MINUTES OF THE REGULAR MEETING OF THE
BLOOMINGTON FIRE PENSION BOARD
January 21, 2022

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

Absent: Ron Fowler and Jeff Emmert, Fire Pension Board members.

Others present: Dave Wall, Wall Capital Group, via telephone, 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. Carl Reeb, Secretary, called the meeting to order at 2:02 p.m.

Mr. Reeb 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 15, 2021 as presented.

Motion carried, (viva voce).

TREASURER'S REPORT

Mr. Reeb had prepared the Treasurer's Report.

The monthly pension costs were as follows:

October 2021	$596,022.38
November 2021	$590,740.26
December 2021	$591,430.62

Mr. Reeb presented the following expenditures: Tracey Covert $93.50 (April meeting minutes); Baker Tilly $15,850 (annual audit) and Insight $3,134 (quarterly services). Total expenditures were $19,077.50. Mr. Reeb informed the Board Ms. Covert had presented him with an invoice in the amount of $150 for the October 15, 2021 meeting.

On January 10, 2022, he had been contacted by Jack Langhoff, retiree. He had changed banks and completed the necessary paperwork. A pension check had been mailed to him for the month of December 2021. As of the above listed date, the pension check had not been received. Mr. Reeb worked with Insight to stop payment on the check and a wire transfer was completed to Mr. Langhoff's new bank in the amount of $4,819.14. It was agreed if the check was received by Mr. Langhhoff, he would destroy it.

Scott Rathbun addressed the Board. The City of Bloomington used a program called positive pay. An item can be removed from positive pay, such as a lost check. The payment is stopped and the City has avoided stop payment fees.

The PNC balance as of this date was $3,080,317.90. Scott Rathbun presented his Cash Forecast report which was dated December 31, 2021. He noted the payroll pension contribution was approximately $36,000 which was deposited twice a month. The lower left corner addressed the FY 2022 City Contributions. The last entry was a utility tax deposit. Contributions were up slightly based upon the mortality table. He had received the FY 2023 actuarial numbers from Lauterbach & Amen, (outside actuary firm). The City's contribution would be down slightly from $6,187,221 to $6,089,466.

The lower left and lower right corners presented two (2) years of City deposit history. Property tax deposits commence in June.

The cash from the Delaware annuity #2640, (death of Martin Hoeniges), would be deposited in the PNC account, then funds would be transferred to the Firefighters' Pension Investment Fund (FPIF). The death benefit value was $8,699,177.82.

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

Ayes: 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 expressed appreciation to the Board for accommodating his participation via telephone. He noted the report was dated December 31, 2021. He directed the Board to the Account Asset Allocation, (see page 1). Total assets were $99.7 million. This figure represents local Board funds and the transfers to the FPIF. He made a disclaimer the valuation date was December 31, 2021 and November 30, 2021 for the consolidated fund. These numbers were not completely accurate. He worked with the FPIF reports to try to determine the asset allocation based upon the numbers provided. It appeared the Board currently held thirty-nine percent (39%) of the FPIF. There was no performance data for the consolidated fund. He was unable to track flows for the various investments. There appeared to be a large increase in international holdings. The top of page 1 presented all assets. It appeared there was twenty percent (20%) fixed income/cash holdings and eighty percent (80%) equity holdings. The state limit for local funds was sixty-five percent (65%) equities. He recommended part of the variable annuities be changed to bonds. His figures did not include the Death Benefit value. The value used was the Market value. The Board would be receiving over $8 million as the Death Benefit for Delaware #2640.

Mr. Reeb restated those funds would be wired to the FPIF upon receipt. Mr. Wall described this as an inter-month flow.

Mr. Wall directed the Board to page 6, Account Asset Allocations. This represents the Variable Annuity breakdown. Total value was \$57.7 million. US Large Cap was at a little over seventy-eight percent (78%). US Small Cap was around eleven percent (11%). International was almost at ten percent (10%). He directed the Board to page 7, Account Asset Allocations FPIF. The total value was \$31.3 million. The Broad Assets Class was provided, (Cash & Equivalents, Fixed Income, International Equity, Total Market Equity, Emerging Markets Equity, Real Estate Equity and International Fixed Income).

