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

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

Others present: Larry Rankens, Mischler Financial Group's Senior Vice President, Dave Wall, Wall & Associates, 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 4:16 p.m.

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

MINUTES

Motion by Carl Reeb, seconded by Jeff Emmet to approve the regular session minutes of October 20, 2017 as presented.

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:	$98,382.97
IL Funds:	$260,903.24
PNC:	$9,072,639.66

He noted the PNC balance as of this date was approximately $3 million less.

The monthly pension costs were as follows:

October 2017	$425,917.20
November 2017	$435,742.54
December 2017	$438,776.12

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

Checks written:

Insight (financial) – since October	$6,093.63
Don Craven (Board attorney) - since October	$4,474.50
Lauterbach & Amen (auditor/actuary) – since October	$15,065.00
IPPFA (membership)	$795.00
Tracey Covert (recording secretary)	$206.25
TOTAL:	$26,534.38

Curt Oyer questioned if Mr. Reeb had received the quarterly financial statements from Insight for July and October 2017. Mr. Reeb responded affirmatively. He offered to send Mr. Oyer electronic copies.

Motion by Carl Reeb, seconded by Paulette Hurd to accept the Treasurer's Report as presented.

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

Nays: none.

Motion carried.

FINANCIAL INVESTMENT REPORT

Dave Wall, Wall & Associates, addressed the Board. He directed the Board to his Annual Disclosure Under IL Public Act 100 – 0542 for 2018. This report addressed minority owned firms. Wall & Associates has a business relationship with a female owned firm. During the search process, Wall & Associates was interested in managers and does not screen for minorities. The search was based upon ability.

He informed the Board that his firm had not sent an initial invoice. Their business practice was to invoice electronically. He questioned if this would be acceptable to the Board. Board reached an affirmative consensus.

Wall & Associates had opened the Board's account with Schwab and it was funded. An index fund was purchased and $3 million had been invested. Gains to date equaled $23,000.

No annuity statements had been received. He needed this information on a monthly basis. The exchanges were completed. He had not received any confirmations in addition to the statements. The Nationwide accounts were switched to S & P indexed funds.

Mr. Oyer noted that Wall & Associates needed this information in a timely manner.

Larry Rankens, Mischler Financial Group's Senior Vice President, addressed the Board. He had taken action. All of the annuity holdings did not offer S & P index funds. In those situations, Mr. Wall made the selections. The Jackson National holdings were easily changed to S & P index funds. He noted that all confirmations should have been sent to Mr. Reeb. He added that Pacific Life was a hold out. He needed an authorization letter. The only ones that have not been completed had signature issues.

Mr. Reeb added that the Delaware holdings were not completed. He had received correspondence from the company requesting signatures.

Mr. Oyer questioned monthly reports. Mr. Rankens cited the past practice of quarterly reports. He added that this was an insurance company practice. He would have to request monthly reports from the insurance companies.

Mr. Wall stated that the portfolio would be priced monthly. He added his preference that the information come from the custodian.

Mr. Rankens did not believe the variable annuity holdings would communicate with Wall & Associates. Their preference was to give access to the information to the custodian. Insurance companies were reluctant to release information as the assets were held by them.

Mr. Wall stated that Raymond James acts as the custodian for other pension funds. There were monthly reports. The data would be provided electronically. He added that the Jackson holdings were held by one (1) fund.

Mr. Rankens restated that the insurance company would have to allow same. He expressed his willingness to work towards this goal. He would request that the information be sent to Mr. Wall at Wall & Associates.

Mr. Wall believed that it may require a change of agent. He was interested in a facilitator. Mr. Rankens would not receive trails. He was willing to provide information to Mr. Rankens regarding what Wall & Associates needed.

Mr. Rankens restated his understanding that the preference was for Mr. Wall, Wall & Associates, to have direct access.

Mr. Wall questioned if Mischler Financial was a Morningstar office. Mr. Oyer did not believe that Mischler Financial was set up like Raymond James.

Mr. Wall restated that there needed to be an arrangement with the insurance carriers for Wall & Associates to receive a single statement. Wall & Associates compiled a spreadsheet from the data contained in the statements. The goal was to streamline wherever possible.

