%. S & P 500 Composite (Benchmark) previous 12 months 56.35%. This is a Vanguard fund. The Investment Gain Year to Date was $722,133.

The Board was directed to the Performance Summary Active Large-cap was found on page 22. He addressed the Account Returns: (Gross TWR) previous 12 months 60.35%. S & P 500 Composite (Benchmark) previous 12 months 56.35%. This consists of the Doubleline and Momentum accounts. Doubleline out performed Momentum. Starting to switch – these accounts correlate to each other. The Investment Gain Year to Date was $36,550.

The Performance Summaries for variable annuities began on page 25. He encouraged the Board to look at the long term returns. He believed the return lag was attributed to these accounts' expense ratios. He directed the Board to page 40, Performance Summary for a Voya International Annuity. He described this holding as value added. Over time it had outperformed the benchmarks.

The Performance Summary for fixed annuities were on page 43. The overall report was good. The Board had made progress unwinding from the annuity holdings. It was the Board's intention to divest from annuities.

Mr. Wall informed the Board that the state board's consolidation efforts would leave annuities with local boards. It would take all other assets. He again requested the Board grant Wall Capital latitude to withdraw ten percent (10%) from the annuity holdings. He added that there was over $7 million on deposit at PNC.

Mr. Oyer questioned other options, (i.e. take no action) and the impact of each option. He added that removing the ten percent (10%) would lower the Death Benefit.

Mr. Reeb noted the Board's holdings were only over due to the investment returns.

Mr. Wall informed the Board that the Police Pension Board made a decision to sell. The Board could let things ride. He was unsure if the Department of Insurance would take action. It was the Board's decision: leave or allow. He restated the Board could move $7 million to bonds. He added that the Board did not need to look for a Manager due to the state board.

Mr. Rathbun questioned moving $7 million from Fixed Income and transferring same to the Wall Schwab account. Mr. Wall cited a ten (10) year Treasury as an option.

Mr. Reeb informed the Board that he had spoken with Steve Zahn, state board member. The state board plans to start the money transfers in an August – October 2021 timeframe. The state board would select a company/custodian first. Assets would be transferred by pension fund.

Mr. Wall cited another option was to transfer assets by plan size. He had heard that the target date to move assets would be October 1st. A lawsuit had been filed by eighteen (18) pension boards. The first hearing would be in June 2021. A restraining order may be issued to stop the transfer of assets.

Mr. Oyer questioned tax levy deposits and monthly pension payments. Mr. Reeb provided the board with two (2) handouts from the Firefighters' Pension Investment Fund (FPIF): 1.) Cash Management Policy Adopted April 16, 2021 and 2.) Rule 02.Transfer of Assets. He had not read either document.

Mr. Oyer questioned if the Board would be retaining three (3) months of pension payments and requesting monthly transfers from the State Board afterwards. Mr. Reeb noted that the Board's current business relationship with Insight would continue.

Mr. Oyer questioned the transfer of property tax dollars. Mr. Rathbun noted he was unsure if these dollars would be transferred from the County to the City and then to the state fund or if they would be transferred from the County to the state fund.

Mr. Oyer questioned surplus funds. Mr. Reeb cited the recommendation for the Board to keep three (3) months of expenses on hand. Mr. Rathbun expressed his concern regarding the state board's responsiveness. Mr. Reeb noted that the Board needed to look at cash flow. There would be no property tax revenue for six (6) months in any given year. Mr. Oyer added there was nothing in writing regarding annuities. The Board would need additional guidance. The key question was how the state board would work with annuity holdings.

Mr. Wall noted that the Board had $50 million in variable annuities which represented half of the fund's total assets. Another key question was risk management which could have an impact on the property tax levy. He believed the state board would allow equity holdings up to seventy percent (70%). He also cited the impact upon the death benefit if the state board directed a ten percent (10%) withdrawal.

