A Regular Meeting of the Board of Trustees of the Firemen’s Pension Fund of Peoria, Illinois, was held this date at City Hall, 419 Fulton Street, Room 404, Peoria, Illinois, at 9:30 A.M., with proper notice having been given, for the purpose of conducting regular Firemen’s Pension Fund business.

ROLL CALL

Roll Call showed the following Board Members present: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5; Absent: None.

Others present: Mr. Tom McShane, First Vice President – Investments, Senior Investment Management Consultant with Graystone Consulting, a business of Morgan Stanley/Smith Barney in Chicago; Attorney Jim Dobrovolny (Arrived at 9:45 A.M.); Chief Deputy City Clerk Stefanie Rice.

MINUTES

Recommendation to Approve the Minutes of the Regular Board Meeting held on November 26, 2012, as printed.

Trustee Troglio moved to approve the Minutes of the Regular Board Meeting held on November 26, 2012, as printed; seconded by Trustee Phillips.

Approved by viva voce vote.

REGULAR BUSINESS

ITEM NO. 1 PRESENTATION by McDonnell Investment Management Regarding Portfolio Performance.

Mr. Tom McShane attempted to place a conference call with McDonnell Investment Management who was unavailable at this time to receive the call. Upon suggestion by President Nieukirk, this matter was deferred until after the monthly portfolio review by Mr. McShane. Clerk’s Note: See Page 4 for further discussion.

ITEM NO. 2 MONTHLY PORTFOLIO PERFORMANCE REVIEW by Tom McShane Graystone Consulting (A business of Morgan/Stanley Smith-Barney), and Discussion Regarding Recommendations, Possible Action Regarding the Firemen’s Pension Fund Portfolio Performance, and Discussion and Review of the Asset Allocations and Investment Policy Review, with Request to Receive and File Reports or Take other Action.

Portfolio Performance Review

Mr. Tom McShane reviewed the Performance Update for period ending December 31, 2012. He reported SKBA returned 4.95% since March 5, 2009, and he reported McDonnell Investments returned 5.19% since March 5, 2009, 4.93% since March 31, 2009, and 4.83% since December 31, 2011. He said McDonnell was not an interest rate participant due to a maturity lower than
the benchmark. He reported McDonnell Investments was recently acquired by Natixis Global Asset Management.

Attorney Jim Dobrovolny arrived at the meeting at 9:45 a.m.

Mr. McShane reviewed the key U.S. Stock Market Indices for period ending December 31, 2012. He reported the S&P 500 was up 16.0% and the Dow Jones Industrial Average rose 10.2%; however, for the fourth quarter of 2012, Mr. McShane said the S&P 500 fell 0.4% and the Dow Jones fell 1.7%.

Mr. McShane reviewed the U.S. Bond Market reporting the Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, was up 15.8%, and the Barclays Government/Credit Index, a measure of the performance of U.S. Government and corporate bonds rated investment grade or better, with a maturity of at least one year, returned 4.8% and Barclays Capital Government returned 2.0%.

Mr. McShane reviewed the Performance Summary for the period from December 31, 2002, to December 31, 2012. He reported the total Fund’s return to date was 9.48%, short of the 11.06% benchmark. He said the iShares S&P 500 Index – Large Cap Core had a greater return with 16.49% for 2012. He said Great Lakes under performed by approximately 2.5%, and he remarked some of Great Lakes’ under performance was due to premier finance stocks, such as Apple, being down. He noted Anchor Mid Cap was up at 12.03%, which added 50.0% returns since its inception. He reported the real estate portion of the Fund’s portfolio returned 18.35%, just 1.36% below the benchmark, and he reported Segall’s fixed income returned 4.81%, which exceeded the benchmark by 1.1%. Lastly, Mr. McShane reported SKBA’s fixed income returned 3.97% which marginally exceeded the benchmark by 0.26%.

Mr. McShane reviewed the Fund’s real estate returns reporting Nuveen/First American Real Estate Fund returned 18.35% for the year, just short of the benchmark by 1.36%. He continued to report that the best returns year-to-date were under International Equities with Harbor returning 20.87% and Lazard returning 22.36%, both managers exceeding their benchmarks.