He directed the Board to the Performance Summary, Anico Annuity, see page 1. The Performance Summary for Athene #9995 & #9998, Integrity #0025 and Nationwide #0053 were found on pages 2 through 5. These holdings were not counted as General Account products. They were counted as stock.

He directed the Board to Holdings, Bank Operating Account, (see page 8). This page reflected the PNC account. The account balance should be the one presented by Mr. Reeb this date.

He directed the Board to Holdings, GA, (see pages 11 & 12). This is a breakdown of Fixed Annuity contracts. Holdings, VA, (see pages 13 & 14). This is a breakdown of Variable Annuity contracts. Holdings, FPIF (see page 15). This is a breakdown of FPIF. For Performance Evaluation, he had selected the RhumbLine Russell Mid-Cap Index for the consolidated fund. This peer group information was for review purposes. He had been unable to find exact account name information for each fund listing in the FPIF report.

He noted the current down turn in the markets. Numbers were down at least six percent (6%). By the close of the market today, the decline year to date could be 7½%. He had used the S & P 500.

Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, addressed the Board. She restated the Board would receive \$8,699,177.82 from the Delaware #2640. The FPIF was allowed seventy percent (70%) equities and thirty percent (30%) bonds by statute. She offered to assist the Board with fixed income holdings. The Board could hold fixed income subaccounts within a variable annuity. She cautioned some fixed income options have a required timeframe. She presented the Board with two (2) spreadsheets: Fixed/Index and Variable Annuities.

Mr. Wall recommended the Board pull \$15 million from the variable annuities. Another option was to retain \$2 million from the \$8.6 million. The Board would then need to consider \$13 million.

Ms. Campbell restated the FPIF had its own statutes. The Board's holdings, by statute, were limited to sixty-five percent (65%) equities. Mr. Wall referred the Board to the first page of his report. Variable annuities were at \$57.7 million or almost fifty-eight percent (58%).

Ms. Campbell offered to review the Raymond James holdings. She restated $6 million from the Delaware #2640, (variable annuity), would be transferred to the FPIF. This would reduce the Variable Annuity total to $51 million.

Mr. Oyer addressed the total Broad Asset Class, (see page 1). International Equity was listed at $11.3 million. He also addressed the Account Asset Allocation, (see page 6) which listed International Equity at $5.7 million. He directed the Board to the September 30, 2021 report, Account Asset Allocations, Delaware Broad Asset Class, (see page 27). It listed US Large Cap Equity at thirty-two percent (32%) and US Small Cap Equity at almost sixty-eight percent (68%).

Mr. Wall referred the Board to the December 31, 2021 report, (Performance Summary, Delaware Life Annuity, page 2). He restated his opinion the Board needed to move dollars from the variable annuities to fixed income. There were three (3) factors to consider: 1.) what is available, 2.) no impact upon the Surrender Value and 3.) age of the annuitant.

Ms. Campbell questioned the impact upon the Death Benefit Value. Transferring dollars out may impact same. She believed allocations needed to be reviewed for each annuity holding. Mr. Wall added the Board need to know the correct FPIF value.

Mr. Rathbun questioned if the Board needed to pass a motion which set parameters and authorized Ms. Campbell and Mr. Wall to act.

Ms. Campbell believed the first step was to supply the Board with updated information for the remaining holdings. Mr. Wall suggested the $8.6 million be transferred to the FPIF. Mr. Reeb stated this had been his intention.

Mr. Wall directed the Board to Holdings, (see page 9). This page was for Schwab #7134 and showed a balance of $118,706. This was accumulated from the bond account. He believed this page reflected the three (3) Schwab accounts. Schwab #1364, (see page 10), showed an account balance of $10,000.

Motion by Curt Oyer, seconded by Scott Rathbun to keep the Board's Schawb accounts open and to transfer the remaining balances from these accounts to PNC Bank.