Mr. Oyer believed there needed to be a further analysis of all of the Board's variable annuities. Risk needed to be managed. Mr. Wall recommended that this issue be addressed at the Board's July 16th meeting. There are annuities that are tied to the market.

Mr. Oyer noted differences between surrender and death benefit values. EXAMPLES: Delaware #2640 – surrender $5,636,929.46 versus death $7,811,929.46 and Jackson #8028 surrender $7,682,632.53 versus death $8,995,517.95. The Board need to look at holdings with lower spreads for risk management purposes.

Mr. Wall presented another option: the contracts subaccounts could be moved from equities to bonds. Mr. Oyer supported bond funds as an option. Mr. Reeb supported actions to address risk management.

Mr. Wall stated the Board needed to retain the death benefit value. The change from equities to bonds would slow growth.

Mr. Oyer questioned if the state consultant had been selected. Mr. Reeb believed the FPIF consultant was Marquette. Mr. Wall believed that state board may know who the managers will be. On the state fund's police side, it was down to two (2) firms. Versus Group seemed to have the police's support. A super majority vote was needed. This issue was not resolved.

Mr. Wall returned to the $7 million question. The Board could purchase treasuries. The Board has sufficient cash on hand through the month of June. Mr. Reeb expressed his opinion that the growth in equities was due to growth.

Motion by Curt Oyer, seconded by Jeff Emmert to transfer $7 million from PNC Bank to the Schwab fixed income account.

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

Nays: none.

Motion carried.

Mr. Wall would reach out to Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager. Annuities would be discussed at the Board's July XX, 2021 meeting.

Motion by Scott Rathbun, seconded by Carl Reeb to accept the Financial Investment 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 had completed the required training.

As the Board Secretary, he needed to complete the online training for OMA (Open Meetings Act) and FOIA (Freedom of Information Act). He added that Statements of Economic Interest (SEI) were due by May 1st. All Board members needed to complete this form. The Board's fiscal year end was April 30th. The Department of Insurance (DOI) report work would begin in May.

Mr. Reeb addressed the approval of a one (1) year contract with Baker Tilley for the FY 2021 Audit. The Board would extend the existing contract for an additional year at a cost of $15,850. He added that the state board raised the questioned if the Board would have a full CAFR (Comprehensive Annual Financial Report) for FY 2022.

Mr. Rathbun questioned if the financial report would be similar to the Police Pension Fund. Mr. Reeb stated that the Board had just completed a three (3) year agreement with Baker Tilley. Mr. Rathbun believed there would be a full audit on both sides of the consolidation: 1.) at FY end and 2.) at asset transfer.

Mr. Reeb informed the Board that a review/renewal of the fiduciary insurance was ongoing.

Mr. Oyer noted the four (4) hour required special consolidation training. Each Board member must complete same.

OLD BUSINESS

Mr. Reeb addressed the election for the retiree position. Ballots must be postmarked by April 20, 2021. The ballots will be counted on April 27, 2021 by Jeff Emmert and himself. There were seventy-seven (77) living retirees. Mr. Fowler was on the ballot. The retiree position would be seated at the July XX, 2021 meeting.

The 1099R and 1099MISC had been postmarked by January 31, 2021.

NEW BUSINESS

Mr. Reeb informed the Board that Steve Zahn, was an employee with the Firefighters' Pension Investment Fund. The Board needed to pass a Resolution to appoint authorized agents. The default positions were the President and Secretary. These individuals would be authorized to work with the new state board.

Mr. Wall believed that Scott Rathbun was listed on the Board's Schwab accounts.

Motion by Carl Reeb, seconded by Scott Rathbun to appoint Ron Fowler, Carl Reeb and Scott Rathbun as authorized agents with the FPIF.

Motion carried, (viva voce).

Mr. Reeb requested a motion regarding the extension to the Baker Tilley contract.

Motion by Scott Rathbun, seconded by Jeff Emmert to approve a one (1) year contract extension, in the amount of $15,850, with Baker Tilley for the FY 2021 audit.

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: 3:00 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