Mr. McShane reviewed the fixed income allocations, and he reported Segal returned 4.81% for the year and SKBA returned 3.9%, both exceeding their benchmarks of 3.71%. He further reported McDonnell’s Investments returned 4.83%, which also exceeded the benchmark of 3.71%.

Mr. McShane reported as of December 31, 2012, the Fund valued at $105,429,000 with earnings of $9,915,000 and with an ending market value as of December 31, 2012 of $112,613,000. Net contributions and withdrawals since inception were $16,367,000 with a net gain since 2002 of $52,960,000 million. He remarked that the total Fund return since December 31, 2002, was 5.86%, underperforming the benchmark of 6.41%.

The Performance Update Report for the Period Ending December 31, 2012, showed the portfolio value at $112,668,173. The total portfolio trailed the benchmark by -1.58% for 2012. Since its inception in 2002, the total portfolio performance returned 5.86%.
Approximately $56,292,202 or 49.96% of the portfolio was allocated in equities as follows:

- iShares S&P 500 Index (Large Cap Fund) $5,592,730
- Great Lakes (Large Cap Fund) $9,411,475
- Premier (Large Cap Fund) $13,139,323
- Anchor (Mid Cap Fund) $2,590,453
- iShares Russell Mid Cap Index (Mid Cap Fund) $1,185,450
- Messner (Mid Cap Fund) 0
- iShares Russell 2000 Index (Small Cap Fund) $3,875,434
- Nuveen/First American (Real Estate Fund) $2,557,845
- Harbor (International Equity) $9,914,384
- Lazard (Emerging Market) $8,025,109

**TOTAL** $56,375,971

The equities class was trailing its target allocation by -10.04%; however, the Board recently increased its allocation from 40% to 60% in total equities at the November Fire Pension Board meeting.

Approximately $58,902,240 or 52.37% of the portfolio was allocated in fixed income as follows:

- Segall – Fixed Income $35,363,117
- Segall – Cash Account $533,922
- SKBA – Fix Income $9,374,002
- McDonnell – Fixed Income $10,467,956

**TOTAL** $55,738,997

The fixed income class exceeded its target allocation by 10.04%, which was largely due to the reallocation in November 2012.

Additionally, the report reflected 0.57% of the portfolio, or approximately $636,974, was allocated in cash and cash equivalents trailing the target allocation by -1.43%.

Trustee Ball moved to receive and file the Performance Update Report for the period ending December 31, 2012; seconded by Trustee Troglio.

Approved by viva voce vote.

**Asset Allocation**

Mr. McShane distributed an updated Asset Allocation Review for period ending December 31, 2012. He said the handout compared the allocations to the newly established target allocation of 60% in total equities. He reported, according to the Board's previous action in November, the large cap equity target allocation was increased from 17.00% to 27.00%. He reported the current portfolio allocation was $28.1 million with a target allocation of $30.4 million. Next, he reported the Emerging Markets were under allocated by $988,344. He noted the International Market was currently allocated at $9.9 million with a target of $18 million. He said the Real Estate Equity was under allocated at $2.6 million with a target of $3.4 million. He reported Fixed Income was over allocated at $55.7 million with a target of $42.8 million.

He said the Board voted to change the asset allocations at the November Fire Pension Board Meeting, but he said it would take approximately 6 to 12 months to change these allocations. He further reported, in December, $1 million was taken from SKBA and placed in the iShares S&P 500 Index Fund.
Mr. McShane reviewed the Tactical Asset Allocation Weightings and reported the following investments were overweight: corporate and securitized bonds, emerging market bonds, US Large caps, US Growth, Emerging Markets and Managed Futures and Commodities. He recommended adding more to Global Equities, specifically into the Emerging Markets and into International Equities.

Mr. McShane reviewed the Strategic and Intermediate-Term Return and Volatility Assumptions report and he noted the columns were separated into returns for 7 years and 20 years. Under Global Bonds for a 7-year return, he said Government Bonds had an annualized intermediate term return of 2.3% while Corporate/Scrubinized Bonds had a return of 4.8%.