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Wall believed Schawb would issue and send a single check to Mr. Reeb. Mr. Reeb affirmed upon receipt, the funds would be deposited in the PNC account.

Mr. Oyer readdressed the Board's holdings. He restated there was $57.7 million in variable annuities. The Board's holdings would equal eighty-four percent (84%) in equities.

Mr. Reeb questioned where the Board wanted to be. He acknowledge the sixty-five percent (65%) statutory limit. Mr. Wall affirmed same and added the FPIF's limit was seventy percent (70%).

Mr. Oyer believed it would be prudent to move back to the sixty-five percent (65%) limit. He noted the Board currently held: $7.5 million in fixed annuities, $3.6 million in cash and $57 million in variable annuities for a total of $68 million. $8 million could be removed from variable annuities, which reduced variable annuities to $51 million. Fixed annuities and cash totaled $11.1 million. Total holdings would be $61 million. Sixty-five percent (65%) equities would total $41 million. The Board should consider transferring $10 million from variable holdings to fixed holdings within the subaccounts. Ms. Campbell offered to review the Board's holdings and make recommendations.

Mr. Oyer added the Board's asset allocation needed to be addressed. He referred to the Board's Investment Policy which provided targeted percentages: large – minimum 25%, target 50%, maximum 55%; small - minimum 3%, target 5%, maximum 10%; and international – minimum 3%, target 5%, maximum 10%. He noted the Board held two (2) Jackson National annuities. Each have Surrender Values of $9.2 million. He believed there would be a lot of analysis involved.

Mr. Reeb added the benchmark was the S & P 500. He supported looking at these two (2) holdings, (#8010 and 8028). Ms. Campbell recommended the Board look at $10 million. She agreed the Jackson National holdings might be a good place to start.

Mr. Oyer readdressed the September 30, 2021 report. He noted the Account Asset Allocation for the Voya International Annuity. The Broad Asset Class showed International Equity at a little over sixty-three percent (63%). In the December 31, 2021 report, the Performance Summary for Delaware Life Annuity, (see page 2), also list international holdings. He was not aware of this. Mr. Wall responded the Delaware annuities appeared to be a domestic/foreign blend: thirty percent (30%) domestic and seventy percent (70%) international. Mr. Oyer was not certain the Performance Summaries for Delaware Life Annuity matched each other. He questioned the Board's total of international holdings.

Ms. Campbell address the Voya holdings 65 - 0X, 64 - 0X & 53 – 0X. The first two (2) holdings subaccount investments showed small cap core. The third holding subaccount investments showed large cap index. She believed the subaccounts were Russell. She added Russell small cap was primarily international investments. The Performance Summary for Voya International, (see page 6), benchmark showed thirty-three percent (33%) S & P 500 and sixty-seven percent (67%) MSCI EAFE.

Mr. Oyer noted if the Delaware holdings were international, then the subaccounts would need to be shifted for the Board to be in alignment with its Investment Policy.

Ms. Campbell stated this would be looked into. She planned to work with Mr. Wall in the coming week to address these issues. Mr. Wall suggested a subaccount spreadsheet be built.

This would allow the information to be sorted by subaccount. The goal: look for liquidity and the ability to move funds to fixed income subaccounts, (i.e. bond funds). This may need to be allocated by contract. Mr. Oyer requested the work commence with the Jackson National holdings. The goal should be to impact as few holdings as possible. He believed $10 million needed to be moved from equities to fixed income. The Board's Investment Policy should be used to reallocate assets. Mr. Wall suggested the Board consider emerging markets. Ms. Campbell needed a breakdown for all small cap funds. Mr. Wall added the overall asset allocation could be eleven to fourteen percent (11 – 14%) international.

Mr. Oyer added consideration be given to the cost basis on some annuities. Mr. Wall would need data from Ms. Campbell or he would use the fair market value.

