MINUTES OF THE SPECIAL MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
February 21, 2022

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

Others present: Dave Wall, Wall Capital Group, and Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, via Zoom, 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 10:00 a.m.

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

DISCUSSION OF VARIABLE ANNUITY HOLDINGS

Dave Wall, Wall Capital Group, addressed the Board. He reviewed the spreadsheet that had been prepared for this meeting. The annuity values cited are as of January 31, 2022. The annuities are held by the Board. The FPIF, (Firefighters' Pension Investment Fund), a/k/a the Consolidated Fund, value cited is as of December 31, 2021. He noted Delaware #2640, subaccount Fidelity VIP Oversees CI 2 with an estimated value of $5.94 million would be seen as an overseas holding. The Board was waiting for the death benefit check for this annuity.

He directed the Board to the $ Difference row. This row addressed the target allocation. He noted the following: Large-cap ($2.6 million); Small-cap ($2.6 million); and Developed Foreign was $3.6 million over. This information was based upon the Board's existing Investment Policy. He also addressed Fixed Income which was $14.4 million over. The Board's current holdings were seventy-eight percent (78%) equity.

Mr. Wall readdressed Delaware #2640. The Board does not need retain the entire $8.6 million in cash. Mr. Wall recommended the Board sell $2.6 million in large-cap. He had looked at Jackson National #7366 and #8355. The subaccounts could be moved to bonds. He also recommended the Board transfer $2.6 million in small-cap. He had looked at Venerable 650X, subaccount VOYA Russell. Subaccounts could be moved to bonds.

Mr. Wall also recommended that the Board edit its Investment Policy, (IP). He cited the following recommended changes: 1.) reduce large-cap to forty to forty-five percent, (40 to 45%); 2.) establish a mid-cap at ten percent (10%); and 3.) increase cash to three percent (3%). He noted the FPIF's mid cap goal is ten percent (10%). The IP could be revisited at the Board's April 22, 2022 meeting and the values updated at that time. The subaccount holdings of the large and small-cap annuities should be transferred to bonds. He restated his recommendation to change/reduce the fixed income target to thirty-one percent (31%). *(Current IP ranged for Fixed Income is from thirty to sixty-six percent, 30 – 66%.)*

Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, addressed the Board. She noted the Board would change/move almost five percent (5%) of its total fund values.

Mr. Wall noted that the FPIF was currently at three to six percent (3 – 6%). The Board was playing catch up. Ms. Campbell cited the FPIF values as of December 31, 2021. *(See the New Money Consolidated row on the spreadsheet.)* Mr. Wall added the FPIF held $32.1 million of the Board's assets. The Board's total holdings have a current value of $97.6 million.

Mr. Wall restated no action would be needed in mid cap. The IP would need to be updated to include this category. The Board is the fiduciary for the annuity holdings but has no fiduciary responsibility for the FPIF (i.e. consolidated fund) holdings. He restated his recommendation the IP be amended to add mid cap at five to ten percent (5- 10%). The Board should keep close to the small-cap. It was over in international. The $5.9 million value for the Delaware #2640 holding was international. The death benefit payout would eliminate this.

Mr. Wall recommended the Board authorize Ms. Campbell to transfer the balances in Jackson #8355 and Jackson #7366, $1,663,664.86 and $940,944.60 respectfully, to fixed income subaccounts. He also recommended Venerable/VOYA 650X balance, $2,649,319.09, be transferred to fixed income subaccounts. In addition, Polaris #8240 (formerly AIG) balance, $1,378,871.77, be transferred to a mid-cap index fund. At the Board's April 22, 2022 meeting, Domestic Equity would be divided into large, mid and small-cap.

He informed the Board it took forty-five (45) days to receive data from the FPIF. He restated his recommendation the Board edit/update its IP to include mid cap as a category. The mid cap policy target would match the FPIF, (ten percent/10%). This would allow the Board's current holdings to match an updated IP. He cautioned the Board had no control over FPIF.

Ms. Campbell added when the Board approves changes to its IP, the Board would redefine the holdings percentages. She cited a five percent (5%) mid cap as an example. The Polaris #8240 subaccount transfer to mid-cap would result in a five percent (5%) mid cap holding. The two Jackson holdings, #7366 and #8355 subaccounts would be transferred to bonds/fixed income. Venerable/VOYA 650X subaccounts would be transferred to bonds. Delaware #2640 was a foreign holding. $5.9 million was the annuity value with the remaining amount being the death benefit.

Mr. Wall believed the Board needed to make a decision if any of the Delaware #2640 payout should be retain and placed in its PNC account. Mr. Oyer recommended the Board transfer $8 million to the FPIF and retain $600,000.

Mr. Reeb informed the Board the Athene payout had been deposited into the PNC account. This fixed annuity holding had a value of $643,248.95.

Mr. Wall expressed his belief the PNC balance could be higher. Mr. Reeb added the value of the Athene payout was reflected in the current PNC account value. Mr. Wall addressed his spreadsheet and noted the PNC account value should probably be $3.1 million. This fact would reduce the Board's fixed annuities total value.

Scott Rathbun believed the PNC account balance would be $1 million when property tax receipts begin.