According to the Fire Pension Board, these markets should be equally weighted. He recommended moving $3 million over the next 6 months in order to meet the target allocation. He reported the market was at its highest in three years and he suggested moving $3 million total to stocks. He indicated this move would bring the total equities allocation closer to 60%.

In response to Trustee Nichting's question, Mr. McShane responded that the $3 million would be taken from three managers in the Fixed Income asset class: McDonnell, SKBA and Segall. He also reported that the Board hired SKBA, along with Segall and McDonnell, because of its different style of investing, noting it was inflation protected. He also agreed with Trustee Nichting that McDonnell and SKBA had the same benchmarks and each was exceeding those benchmarks, though McDonnell was faring better than SKBA.

Trustee Phillips said he would agree to eliminate a fixed income manager for good reason, and he also agreed to allocate more money into International Equities.

Trustee Phillips moved to direct Tom McShane to reallocate the Fund’s allocation by taking $1 million from each from McDonnell, SKBA, and Segall and investing it in the S&P to be completed within the next 6 months; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.

Mr. McShane said he would schedule manager presentations for SKBA Investments and Great Lakes for February and March, respectively.

Trustee Nichting requested, as part of the presentations, each manager provide an overview of their investment strategy.

**ITEM NO. 1 PRESENTATION by McDonnell Investment Management Regarding Portfolio Performance.**

Mr. McShane introduced Mr. Mark Guira, Managing Director and Co-Head of Fixed Income Portfolio Management, and Mr. Peter Clerkin, Managing Director – Marketing, both of McDonnell Investment Management. Mr. McShane requested the presenters to include McDonnell’s investment strategy, investment philosophy, the outlook for the next 24 months, how McDonnell’s investments added value to the Fund’s portfolio, and the business structure of McDonnell Investments.
Mr. Clerkin reviewed the investment performance for McDonnell Investment Management, and he reported the Fund returned 5.19% for 2012, with a 0.26% rate of return. He said he attributed the over performance due to the change in benchmark comparisons from Barclays Capital Government/Credit Index to Barclays Capital Government Index Government Securities.

Mr. Guira reviewed the portfolio strategy noting the manager uses sector emphasis, and he said as part of sector emphasis, the portfolio was overweight in corporate bonds and underweight in treasury sectors. He reported that, under the treasury sector, the Fund was overweight in Treasury Inflation-Protected Securities (TIPS) with 10% of the portfolio invested in this sector.

In response to Mr. McShane's question pertaining to rising interest rates, Mr. Guira reviewed the defensive investing approach segments, and he reported that sector investing was geared towards this approach. He provided a scenario analysis for the Fund and he explained what would happen should there be a change in the basis points.

Mr. Clerkin reviewed the change of ownership of McDonnell Investment and its affect on personnel, which would be minimal due to three-year personnel contracts, which were anticipated to be renewed. He said the new owners had not made any changes within the firm. He also remarked that the firm had an incentive to do well because it had an effect on the firm's profit sharing that filtered into a performance pool.

Mr. McShane remarked McDonnell Investments used sector rotation to move investments from treasury to corporate, and with this rotation, it provided a 12 month return of 4.93%, outperforming the benchmark by 1.56%.

Trustee Troglio moved to receive and file the presentation from McDonnell Investment Management; seconded by Trustee Phillips.

Approved by viva voce vote.

**Investment Policy**

Mr. McShane distributed a redline copy of the Fire Pension Board’s Investment Policy. Attorney Dobrovolny reviewed the changes in the redline, and he presented the original for signature.

Trustee Troglio moved to approve the Revised Investment Policy as presented and to direct President Nieukirk to sign the same, the Mr. McShane send a copy to the Department of Insurance and send the original with a copy of the receipt for proof of being sent to the Department of Insurance to the City Clerk’s Office; seconded by Trustee Nieukirk.

Approved by roll call vote.

Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5; Nays: None.
ITEM NO. 3  Report from Fire Marshal Kent Tomblin of Pension Fund Contributions, which were made by payroll deductions during the MONTH of NOVEMBER 2012, from the active members of the Peoria Fire Department and which checks were turned in to the City Treasurer's Office by Director of Finance/Comptroller, with Recommendation to Concur and Receive and File.