Mr. Oyer addressed the Delaware Life #2640. It was purchased in January 2003. The investment was made at a low point, $1.4 million. The death benefit value was $8.6 million or a twenty-eight percent (28%) return. He also addressed Jackson National #8010 & #8028. Their Contract Value was more than double the purchase price. (Purchase price $2.6 million, contract value $9.2 million and purchase price $3.4 million, contract value $9.2 million respectively.)

Mr. Reeb recommended another meeting be scheduled to decide a course of action. Consensus reached on a tentative date of February 18, 2021 at 2:00 p.m.

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.

Mr. Reeb informed the Board of his intention to provide the FPIF's December report upon receipt of same. Mr. Wall expressed his interest in the FPIF's investment percentages.

Mr. Oyer directed the Board to the Athene holding #2625. This is a fixed annuity with a January 7, 2022 Out of Surrender date. The Contract Value and Death Benefit Value were the same: $643,248.95. Ms. Campbell offered to check on this annuity. She planned to call Wall Capital on Monday, January 24, 2022 to close out this annuity. She believed there was a thirty (30) day window.

Motion by Scott Rathbun, seconded by Carl Reeb to authorize Wall Capital to surrender Athene #2625 contingent upon no surrender charges and the check be sent to Carl Reeb.

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Reeb addressed Wall Capital's consulting services agreement. Mr. Wall noted his firm continued to work for the Board. The Board needed to consider the following questions: 1.) services desired, 2.) level of service, 3.) meeting attendance, etc. He acknowledged a number of the Board's assets had been transferred to the FPIF. Mr. Oyer expressed his interest in receiving similar quarterly financial reports. He was also interested in local fund recommendations.

Mr. Wall noted the Board's assets were in two (2) locations. He addressed the lawsuit. It was unknown if the plaintiffs would prevail. There had been a delay on a decision. The judge had a family emergency. The judge had expressed an interest in holding a hearing before issuing a ruling. There was hope for a February decision. Mr. Rathbun informed the Board the City's Police Pension Board made a decision to take no action until there is a court ruling. Mr. Wall added a court ruling could impact the state boards' authority.

Mr. Reeb recommended the Board retain Wall Capital with the current services. The Board still held two thirds of its assets. Mr. Rathbun questioned if a new arrangement would be needed going forward. Mr. Oyer questioned the fee structure. Mr. Wall recommended the existing contract remain in place. The Board's relationship with Wall Capital could be re-evaluated quarterly. Mr. Oyer stated the Board would continue with the current fee structure and include both funds. Mr. Wall responded affirmatively. Wall Capital would continue quarterly monitoring. He hoped to attend the Board's April meeting in person. This was dependent upon COVID. He planned to bill this quarter to the Schwab account. Going forward, the Board would receive an invoice.

Mr. Wall left the meeting at 3:37 p.m.

COMMUNICATIONS

Mr. Reeb raised the issue of training. Mr. Oyer expressed his interest in attending the IPPFA Conference in Peoria in May 2022. Mr. Rathbun informed the Board he had been fulfilling the training requirement via webinars. He believed there was a FPIF webinar that addressed consolidation. He added the IPPFA Conference could be attended virtually. Tim Gleason, City Manager, has encouraged him to attend the GFOA (Government Finance Officers Association) Conference in Austin, TX. He would continue to split any training cost with the Police Pension Board as he served on both boards.

WITHDRAWAL FROM THE FUND

Mr. Reeb informed the Board Phillip Smith had filed the required paperwork. Insight has the necessary documents. A check was issued in the amount of $396.21 on November 26, 2021.

Motion by Carl Reeb, seconded by Scott Rathbun to approve Phillip Smith's withdrawal from the fund in the amount of $396.21.

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

APPLICATION FOR RETIREMENT

Mr. Reeb presented two (2) retirees: Matt Segobiano and Sam Kelch. Each application is for a regular pension.

Mr. Reeb presented Matt Segobiano's application for regular pension.