Mr. Reeb questioned if there would be fee. Mr. Rankens responded negatively. The insurance company needed to agree to same.

Mr. Wall recommended that the Board open an account with Raymond James. Wall & Associates was able to reconcile the information with statements received from Raymond James.

Mr. Wall informed the Board that small caps and international investments had been covered with variable annuity subaccounts. The next step would be the S & P index. If none were available then Wall & Associates would look at large cap core.

Mr. Oyer questioned trades being made in a timely manner. Mr. Wall noted that there were steps that had to be taken. Mr. Oyer addressed trades that had not been completed. Mr. Rankens restated the need for signatures.

Mr. Wall noted administrative issues. Schwab was providing daily downloads. Mr. Reeb had been given the account number.

Mr. Reeb noted that generally it took a few days. The signature authorization letter should be done annually. Reallocation was easy and generally was completed on the same day.

Mr. Wall restated that an account had been opened with Raymond James. He was unsure if Mr. Rankens would be the agent of record. Mr. Rankens expressed his willingness to look into a system.

Mr. Wall restated that Raymond James had the system. Mischler would not be precluded from future investments. Mr. Rankens was not receiving any trails. Insurance and brokerage were two (2) different things. For the insurance industry protection was key.

Mr. Reeb restated that an account had been opened with Raymond James. He questioned the time line for receiving data.

Mr. Rankens informed the Board that he could not be a licensed agent with Raymond James. He expressed his willingness to work with Mr. Wall. He verified that there were no trailers.

Mr. Oyer questioned if there were any objections.

Mr. Wall noted that a broker/dealer received trailers. His interest was in the most efficient system.

Mr. Rankens questioned if Raymond James worked with all of the insurance companies. Mr. Wall responded affirmatively for the variable annuities and for two (2) of the fixed annuities. He restated his request the insurance companies grant access to Wall & Associates.

Motion by Carl Reeb, seconded by Jeff Emmet, to authorize the President and Secretary to establish a brokerage account with Raymond James and name Vicky Campbell the agent of record.

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

Nays: none.

Motion carried.

Mr. Wall informed the Board he had received historical information and reports had been prepared.

Mr. Rankens requested that Mr. Wall reach out to facilitate processes.

Mr. Rankens presented the Board with three (3) reports: Summary Report, Variable Annuity Summary and Fixed Annuity Summary. He had received David Fox's death certificate. Mr. Fox was listed on two (2) annuity contracts: a Delaware and a VOYA. The Delaware contract would be process in a few days which meant the Death Benefit Value, (DBV), could be higher. The VOYA DBV was $3,030.509.27 and the Delaware DBV was $381,403.17. He had provided Mr. Wall with historical information which allowed Wall & Associates to create financial reports.

The DBV would be approximately $3.4 million. Checks would be issued. He believed that the VOYA contract, ($3 million), would be processed first. He requested to be notified when the checks were received.

Total portfolio was up. Equities totaled fifty-eight percent, (58%). Equities should equal sixty-five percent, (65%). The Board should invest $4 million in equities. He cited the net effect of the death event.

Mr. Oyer believed a $3 million investment in Schwab would bring equities to $40 million.

Mr. Rankens believed the Board was currently $1 million short. In addition, the Board would receive over $3 million in DBV.

Mr. Wall noted the fiscal year end was April 30th. He questioned the Board's attorney's opinion regarding the need to rebalance. Some believe if an overage was caused by growth that no action was necessary. Others believe if over the sixty-five percent, (65%), one must rebalance. One day a year, the fund must be at sixty-five percent, (65%).

Mr. Rankens questioned the date: this fiscal year or the previous year, (i.e. Department of Insurance report). This might be an issue.

Mr. Oyer questioned the Board being at sixty-five percent, (65%), and the amount needed to be invested. Mr. Rankens restated $3 million. Mr. Oyer restated his estimate that the Board would reach sixty-five percent, (65%), by investing $4 million.