<table>
<thead>
<tr>
<th>Payroll Period</th>
<th>When Deducted</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 21, 2012 - Nov. 5, 2012</td>
<td>November 15, 2012</td>
<td>$61,639.10</td>
</tr>
<tr>
<td>Nov. 6, 2012 - Nov. 20, 2012</td>
<td>November 30, 2012</td>
<td>$61,738.66</td>
</tr>
</tbody>
</table>

TOTAL $123,377.76

Trustee Troglio moved to concur, and place on file the Fire Marshal's Report for November 2012; seconded by Trustee Phillips.

Approved by viva voce vote.

ITEM NO. 4  Report from Fire Marshal Kent Tomblin of Pension Fund Contributions, which were made by payroll deductions during the MONTH of DECEMBER 2012, from the active members of the Peoria Fire Department and which checks were turned in to the City Treasurer's Office by Director of Finance/Comptroller, with Recommendation to Concur and Receive and File.

<table>
<thead>
<tr>
<th>Payroll Period</th>
<th>When Deducted</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 21, 2012 - Dec. 5, 2012</td>
<td>December 14, 2012</td>
<td>$61,094.05</td>
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<tr>
<td>Dec. 6, 2012 - Dec. 20, 2012</td>
<td>December 31, 2012</td>
<td>$61,324.39</td>
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</table>

TOTAL $122,418.44

Trustee Phillips moved to concur, and place on file the Fire Marshal's Report for December 2012; seconded by Trustee Troglio.

Approved by viva voce vote.

ITEM NO. 5  Discussion Regarding PENSION BENEFIT INCREASES for 2013, with a Request to Approve.

Trustee Phillips moved to approve the Pension Benefit Increases for 2013; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk - 5;
Nays: None.
ITEM NO. 6  Request to Approve the following BILLS:

December 2012

Pensions for December 2012 (dated December 31, 2012).......................... $900,925.37
Dr. William Panje – Review James Phelan records and exam.................. 2,400.00
Morgan Stanley Smith Barney – Consulting Services 10/1/12 – 12/31/12 22,814.00
Stefanie Rice – Fourth Quarter 2012 Administrative Services............... 733.33

SUB-TOTAL FOR DECEMBER.................................................. $926,872.70

GRAND TOTAL FOR DECEMBER............................................. $926,872.70

January 2013

Pensions for January 2013 (dated January 31, 2013).............................. $920,298.15
Beth Ball – IPPFA Certified Trustee Program Travel Reimbursement... 333.40
IPPFA Certified Trustee Training for Beth Ball.................................. 750.00
Lauterbach & Amen – Professional Services for November 2012 3,050.00
Lauterbach & Amen – Professional Services for December 2012 3,050.00

SUB-TOTAL FOR JANUARY.................................................... $927,481.55

SKB Capital Management – Period 10/1/12–12/31/12 – Mgmt Fees.. $4,631.51
Premier Asset Management – Period 10/1/12 – 12/31/12 – Mgmt Fees 14,781.74
Great Lakes Advisors – Period 7/1/12-9/30/12 – Mgmt Fees.............. 11,536.88

GRAND TOTAL FOR JANUARY.................................................. $958,431.68

GRAND TOTAL................................................................. $1,885,304.38

Trustee Troglio moved to approve the bills in the grand total amount of $1,885,304.38; seconded by Trustee Nichting.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.

ITEM NO. 7  REQUEST for REMOVAL from PENSION ROLLS of WAYNE I. HAGEL, due to his Death on January 24, 2013. Recommendation to receive and file the Death Certificate, when it is received, and to Pay $3,166.08 for 24 days of January 2013, to the Estate of Wayne I. Hagel.

Trustee Ball requested to amend the amounts to reflect the pay increase for 2013, which would increase the final payout from $3,166.08 to $3,369.7200 for 24 days in January. She further reported an obituary was published in the Peoria Journal Star and a death certificate was forthcoming.

