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: Tracey Covert, Recording Secretary.

Others present via telephone: Dave Wall, Wall Capital Group's President, and 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

Carl Reeb informed the Board that Austin Isham had not formally requested a Withdrawal From Fund. He recommended that the motion be amended to read "if requested." If approved, the motion would read as follows: Motion by Carl Reeb, seconded by Scott Rathbun to approve Austin Isham withdrawal from the fund effective August 23, 2020 in the amount of $1,773.45, if requested by Mr. Isham. Mr. Reeb and Mr. Rathbun viewed the amendment as friendly and expressed no objection.

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

Carl Reeb informed the Board that the $3 million transfer approved at the Board's July 17, 2020 had not been executed.

Mr. Reeb had prepared the Treasurer's Report.

The monthly pension costs were as follows:

October 2020	$528,968.13
November 2020	$541,080.27
December 2020	$541,476.89

Mr. Reeb questioned the status of the Athene #4869 valued at $604,433.31. Dave Wall, Wall Capital Group, informed the Board that he had just received Athene paperwork. It was under review and would be processed in the next seven to ten (7 – 10) days. The contract had been properly surrendered and there would not be any charges.

Scott Rathbun presented his Cash Forecast report. The bank balance was $2,860,047. The estimated monthly cash need was $482,500. He had increased the monthly net table amount to $485,000. The City's final deposit occurred in January 2021. The majority of these dollars was from the utility tax. The first deposit of property tax dollars would occur in May 2021. The remaining balance matches the net: $1,363,978.31.

City contributions for Fiscal Year (FY) 2022 will be $6,187,222. He noted an increase in Tier 2 benefits and the fact that Lauterback & Amen had adjusted their mortality tables. The result was a $719,000 increase over the previous year.

Curt Oyer questioned the impact of retirements on the monthly payout. Mr. Reeb anticipated there would be one to three (1- 3) retirements this year. He believed there would be one in May and another in November.

Mr. Rathbun believed there was $1.5 million available.

Mr. Reeb questioned the PNC Bank CD valued at $1 million scheduled to mature in February 2021. Mr. Wall believed these dollars purchased a Morgan Stanley CD on February 12, 2021. These dollars had been wired transferred from PNC Bank.

Motion by Jeff Emmert, seconded by Scott Rathbun 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 $87 million. Current equity holdings were around sixty-nine percent, (69%). The Performance Summary was found on page 3. Account Return (Gross TWR) was 11.51%, see Year to Date Column. The Previous 5 Years/Custom column, Account Return (Gross TWR) was 8.73%. The Investment Gain, Year to Date column listed $9,317,086.

He directed the Board to Holdings located on page 7. The first CD listed was with Morgan Stanley. It will mature on February 21, 2021. Current value: $1,001,955. Wall Capital was waiting for the check from Athene in the amount of $604,433.31.

The Board had $3.5 million to invest. He directed the Board to the list of Variable Annuities, (see page 9) and the Fixed Annuities, (see pages 10 & 11).

Curt Oyer questioned the cash listing in the amount of $2,214,262, (see page 10). Mr. Wall would research this item. He questioned if an annuity had been sold.

Vicky Campbell, Raymond James Senior Vice President Investments/Branch Manager, addressed the Board. She cited a death event in August 2020, (Mike Walsh). She believed the annuity payment had been deposited into the PNC Bank account. Mr. Reeb verified that this deposit had been made into the PNC account.

Mr. Oyer questioned if this information would change the beginning balance by $3 million. He cited this figure and the last report (dated September 30, 2020). (See Performance Summary End Market Value) On the December 31, 2020 report, Performance Summary, Withdrawals show $8,343,871, (see page 3).

Mr. Wall noted that the cash had been reconciled with PNC, $2.8 million. He directed the Board to Holding, PNC Money Market $2,835,194, (see page 7). Mr. Rathbun noted that Mr. Wall's figures matched the PNC statement.

Mr. Oyer questioned if $3.5 million had been withdrawn from the PNC checking account. Mr. Reeb cited on September 29, 2020; a $911,447.21 deposit was made. The annuitant was Mike Walsh and the contract was with Jackson National.

