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 9:55 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; Assistant Corporation Counsel for the City of Peoria Sonni Williams; Chief Deputy City Clerk Stefanie Rice.

INVOCATION

President Nieukirk requested a moment of silent prayer or silent reflection in remembrance of those Firefighters who lost their lives while serving their community.

MINUTES

Recommendation to Approve the Minutes of the Regular Board Meeting held on February 22, 2016, as printed.

Trustee Phillips moved to approve the Regular Board meeting held on February 22, 2016, as printed; seconded by Trustee Troglio.

Approved by viva voce vote.

REGULAR BUSINESS

ITEM NO. 1 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, Discussion and Review of the Asset Allocations, Review of the Open Orders with the S&P 500 Exchange Traded Fund (ETF), and Possible Action on Custodial Agreement Change with Request to Receive and File Reports or Take Other Action.

Mr. Tom McShane distributed a copy of the Performance Update for the period ending February 29, 2016, to all members of the Board.

The Performance Update for the Period ending February 29, 2016, showed the portfolio value at $115,769,480.00. Since its inception, the total portfolio performance returned 5.43% versus the custom benchmark of 5.19%.
Mr. McShane provided an update on the markets. He reported the S&P 500 was up 6.3% for the month of March with quarter returns of 0.9%. He said this was a sign of the market bouncing back after the recent decline.

Mr. McShane reviewed an article by Morgan Stanley entitled "The Correction Appears to be Over." He reviewed the issues that affected the economy that caused the volatility in the market place. He remarked that the market snapped back fairly quickly, but he indicated that there would be some volatility. He reviewed "Current Volatility is 'Normal' Despite Perceptions to Contrary" noting that the average weekly volatility was approximately 17.0%. He said the S&P 500 currently trailed earnings. He said the S&P 500 was not overvalued noting an expected growth of approximately 2.0%. He remarked that the correction from the summer of 2015 had ended and the recommendation was to invest in equities versus fixed income.

In response to Trustee Troglio, Mr. McShane said 70% of the economy was from personal consumption. He remarked on the importance of spending and how that impacted profits and earnings - supply and demand.

Assistant Corporation Counsel Sonni Williams arrived at 10:10 a.m.

Mr. McShane reviewed the allocations for each asset class noting an over-allocation in cash and cash equivalents. He reported that there was a recent rebalance in mid cap equities. He noted that small cap equities were over-allocated, noting that the manager worked well in the current markets.

The Fund's current asset allocation is as follows:

<table>
<thead>
<tr>
<th>Target Allocation</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>2.00%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>38.00%</td>
</tr>
<tr>
<td>Equity</td>
<td>60.00%</td>
</tr>
</tbody>
</table>

Mr. McShane recommended reviewing the allocation in large cap equities, noting that value had a greater opportunity. He suggested moving $2 million from Premier into the S&P 500 Index Fund in order to rebalance the portfolio. He noted that Premier added value, but had underperformed recently.
Trustee Troglio moved to reallocated $2 million from Premier into the S&P 500 Index Fund; seconded by Trustee Phillips.

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

Mr. McShane reviewed the markets and noted that the Fund’s portfolio, through the end of February 2016, had a year-to-date return of -3.42%, a five-year return of 4.08%, and 5.43% since inception. He continued to report time-weighted returns of the portfolio noting the year-to-date return for US Equities -6.07% versus the benchmark of -5.33%; International Equities returned -6.86% versus the benchmark of -7.86%; Fixed Income 1.79% versus a benchmark of 1.72%.

Mr. McShane reviewed each manager’s returns noting Great Lakes was down -6.95% versus the benchmark of -9.42%; Premier down -10.34% versus the benchmark of -5.04%; iShares down -10.66% versus the benchmark of -11.26%; Kayne Anderson down 1.94% versus -14.98%, which provided protection for the portfolio; Harbor International down -13.15% versus -17.37%, which provided additional protection for the portfolio; iShares MSCI EAFE International returned -15.32% versus -15.18%; Segal returned 1.94% versus 1.83%, approximately 11 basis point greater than the benchmark; SKBA provided a hedge with a return of 2.38% versus the benchmark of 1.07%; and McDonnell returned 1.73% versus 1.83% with an average maturity of five years.

Mr. McShane reviewed handouts regarding the International Developed Equities ETF. He said the portfolio currently included iShares MSCI EAFE ETF. When deciding what international equity ETF to purchase, he noted the expense ratio, volume and average daily volume. He remarked that the daily volume provided for liquidity. He noted that Vanguard, based on value and fees, had a score of 122,277 with a 3-year return of 4.50%. He recommended utilizing Vanguard FTSE Developed Markets for international exposure by moving funds from the iShares MSCI EAFE to the Vanguard FTSE.

Trustee Troglio moved to reallocated funds from the iShares MSCI EAFE ETF to the Vanguard FTSE Developed Markets for international exposure; seconded by Trustee Nichting.

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

**EXECUTIVE SESSIONS**

Request for a Motion to go into EXECUTIVE SESSION to discuss 2(c)(7) The sale or purchase of securities, investments, or investment contracts.

Trustee Nichting moved to go into Executive Session to discuss 2(c)(7) The sale or purchase of securities, investments, or investment contracts; seconded by Trustee Troglio.