Trustee Ball moved to remove WAYNE I. HAGEL from the Pension Rolls due to his death on January 24, 2013, and to approve the amended payment from $3,166.08 to $3,369.7200 for 24 days of January 2013 to the Estate of Wayne I. Hagel; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.
ITEM NO. 8  REQUEST to ACCEPT the APPLICATION for a WIDOW'S PENSION BENEFIT for SUSAN HAGEL, she being the Widow of Wayne I. Hagel, effective January 25, 2013, with her benefit to be based on 100% of his monthly pension benefit of $4,089.47 per month; therefore benefit for 7 days of January to be paid in the amount of $954.80.

Trustee Ball recommended changing the widow's pension benefit to reflect the pay increase for 2013, which would change the monthly pension benefit to from $4,089.47 to $4,212.15 per month with $842.4300 to be paid for 6 days of January 2013.

Trustee Ball moved to accept the Application for a Widow's Pension Benefit for SUSAN HAGEL, she being the Widow of Wayne I. Hagel, effective January 25, 2013, with her benefit to be based on 100% of his monthly pension benefit of $4,089.47 per month; therefore benefit for 6 days of January 2013 to be paid in the amount of $842.4300; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk - 5;
Nays: None.

ITEM NO. 9  LETTER OF UNDERSTANDING from LAUTERBACH & AMEN, LLP for years ending December 31, 2013, 2014 and 2015, with Request to Approve and Direct President Nieukirk to Sign the Document.

Trustee Ball reported the fees for Lauterbach & Amen, LLP increased from $3,050.00 per month to $3,110.00 per month.

Trustee Ball moved to approve the Letter of Understanding from Lauterbach & Amen, LLP for years ending December 31, 2013, 2014 and 2015, and to direct President Nieukirk to sign the document; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk - 5;
Nays: None.

ITEM NO. 10  MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of NOVEMBER 2012, which Includes the STATEMENT OF PLAN NET ASSETS, STATEMENT OF CHANGES IN PLAN NET ASSETS, SUMMARY of CASH AND INVESTMENTS, BALANCE SHEET, REVENUES and REVENUE REPORT, EXPENSES and EXPENSE REPORT, PAYROLL JOURNAL, and VENDOR CHECKS REPORT, with Recommendation to Approve.


Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk - 5;
Nays: None.
ITEM NO. 11 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of DECEMBER 2012, which Includes the STATEMENT OF PLAN NET ASSETS, STATEMENT OF CHANGES IN PLAN NET ASSETS, SUMMARY of CASH AND INVESTMENTS, BALANCE SHEET, REVENUES and REVENUE REPORT, EXPENSES and EXPENSE REPORT, PAYROLL JOURNAL, and VENDOR CHECKS REPORT, with Recommendation to Approve.


Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.

ITEM NO. 12 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of NOVEMBER 2012, with Recommendation to Receive and File.

Trustee Troglio moved to receive and file the Receipts and Disbursements Reports for Peoria Community Bank and Harris Bank from Patrick Nichting, Treasurer, for the month of November 2012; seconded by Trustee Phillips.

Approved by viva voce vote.

ITEM NO. 13 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of DECEMBER 2012, with Recommendation to Receive and File.

Trustee Troglio moved to receive and file the Receipts and Disbursements Reports for Peoria Community Bank and Harris Bank from Patrick Nichting, Treasurer, for the month of December 2012; seconded by Trustee Phillips.

Approved by viva voce vote.

ITEM NO. 14 REQUEST for APPROVAL of a RESOLUTION Authorizing Trustee Patrick Nichting the POWER TO INVEST, and Authorize Trustee Nichting to Maintain a Minimum of $10,000.00 in the HARRIS BANK ACCOUNT.

Trustee Nichting moved to approve a Resolution authorizing Trustee Patrick Nichting the power to invest, and to authorize Trustee Nichting to maintain a minimum of $10,000.00 in the Harris Bank Account; seconded by Trustee Phillips.

Approved by viva voce vote.
ITEM NO. 15  REQUEST for APPROVAL of a RESOLUTION Regarding the RELEASE of EXECUTIVE SESSION MINUTES.