Mr. Wall would verify this information with Barb Bobbitt, his office manager.

Ms. Campbell added the Symetra #8430 paid out in May 2020. She questioned the annuitant. The death benefit value was $2.2 million and was dated April 14, 2020. Mr. Reeb recalled due to the amount, (i.e. over $2 million), Symetra issued two (2) checks. Mr. Wall restated he would work with his staff regarding this item.

Mr. Wall suggested that a withdrawal transaction may have been missed. The Variable Annuities should have shown the sale of Symetra holding. Mr. Oyer noted that assets might be overstated by $2.2 million in cash/fixed income holdings. This would also impact the equity percentage, (i.e. would be higher).

Mr. Oyer questioned the cash holding figure cited, $1,934,450, was correct, (see page 7). Mr. Wall responded affirmatively. He cited the Schawb account. Wall Capital was waiting for the $604,433.21 from Athene. He believed the Athene payment would be mailed to Mr. Reeb.

Mr. Oyer recommended a review of the November maturities. Mr. Wall cited the Texas Capital Bank CD and a US Treasury valued at $1.5 million.

Mr. Rathbun cited a motion from the Board's October 16, 2020 minutes. At this time, he recommended that the Board transfer $1.5 million from the PNC account and transfer these funds to the Schwab account. Property tax collection/distribution would commence in May 2021.

Mr. Oyer questioned the status of the state Board and asset transfer. Mr. Wall believed that Fire Pension Boards would begin transferring assets this year third quarter. This statement assumed there would not be a lawsuit/injunction. There was a lawsuit pending. Fifteen (15) Pension Boards were involved. He believed that relief would be requested until the lawsuit is settled. Assets would remain with each pension fund until the lawsuit is settled.

Mr. Oyer questioned the impact on investments. Mr. Wall recommended that the Board stay short term. The annuities would remain with the Board. Upon maturity, the dollars would be transferred to the state board. Their interest was in liquid cash, mutual funds, etc. These assets would be transferred to the state board. Currently, there was no information regarding logistics. He questioned the cooperation from the custodians, (i.e. Schwab). Each pension board will need to provide direction to each custodian.

Mr. Oyer recommended that the Board select fixed income investments with short maturity dates. Mr. Wall responded affirmatively. Assets should be liquid. The Board should proceed with a normal course of business. Assets needed to be managed with the best interest of fund. Wall Capital would continue to build out a ladder. The Board has a fiduciary role. The lawsuit could result in a twelve (12) month delay. He also cited the impact of COVID – 19. It was logical that assets not be moved.

Mr. Oyer questioned if a lawsuit had been filed. Mr. Wall responded negatively. He believed it was imminent.

Mr. Fowler had spoken with a state board member. He believed asset transfer would commence in August 2021 and completed by June 2022. Fees have not been determined. Bloomington's Fire Pension Fund was one of the larger funds. The Board would retain funds to meet its obligations. All of a funds' assets would not be transferred at one time.

Mr. Reeb cited his conversation with Steve Zahn, state board member. Annuities would be handled as Mr. Wall had stated. The state board does not want to create hardships. The Board will hold these assets to avoid surrender fees. The earliest transfers would occur would be in August 2021. The goal is completion by June 2022. Mr. Wall added by statute the deadline was June 2022.

Mr. Rathbun cited a number of questions: 1.) who would handle payroll; 2.) will state board funding work like IMRF (Illinois Municipal Retirement Fund); and 3.) who will set contributions.

Mr. Reeb offered to share the contact information for Mr. Zahn. Mr. Rathbun recommended Board members send their questions to Mr. Reeb. The questions would be consolidated and forwarded on to Mr. Zahn.

Mr. Fowler questioned the monthly pension payments. He cited the Board's working relationship with Insight. The state board would control investments. Local pension funds would need to request funds from the state board to meet their pension obligations.