Mr. Wall questioned where the Board wanted to invest these dollars. Mr. Rankens encouraged the Board to make an investment decision at the meeting. The DBV would come. He supported investing $4 million in equities.

Mr. Oyer questioned what might happen to equities in the next year. Mr. Wall believed the markets would be positive. Mr. Oyer questioned a correction. Mr. Wall estimated a five to ten percent, (5 – 10%), correction. Earnings were solid. The tax bill passed. Companies were giving raises/bonuses. Utility rates might be lowered.

Mr. Rankens believed there would be continued growth. The correction could be from ten to twenty percent, (10 – 20%). He noted consumer confidence.

Mr. Oyer believed the Board needed to make a $4 million investment decision. Mr. Wall recommended these dollars be placed an S & P fund. His firm had a good handle on the asset allocation of the fund. Large caps performed well last year. Mr. Rankens added that the technology sector led with big growth.

Mr. Oyer questioned the equity return during the last quarter. Mr. Rankens believed that the S & P 500 return from November 2017 through January 2018 was eight to nine percent, (8 – 9%). He added that the S & P over the last year had been twenty percent, (20%).

Mr. Oyer addressed the variable annuities held by the Board. He believed the return had been 5.8% during the same timeframe. Mr. Wall noted that this was in line.

Mr. Rankens recommended that the Board look at the fixed side. There were a variety of investment vehicles with higher earnings. Investments should be laddered over five to ten, (5 – 10), years. Dollars needed to be put to work.

Mr. Reeb informed the Board that Fidelity had returned the Board's application and claimed it was incomplete.

Mr. Rankens stated that funds invested with Fidelity would count as a mutual fund if the select government fund was chosen. This was a money market mutual fund.

Mr. Oyer read from the Board's October 20, 2017 meeting minutes. The discussion addressed $6 million. At the Board's November 17, 2017 meeting, the Board selected Schwab and reduced the amount to $3 million.

Mr. Rankens stated that Fidelity's liquid fund would count as an equity.

Motion by Curt Oyer, seconded by Paulette Hurd to invest $4 million in a Vanguard S & P 500 Fund.

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

Nays: none.

Motion carried.

Mr. Wall stated bonds had been purchased. The custody was at Schwab. His firm works well with this company.

Mr. Rankens recommended that the Board grant Mr. Wall authorization. He recommended investment tools which should be laddered.

Mr. Oyer addressed Illinois Funds. Mr. Wall recommended that the Board close this account. The excess cash would be invested. He believed that the time was right to look at bonds.

Mr. Rankens informed the Board there were a number of annuities that would expire in the next twelve, (12), months. These dollars should be laddered. He believed that rates would improve.

Mr. Wall expressed his preference for investments to be made in $1 million increments.

Mr. Oyer questioned if Mr. Wall was comfortable making specific recommendations. Mr. Rankens offered to recommend/present options to Mr. Wall for selection.

Mr. Wall recommended that the Board schedule another meeting and open a separate Schwab account. Mr. Reeb noted that the Board has just authorized opening an account with Schwab.

Mr. Wall wanted to look at the yield curve and efficiencies.

Mr. Rankens noted when new bonds were issued the price was the same to all. CD, (Certificates of Deposit), were another option. There were a variety of investment tools.

Motion by Curt Oyer, seconded by Jeff Emmet to open a separate Schwab account for bonds with $3 million from the PNC account after receipt of the death benefit checks.

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

Nays: none.

Motion carried.

Mr. Rankens believed that the Board needed to have flexibility at the end of the fiscal year. He anticipated the death benefit checks by month's end.

Mr. Oyer questioned investment specifics. Mr. Wall recommended building a five, (5), year ladder with $3 million. The Board would not purchase corporate bonds. Mr. Rankens recommended government bonds or CD's from callable agencies. The Board would need to grant authorization.

Motion by Carl Reeb, seconded by Paulette Hurd to invest in a diversified portfolio of CDs, government securities including callable agencies with maturities not to exceed five, (5), years.

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

Nays: none.

Motion carried.

Motion by Paulette Hurd, seconded by Carl Reeb to accept the Investment Report.

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

Nays: none.

Motion carried.