Trustee Nichting moved to approve the Resolution regarding the Release of Executive Session Minutes; seconded by Trustee Phillips.

Approved by roll call vote.
Yea: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nay: None.

ITEM NO. 16  REQUEST to RECEIVE and FILE the SECURITIES AND CORPORATE GOVERNANCE LITIGATION REPORT through DECEMBER 15, 2012, by SHEPHERD, FINKELMAN, MILLER & SHAH, LLP.

Trustee Nichting moved to receive and file the Securities and Corporate Governance Litigation Report through December 15, 2012, by Shepherd, Finkelman, Miller & Shah, LLP; seconded by Trustee Troglio.

Approved by viva voce vote.

ITEM NO. 17  DISCUSSION Regarding the IPPFA DAY AT THE NEW YORK STOCK EXCHANGE on March 7-18, 2013, with Request to Receive and File or allow Board Members to attend and to Receive Reimbursement for Per Diem, Mileage, and Hotel Expenses, if needed.

Trustee Phillips moved to receive and file the information regarding IPPFA Day at the New York Stock Exchange on March 7-18, 2013; seconded by Trustee Nichting.

Approved by viva voce vote.

ITEM NO. 18  DISCUSSION Regarding the IPPFA ILLINOIS SPRING PENSION CONFERENCE May 7-10, 2013, with Request to Receive and File or Allow Board Members to Attend and to Receive Reimbursement for Per Diem, Mileage, and Hotel Expenses, if Needed.

President Nieukirk advised any Trustee who wished to attend to contact Trustee Nichting or Trustee Ball.

Trustee Phillips advised that he would like to attend said conference.

Trustee Ball moved to allow Board Members to attend and receive reimbursement for per diem, mileage, and hotel expenses for the IPPFA Illinois Spring Pension Conference May 7-10, 2013; seconded by Trustee Nichting.

Approved by viva voce vote.
ITEM NO. 19 DISCUSSION Regarding the IPPFA REGIONAL SEMINARS for PUBLIC PENSION TRUSTEE TRAINING February 27, March 14, March 19, March 27 and April 3, 2013, with Request to Receive and File or Allow Board Members to Attend and to Receive Reimbursement for Per Diem, Mileage, and Hotel Expenses, if Needed.

Trustee Nichting moved to allow Board Members to attend and receive reimbursement for per diem, mileage, and hotel expenses to attend the IPPFA Regional Seminars for Public Pension Trustee Training February 27, March 14, March 19, March 27 and April 3, 2013; seconded by Trustee Troglio.

Approved by viva voce vote.

UNFINISHED BUSINESS

ITEM NO. 1 REPORT BACK on the Status of the INVESTMENT MANAGEMENT AGREEMENT with KANYE ANDERSON with Request to Approve and Direct President Nieukirk to Sign the Document.

Mr. McShane presented the Investment Management Agreement for Kanye Anderson for signature by President Nieukirk.

Trustee Ball requested that the original Investment Management Agreement be filed with the City Clerk's Office.

Trustee Phillips moved to approve and direct President Nieukirk to sign the Investment Management Agreement with Kanye Anderson; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.

ITEM NO. 2 REPORT BACK Regarding PARTICIPATION in the INITIAL PUBLIC OFFERINGS (IPO) and Request for Board Direction Regarding Participation. Recommendation to Receive and File or Take Other Action as Deemed Appropriate.

Mr. McShane noted he was still waiting for comments from the Department of Insurance, so he requested to defer.

Trustee Troglio moved to defer the report back regarding participation in the Initial Public Offerings (IPO) until the February 2013 Board meeting; seconded by Trustee Phillips.

Approved by viva voce vote.

Mr. McShane left the meeting at 11:45 a.m.

ITEM NO. 3 DOCUMENTATION from LAUTERBACH & AMEN Regarding FIREFIGHTER RYAN STANDLEY Pertaining to POSSIBLE PURCHASE of PRIOR SERVICE TIME with Request to Receive and File or Take Other Action.

Trustee Ball reported that Ryan Standley was a new hire, and that he came to Peoria from Jacksonville. She indicated Lauterbach & Amen had all calculations completed, and she said all
that needed to be done was for Ryan Standley to contact the Finance Department for the City to sign up for payroll deduction.