Mr. Reeb believed the local pension boards would control/be responsible for monthly pension payments. Mr. Wall added that all administrative functions would be performed by local pension boards. The state is taking the dollars. He described this a step one. He believed the long-term goal was for the state board to assume all responsibilities. Their current focus was assets. The stated purpose is to reduce administrative expenses.

Mr. Oyer stated the Board had $3.5 million to invest in fixed income. Mr. Wall stated the first step would be to transfer funds from PNC. These dollars would be transferred to the Schwab account. He also recommended that Mr. Reeb deposit the Athene payment (i.e. $604,433.31), into the PNC account to cover expenses. Mr. Oyer supported Mr. Wall's recommendations.

Mr. Wall informed the Board he would look at the yield curve. He planned to acquire two (2) investments with a term of twenty-four (24) months or less. Wall Capital would continue to build out the ladder.

Mr. Oyer recommended $1.6 million be transferred from PNC Bank to the Schwab account. Wall Capital would be given the authority to purchase a fixed income investment. Mr. Wall suggested US Treasuries be purchased. CDs, (Certificates of Deposit) may be a viable alternative. The investments must be a government guaranteed security.

Mr. Reeb left the meeting at 2:56 p.m.

Motion by Curt Oyer, seconded by Scott Rathbun to transfer $1.6 million from PNC Bank to the Schwab account.

Ayes: Jeff Emmert, Curt Oyer and Scott Rathbun.

Nays: none.

Motion carried.

Mr. Reeb returned to the meeting at 2:58 p.m.

Motion by Curt Oyer, seconded by Carl Reeb to authorize Dave Wall, Wall Capital, to acquire/purchase laddered out government securities.

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

Nays: none.

Motion carried.

Mr. Oyer directed the Board to Aviva #1124 which will mature on March 21, 2021, (see Holdings, page 11). Maturity value: $6,657,762.58.

Mr. Wall stated the Board could take action or wait until the April 16, 2021 meeting.

Mr. Reeb questioned the surrender process and if Vicky Campbell would process same. Ms. Campbell informed the Board she only handled the Athene holdings. She offered to research surrender forms and ensure there would be no penalties.

Mr. Wall believed Ms. Bobbitt, would handle this. He believed there was only a single authorized individual. He offered to start the paperwork.

Ms. Campbell believed a signature guarantee would be needed for any amount over $5 million. She believed work would need to be started as this holding may reload after thirty (30) days.

Mr. Rathbun directed the Board to Nationwide #1511 which lists a maturity date of July 30, 2018, (see Holdings, page 11). Mr. Oyer stated that the maturity date was incorrect.

Mr. Wall noted that Aviva #1124 would mature and be surrendered. Mr. Reeb would deposit the funds in the Board's PNC account. The Board would take action at its April meeting.

Mr. Rathbun recommended that Mr. Reeb reach out to PNC regarding collateralization.

Mr. Wall directed the Board to the Performance Summary Passive Large-cap Equity, (see page 20). He cited the Year to Date Account Return (Gross TWR) was 18.37%. The S & P 500 Composite Year to Date was 18.40%. This is a Vanguard holding. He also addressed the Performance Summary Active Large-cap, (see page 23). He cited the Year to Date Account Return (Gross TWR) was 22.88%. The S & P 500 Composite Year to Date was 18.40%. This account is the DoubleLine and Momentum holdings.

The Variable Annuity Performance Summary started on page 26. The Performance Summaries addressed respective returns. He cited the company, the year to date return and benchmark. Page 26 – AIG, Account Return (Gross TWR) 15.92%, S & P Composite (Benchmark) 18.40%. He noted the expense ratio. Page 29 – Delaware Life, Account Return (Gross TWR) 16.03%, S & P 500 Composite (Benchmark) 18.40%. Delaware Life included some international. Page 32 – Jackson National, Account Return (Gross TWR) 16.18%, S & P 500 (Benchmark) 18.40%. Page 35 – Pacific Life, Account Return (Gross TWR) 16.18%, S & P 500 (Benchmark) 18.40%. Page 38 – Pacific Life, Account Return (Gross TWR) 16.18%, S & P Composite (Benchmark) 18.40%. Page 41 – Voya International, Account Return (Gross TWR) 17.44%, S & P 500 & MSCI EAFE (Benchmark) 11.31%. Voya was an international holding. These accounts were largely passive inexpensive instruments. He planned continued monitoring of the international market.