Mr. Wall informed the Board that the Department of Insurance, (DOI), had new actuarial rate assumptions. The investment rate of return had been lowered by one quarter percent, (¼%).

Jeff Emmet left the meeting at 5:55 p.m.

Mr. Wall recommended that the Board continue to use its own actuary procedure to intercept funds.

COMMUNICATIONS

Mr. Reeb informed the Board that Mr. Oyer would be attending the IPPFA's Spring Conference. Mr. Emmet was scheduled for his initial training next month.

APPLICATION TO FUND

Mr. Oyer questioned if all of the paperwork was in order.

Mr. Reeb reminded the Board that no paperwork regarding the comprehensive physical would be received. The Board also no longer paid half of the cost for same. If needed, these records would be subpoena. Seven, (7), individuals started in November 2017 and two, (2), started in January 2018.

Motion by Carl Reeb, seconded by Curt Oyer to accept the following individuals into the fund all with the hire date of November 13, 2017: Grant Smith, Daniel Norkiewicz, Kyle Tieman, Shanye Whitehorn, Tom Conley, Steve Somerfield, and Daniel Kray.

Ayes: Carl Reeb, Curt Oyer and Paulette Hurd.

Nays: none.

Motion carried.

Motion by Carl Reeb, seconded by Curt Oyer to accept the following individuals into the fund all with the hire date of January 16, 2018: Derik Riordan and James Peasley.

Ayes: Carl Reeb, Curt Oyer and Paulette Hurd.

Nays: none.

Motion carried.

APPLICATION TO FUND FOR RETIREMENT

Mr. Reeb reported that there were two, (2), retirements: John Jackson and David Brown.

John Jackson's last day of employment was November 7, 2017. He retired at the following:

Rank: Captain
Service: 30 years
Type: Regular
Monthly Pension: $6,348.42
First three percent, (3%), increase: December 2018
Another three percent, (3%), increase: January 2019

David Brown's last day of employment was November 23, 2017. He retired at the following:

Rank: Captain
Service: 33 years
Type: Regular
Monthly Pension: $6,348.42
First three percent, (3%), increase: December 2018
Another three percent, (3%), increase: January 2019

Motion by Carl Reeb, seconded by Paulette Hurd to approve a regular pensions for John Jackson effective November 7, 2017 and for David Brown effective November 23, 2017.

Ayes: Carl Reeb, Curt Oyer and Paulette Hurd.

Nays: None.

Motion carried.

OLD BUSINESS

Mr. Reeb informed the Board that he had met with Insight staff regarding benefit corrections.

NEW BUSINESS

Mr. Reeb informed the Board that the 100R/1009MISC had been signed. Insight will mail same.

Don Craven, Board attorney, had sent a letter to Ron Amen, Lauterbach and Amen to cancel the Engagement Letter. A signed and dated response from Mr. Amen had been received.

The Board may need to schedule an additional meeting to select an outside auditor. The Police Pension Fund was behind on their RFP, (Request for Proposal), for Auditing Services. The due date is February 5, 2018. He offered the option of a joint Police and Firefighter Pension Fund meeting. This would allow the Board to participate in the firm interviews.

This year's election would be for the retiree position. Nominations would be accepted in March 2018. The election would be held on the third Monday in April 2018. Mr. Fowler has stated his intention to run for another term.

Mr. Oyer questioned if there were any issues with the DOI. Mr. Reeb had not heard from Mr. Craven. There had been no response from DOI to his knowledge.

He informed the Board the challenge it had been obtaining Patti Lynn Silva, City's Finance Director, signature on the Board's checks.

He added that PNC expressed interest in the signatories. Jim Stokes, former Vice President, needed to be removed. PNC has requested a copy of Ms. Silva's driver's license.

Motion by Carl Reeb, seconded by Curt Oyer to remove Jim Stokes from the PNC account and name the following as authorized signatories: Ron Fowler, President, Carl Reeb, Secretary and Patti Lynn Silva, Treasurer.

Motion carried, (viva voce).

Motion by Carl Reeb, seconded by Curt Oyer to adjourn. Time: 6:17 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