Trustee Phillips said he would contact Mr. Standley tomorrow regarding what he needed to do next.

Trustee Troglio moved to receive and file the documentation from Lauterbach & Amen regarding Firefighter RYAN STANDLEY pertaining to the purchase of prior service time; seconded by Trustee Phillips.

Approved by viva voce vote.

**ITEM NO. 4  DISCUSSION Regarding FIREFIGHTER CHET HAMMOND Pertaining to POSSIBLE PURCHASE of MILITARY SERVICE TIME with Request to Freeze Interest between November 27, 2013, and the date of the IDOI ACTUARIAL VALUATION REPORT Becomes Available.**

Trustee Ball reported all the figures had been turned in, but Lauterbach & Amen were waiting on the IDOI Actuarial Valuation Report to calculate the final determination. She indicated the report would be available June 2013. She asked the Board whether they wanted to freeze interest from November 2012 to the date of final calculation after receipt of the actuarial report.

Trustee Phillips recommended Chet Hammond go ahead and see Mr. Scroggins from the City’s Finance Department to get an idea of the buyback.

Trustee Ball recommended freezing the interest rate to prevent its accrual until the time the IDOI Actuarial Valuation Report becomes available.

Attorney Dobrovolny said the interest rate used should be the IDOI interest rate that was in effect on September 17, 2012.

Following further discussion, Trustee Troglio moved to defer this item until the February Board meeting so more information could be obtained regarding the rate; seconded by Trustee Phillips.

Approved by viva voce vote.

**ITEM NO. 5  DISCUSSION Regarding STATUS of CONTINUED DISABILITY of PHYSKIE GREEN and DOCUMENTATION from OSF MEDICAL CENTER regarding Evaluation, with Request to Receive and File.**

Attorney Dobrovolny provided a brief overview and remarked that Mr. Green received two different evaluations from two different doctors. In response to Trustee Phillips, he said the Board had determined that Mr. Green suffered from a psychological disability.

Trustee Troglio recommended Mr. Green seek an evaluation from Dr. Kurth to determine the type of therapy needed. He noted Mr. Green sought an evaluation from Dr. Kurth approximately two years ago. He recommended Mr. Green schedule another appointment with Dr. Kurth for another initial evaluation and possibly see Dr. Kurth for annual evaluations.
Trustee Troglio moved that another evaluation with Dr. Kurth be scheduled to determine the type of psychological therapy needed and that Mr. Green receive an evaluation or follow-up treatment on an annual basis; seconded by Trustee Phillips.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.

ITEM NO. 6 RESPONSE from ATTORNEY JIM DOBROVOLNY Regarding a DRAFT ORDER of POSITION Regarding LARRY CARR and His DISABILITY as it Relates to ARTICLE 4-110 DISABILITY PENSION – LINE OF DUTY, with Recommendation to Receive and File or Take Other Action.

Attorney Dobrovolny distributed a revised Decision for the Board’s review. He remarked during the last discussion the Board had, it was agreed Section 1-104 should be considered as part of the opinion. He provided a definition for “line of duty disability” from Section 4-110, and then he reviewed Section 4-112 which provided for a determination of disability. Herein, Mr. Dobrovolny remarked Section 4-110 referred to 4-112. He continued to remark that Section 1-104 did not provide additional argument to the Decision. He stated the Board would not have to look beyond Article 4 for its Decision in this matter. He remarked no changes or amendments had been made to the Decision previously reviewed in November.

In response to Trustee Troglio, Attorney Dobrovolny noted the Decision would make a reference to Article 6 that referred to the reasoning and analysis used in a Supreme Court decision to analyze ambiguous facts as applied to the definition of “act of duty.”

Trustee Troglio moved to adopt the Decision regarding Larry Carr and his disability as it related to Article 4-110 Disability Pension – Line of Duty and to direct the Board Secretary to send the Decision to City Attorney Ron O’Neal and Attorney Robert Bach; seconded by Trustee Phillips.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.

Attorney Dobrovolny stated the City would have 35 days from the day of service for an Administrative Review.