Mr. Wall noted the current market conditions and the Board revisit this issue at the April 22, 2022 meeting. He added his belief the spreadsheet numbers were good. The unknown was the FPIF and what action it would take with the $8 million.

Mr. Oyer questioned the IP target lines. Mr. Wall stated they were based on his estimate of what the FPIF would do. This influenced the recommended changes to the IP. He restated the following changes to Section D. Portfolio Asset Allocation Guidelines and Re-Balancing Procedures: Cash 3%, Fixed Income 32%, Large-Cap Equity 45%, Mid-Cap Equity 5%, Small-Cap Equity a/k/a Foreign/Emerging Markets 10%, and Real Estate 5%. The FPIF was currently at 10% for Mid-Cap Equity.

Ms. Campbell informed the Board she did not have a copy of its IP. Mr. Rathbun questioned if the Board's IP had to match the FPIF's IP.

Mr. Wall restated the current IP does not list mid-cap. He added a future caution: the FPIF may be adding another asset class, infrastructure. This was not an issue for today.

Ms. Campbell questioned if there had been any issues withdrawing funds from the FPIF. Mr. Wall recommended the Board retain enough cash to meet its pension payments. The key was liquidity.

Mr. Oyer noted that the emerging markets/developed foreign were well above the Board's current IP. It appeared the FPIF was at six and three percent (6 & 3%) respectively. Mr. Wall offered the IP could list ranges. Ms. Campbell believed the FPIF was close to thirty percent (30%) foreign. Mr. Oyer noted the current IP listed from three to ten percent (3 – 10%) for International Equity. He did not believe any change was necessary to the IP for this Plan asset. Mr. Wall noted the current percent for Developed Foreign was 7.74%. He suggested the range could be changed from ten to twenty percent (10 – 20%).

Ms. Campbell restated Delaware #2640 was an overseas holding. She questioned if any of the Board's small-cap holdings had been counted as foreign.

Mr. Wall noted the decision to increase its targets was a Board decision. Any changes would be funded from large-cap holdings. He recommended the Developed Foreign could be changed to 18.8%. Funds could be taken from large-cap holdings subaccounts. Ms. Campbell noted the percentage holding would be twenty-eight to thirty percent, (28 – 30%).

Mr. Oyer restated his belief that International Equity/Developed Foreign be left as is until the Board's April 22, 2022 meeting. The Board could review Mr. Wall and Ms. Campbell's recommendations at that time.

Motion by Curt Oyer, seconded by Scott Rathbun to update the Board's IP, Section D. Portfolio Asset Allocation Guidelines and Re-balancing Procedures as follows: Cash 3%, Fixed Income 32%, Large-Cap Equity 45%, Mid-Cap Equity 5%, Small-Cap Equity 5%, Foreign/Emerging Markets 5%, and Real Estate 5%.

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

Nays: none.

Motion carried.

Mr. Wall stated the Board would revisit Developed Foreign/Emerging Markets at the April 22, 2022 meeting. He added the FPIF's current foreign holdings are in the twenty-eight to thirty percent (28 – 30%) range. A number of local pension boards were not comfortable with this percentage. There were local pension boards that did not want equity holdings above fifty-five percent (55%). The local pension funds with the lowest funding levels were the most opposed.

Ms. Campbell reviewed the updated IP's target allocations. Mr. Wall added the current IP listed ranges, (i.e. Min, Target, Max). He recommended the Board authorized Ms. Campbell to transfer subaccount funds to rebalance the Board's holdings.

Ms. Campbell cited telephone conversations from last summer. On some annuities there were one to three (1 – 3) year lock in terms. This was due to the annuity's category. Funds would be moved to a fixed subaccount. She questioned the Board's interest in flexibility. She did not believe the Board wanted to lock up subaccounts. She had heard and received different rules and answers.

Mr. Wall recommended the motion include the following language: subject to one hundred percent (100%) liquidity.

Motion by Curt Oyer, seconded by Scott Rathbun to authorize Ms. Campbell to transfer the funds in the following annuities subaccounts to fixed income with the provision the funds shall not be locked in beyond one year: Jackson #7366; Jackson #8355; and Venerable/VOYA #650X.

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

Nays: none.

Motion carried.

Motion by Curt Oyer, seconded by Carl Reeb to authorize Ms. Campbell to transfer the funds in the following annuity subaccounts to mid-cap index: Polaris/AIG #8240.

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

Nays: none.

Motion carried.

Mr. Wall informed the Board the updated IP would be sent out prior to the April 22, 2022 meeting. The IP would be signed by Board at that meeting.

Ms. Campbell requested Mr. Reeb send a copy of the letter verifying the request for Delaware to overnight the payout check for #2640. Mr. Reeb responded affirmatively. He added his intention to address this request this date.

Mr. Wall stated his plan to bring a spreadsheet to the April 22, 2022 meeting. It would be up to date regarding the sale of annuity with a value of $643,248.95. He restated that $8 million of the Delaware #2640 payout would be sent to the FPIF.

Motion by Carl Reeb, seconded by Curt Oyer to adjourn. Time: 10:55 a.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:

Ronald E. Fowler

Ron Fowler, President

C R Reeb

Carl Reeb, Secretary