Rank:	Engineer
Retirement Date:	November 8, 2021
Hire Date:	November 4, 1991
Age:	61 years
Years of Service:	30 years, 6 days
Salary:	$95,796.03
Monthly Pension:	$5,987.25

Mr. Reeb presented Sam Kelch's application for regular pension.

Rank:	Engineer
Retirement Date:	November 11, 2021
Hire Date:	January 4, 1999
Age:	58 years
Years of Service:	22 years, 10 months, 8 days
Salary:	$94,955.00
Monthly Pension:	$4,516.95

Motion by Carl Reeb, seconded by Scott Rathbun to approve the application for regular pension for Matt Segobiano effective November 8, 2021 and Sam Kelch effective November 11, 2021.

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

OLD BUSINESS

Mr. Reeb informed the Board the review of benefits and COLA increases with Insight had been completed in December 2021.

NEW BUSINESS

Mr. Reeb informed the Board Insight was in the process of completed the 1099R and 1099MISC.

He also addressed the spring election process. It would be for an active firefighter, the position he currently held. He had requested Jeff Emmett take the lead for this election. Nominations must be submitted in March 2022. The election is scheduled for the third Monday in April, April 18, 2022. The individual will be seated at the Board's July 15, 2022 meeting.

Mr. Reeb presented the Board with another FPIF Resolution. This one addressed Account Representatives who would be appointed and authorized to withdraw funds from the Northern Trust Bank. The Board's President and Secretary were automatically authorized. He requested Scott Rathbun, City Finance Director/Treasurer, be added. In addition, he requested Jamie Clawitter, Insight, be granted "read only rights". A withdrawal required two (2) signatures, i.e. dual controls. He noted Ms. Campbell had been granted "read only rights" and hoped the FPIF would approve same this month.

Mr. Reeb read the Resolution addressing nonvoting account representative. Ms. Clawitter, Insight, would be named on the document. She would not be authorized to make an account transfer.

Motion by Carl Reeb, seconded by Scott Rathbun that the Resolution be adopted.

Ayes: Carl Reeb, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Oyer questioned if there had been any inquiries from the FPIF. Mr. Reeb informed the Board the FPIF verified the number of annuity holdings. There was a virtual meeting with Ms. Campbell, FPIF and Marquette representatives, and himself. Ms. Campbell presented a broad overview. She stated the Board had no intention of withholding funds. In addition, the Board did not want to pay any surrender charges or lose the death benefit values. The FPIF and Marquette representatives acknowledged the annuities could not be turned over. The Board was interested in having a relationship with the FPIF. The Board was concerned about proper market exposures. The FPIF and Marquette representatives were appreciative of the information received. At this time, Ms. Campbell was the agent of record for all but two (2) of the Board's annuity holdings. He added the FPIF informed them less than two percent (2%) of pension boards held annuities.

Ms. Campbell added there was a good conversation. FPIF and Marquette representatives stated the spreadsheets were helpful. The Board had been prudent when addressing its fiduciary responsibility. She believed Marquette did a good job managing money. A fund withdrawal will take four to eight (4 – 8) weeks.

Mr. Reeb added the Board could set up automatic withdrawal for a twelve (12) month period. Ms. Campbell stated if all investments were identical, then withdrawals could impact all FPIF members.

Mr. Oyer expressed his opinion the Board needed a cash management policy. He added variable annuities were considered equities. A variable annuity was a separate account. He questioned the goal of meeting the statute's intent.

Mr. Rathbun noted the Board needed $500,000 per month or at least $6.1 million per year. The cash inflow and out flow should be close. Mr. Oyer added the Board would rely upon investment growth.

Ms. Campbell presented the Death Benefit forms from Delaware Life due to the death of Marty Hoeniges. The forms were left for Mr. Reeb to complete. She also requested a certified copy of Mr. Hoeniges's death certificate.

Motion by Carl Reeb, seconded by Curt Oyer to adjourn. Time: 4:25 p.m.

Motion carried, (viva voce).

Respectfully submitted,

Tracey Covert
Recording Secretary

Signed by:

Ron Fowler, President

Carl Reeb, Secretary