NEW BUSINESS

There was no New Business to come before the Board.
Trustee Phillips moved to adjourn the Regular Firemen's Pension Board Meeting; seconded by Trustee Troglio.

Approved by viva voce vote.

The meeting adjourned at 12:13 P.M.

Beth Ball, MMC, City Clerk
Trustee and Board Secretary,
Firemen's Pension Fund of Peoria, Illinois

/sr
### Asset Allocation Review

**Peoria Firefighters' Pension Fund**  
For the Period Ending December 31, 2012

#### Target Allocation by Asset Class

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Portfolio Allocation</th>
<th>Percentage Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>2%</td>
<td>1%</td>
<td>-1%</td>
</tr>
<tr>
<td>Large Cap Equity</td>
<td>27%</td>
<td>25%</td>
<td>-2%</td>
</tr>
<tr>
<td>iShares S&amp;P 500 Index - Large Cap Core</td>
<td>$30,420,407</td>
<td>$28,143,528</td>
<td>$2,276,879</td>
</tr>
<tr>
<td>Great Lakes - Large Cap Value</td>
<td>$5,592,730</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premier - Large Cap Growth</td>
<td>$9,411,475</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid Cap Equity</td>
<td>3%</td>
<td>3.35%</td>
<td>0.35%</td>
</tr>
<tr>
<td>Anchor - Mid Cap Value</td>
<td>$3,380,045</td>
<td>$3,775,902</td>
<td>$395,857</td>
</tr>
<tr>
<td>iShares Russell Mid Cap Index - Mid Cap Core</td>
<td>$2,590,453</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Messner - Mid Cap Value</td>
<td>$1,185,450</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Small Cap Equity</td>
<td>3%</td>
<td>3.44%</td>
<td>0.44%</td>
</tr>
<tr>
<td>iShares Russell 2000 Index - Small Cap Core</td>
<td>$3,380,045</td>
<td>$3,875,434</td>
<td>$495,388</td>
</tr>
<tr>
<td>Real Estate Equity</td>
<td>3%</td>
<td>2.27%</td>
<td>-0.73%</td>
</tr>
<tr>
<td>Nuveen/First American - Real Estate Fund</td>
<td>$3,875,434</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Equity</td>
<td>16%</td>
<td>8.80%</td>
<td>-7.20%</td>
</tr>
<tr>
<td>Harbor - International Equity</td>
<td>$18,026,908</td>
<td>$9,914,384</td>
<td>$8,112,523</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>8.00%</td>
<td>7.12%</td>
<td>-0.88%</td>
</tr>
<tr>
<td>Lazard - Emerging Markets Fund</td>
<td>$9,013,454</td>
<td>$8,025,109</td>
<td>$988,344</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>38%</td>
<td>49.47%</td>
<td>11.47%</td>
</tr>
<tr>
<td>Segall - Fixed Income</td>
<td>$42,813,906</td>
<td>$55,738,997</td>
<td>$12,925,091</td>
</tr>
<tr>
<td>Segall - Cash Account</td>
<td>$35,363,117</td>
<td>$353,922</td>
<td>$353,922</td>
</tr>
<tr>
<td>SKBA - Fixed Income</td>
<td>$9,374,002</td>
<td>$10,467,956</td>
<td>$1,093,954</td>
</tr>
<tr>
<td>McDonnell - Fixed Income</td>
<td>$12,925,091</td>
<td>$12,925,091</td>
<td>$0</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>2.00%</td>
<td>0.57%</td>
<td>-1.43%</td>
</tr>
<tr>
<td>MSSB - Cash Management</td>
<td>$2,253,363</td>
<td>$365,974</td>
<td>-$1,616,389</td>
</tr>
<tr>
<td>Harris - Checking</td>
<td>$440</td>
<td>$78,189</td>
<td>$361,851</td>
</tr>
<tr>
<td>Peoria Community Bank</td>
<td>$558,345</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ALLOCATION</strong></td>
<td>100.00%</td>
<td>100.00%</td>
<td>$112,668,173</td>
</tr>
</tbody>
</table>

**May not add up to 100% due to rounding**

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