The Fixed Annuity Performance Summary was found on page 44. The Year to Date Account Return (Gross TWR) was 3.83%.

The Performance Evaluation for the DoubleLine holding was on page 47. He noted that this account had underperformed. He directed the Board to the Rolling Returns graphs.

Mr. Oyer questioned the variable annuity holdings and their two percent (2%) lag on the benchmark. He believed that this documented the fee costs. He also questioned if the state board had the power to force local pension boards to give up variable annuities once they were past their surrender dates. He cited the death benefit value of these holdings.

Mr. Reeb did not have an answer. He noted the difference between surrender value and death benefit value.

Mr. Oyer requested that Wall Capital provide a cash surrender value sheet at least twice per year. Mr. Wall offered to email this document to the Board.

Mr. Reeb requested that Wall Capital provide instructions to begin the wire transfer from PNC Bank to the Schawb account in the amount of $1.6 million

Mr. Wall & Ms. Campbell left the meeting at 3:13 p.m.

Motion by Scott Rathbun, seconded by Carl Reeb to accept the financial report.

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

Nays: none.

Motion carried.

COMMUNICATIONS

Mr. Reeb informed the Board that training would be completed online.

Mr. Rathbun restated his intention to consolidate his training.

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

APPLICATION TO FUND

Mr. Reeb presented three (3) individuals. Their hire date was January 4, 2021. He provided the following information:

Matthew Meyle – moved to Congerville.
Matt Marriam – was from Hickley.
Chris Dunning – was from the local area.

All of their paperwork was in order. All are currently attending Fire Academy.

Motion by Carl Reeb, seconded by Jeff Emmert to accept Matthew Meyle, Matt Marriam, and Chris Dunning into the pension fund effective January 4, 2021.

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

Nays: none.

Motion carried.

APPLICATION FOR PENSION (RETIREMENT)

Mr. Reeb presented the following for retirement pension:

Jeff Emmert

Rank:	Battalion Chief
Retirement Date:	11/16/2020
Start Date:	04/15/1991
Age:	55 years
Years of Service:	29.59
Annual Salary:	$118,734.67
Beginning Monthly Pension:	$7,317.85

Brian Mohr

Rank:	Chief
Retirement Date:	11/13/2020
Start Date:	01/14/1991
Age:	51.18 years
Years of Service:	29.84
Annual Salary:	$149,077.31
Beginning Monthly Pension:	$9,262.57

Brian Day

Rank:	Captain
Retirement Date:	11/13/2020
Start Date:	11/13/1990
Age:	55 years
Years of Service:	30 years
Annual Salary:	$109,116.86
Beginning Monthly Pension	$6,819.80

Motion by Scott Rathbun, seconded by Carl Reeb to accept and approve the application for regular retirement pensions for: Jeff Emmert effective November 16, 2020, Brian Mohr effective November 16, 2020 and Brian Day effective November 13, 2020.

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

Nays: none.

Motion carried.

OLD BUSINESS

Mr. Reeb informed the Board the review of benefits and COLA (Cost of Living Adjustment) had been completed by Insight. He added that Mark Esme had been entitled to an increase. There was an error. It was missed but has been corrected.

NEW BUSINESS

Mr. Reeb informed the Board that the 1099R and 1099MISC had been completed by Insight on January 18, 2021.

Mr. Reeb addressed the election process for the retiree position. Mr. Fowler, President, currently held this position. The nomination process would be completed in March. Mr. Fowler planned to reach out to the retirees. Mr. Reeb had requested Mr. Emmert oversee the election process. Ballots would be mailed to the retirees on April 1, 2021.

He noted that the Board's next meeting would be on April 16, 2021. Retiree ballots must be postmarked by April 21, 2021.

Motion by Carl Reeb, seconded by Scott Rathbun to adjourn. Time: 3:30 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