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

The Board adjourned into Executive Session at 10:30 A.M.
The Board Meeting reconvened at 10:40 A.M.

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; Assistant Corporation Counsel for the City of Peoria Sonni Williams; Chief Deputy City Clerk Stefanie Rice.

Trustee Nichting moved to reallocated the balance from the custodial account at US Bank to Morgan Stanley, wherein there would be no custodial fee agreement; seconded by Trustee Phillips.

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

Trustee Nichting moved to receive and file the Performance Update Report as of February 29, 2016; seconded by Trustee Troglio.

Approved by viva voce vote.

**ITEM NO. 2** Report from Fire Marshal Charles Lauss of Pension Fund Contributions, which were made by payroll deductions during the MONTH of FEBRUARY 2016, 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>Jan. 21, 2016 – Feb. 5, 2016</td>
<td>February 16, 2016</td>
<td>$66,869.70</td>
</tr>
<tr>
<td>Feb. 6, 2016 – Feb. 20, 2016</td>
<td>February 29, 2016</td>
<td>$67,098.73</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$133,968.43</td>
</tr>
</tbody>
</table>

Trustee Ball moved to concur and place on file the Fire Marshal’s Report for February 2016; seconded by Trustee Nichting.

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

**ITEM NO. 3** Request to Approve the following BILLS:

- Pensions for March 2016 (dated March 31, 2016) ...................... $1,021,194.87
- Morgan Stanley – 1st Quarter 2016 fee .................................. 24,216.00
- Woodlake Medical Management – Alpert IME – Brooks Disability..... 2,654.00
- Woodlake Medical Management – Stiehl IME – Brooks Disability..... 2,170.00
Trustee Phillips moved to approve the bills for March in the total amount of $1,059,373.54; seconded by Trustee Troglio.

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

ITEM NO. 4 APPLICATION for REGULAR RETIREMENT PENSION for DAVID T. FRY to become effective March 21, 2016, (last day paid by the City was March 20, 2016) based on 63.5417% of his Annual Salary of $98,533.66 (which includes longevity). Pension to be paid for the remaining 10 days of March, in the amount of $1,739.20, and $5,517.50 for every month thereafter with a request to receive and file the letter to deduct monthly insurance premiums from his monthly benefit check at the appropriate time. Recommendation for the Board to Approve.

Discussions were held regarding the withdrawal of funds from a Health Spending Account (HSA) for health insurance and at what point the accountant would be notified once the HSA was terminated in order for the proper withholdings to be made from the pension amount. It was noted that the Patient Advocate in the Human Resource Department, would notify Lauterbach & Amen as to when health insurance would need to be deducted from the pension check.

Discussions were held regarding the IPPFA promoting the training of individuals to oversee Firefighters' benefits. It was noted that the City of Peoria was aware of this and Ms. Tomlins, Patient Advocate, was notified of the same.

Trustee Phillips moved to approve the Application for Regular Retirement Pension for DAVID T. FRY to become effective March 21, 2016, (last day paid by the City was March 20, 2016) based on 63.5417% of his Annual Salary of $98,533.66 (which includes longevity). Pension to be paid for the remaining 10 days of March, in the amount of $1,739.20, and $5,517.50 for every month thereafter with a request to receive and file the letter to deduct monthly insurance premiums from his monthly benefit check at the appropriate time; seconded by Trustee Troglio.

Approved by roll call vote.
Yees: Ball, Nichting, Phillips, Troglio, President Nieukirk - 5;
Nays: None.
ITEM NO. 5 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of FEBRUARY 2016, 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.

Trustee Ball moved to approve the monthly financial reports from Lauterbach & Amen, LLP for the month of February 2016, which included 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; seconded by Trustee Troglio.

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

ITEM NO. 6 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of February 2016, with Recommendation to Receive and File.

Trustee Phillips 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 February 2016; seconded by Trustee Troglio.

Approved by viva voce vote.

ITEM NO. 7 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 Ball moved to approve the 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; seconded by Trustee Phillips.

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

ITEM NO. 8 DISCUSSION Regarding IPPAC 21st ANNUAL SPRING CONFERENCE to be Held May 18-20, 2016, to be Held at Jumers Rock Island, Illinois. Recommendation: Motion to allow Board Members to attend, if they wish, and to receive a per diem, and reimbursement for hotel and travel expenses OR to receive and file.

Trustee Ball moved to receive and file the information regarding the IPPAC 21st Annual Spring Conference to be held May 18-20, 2016, to be held at Jumers Rock Island, Illinois; seconded by Trustee Phillips.

Approved by viva voce vote.
ITEM NO. 9  DISCUSSION Regarding 2016 IPPFA ILLINOIS PENSION CONFERENCE to be Held May 3-6, 2016, at the Embassy Suites Hotel & Conference Center in East Peoria, Illinois. Recommendation: Motion to allow Board Members to attend, if they wish, and to receive a per diem, and reimbursement for hotel and travel expenses OR to receive and file.

Trustee Phillips moved to allow Board Members to attend the 2016 IPPFA Illinois Pension Conference to be held May 3-6, 2016, at the Embassy Suites Hotel & Conference Center in East Peoria, and to not allow the reimbursement of hotel, travel and per diem expenses since the conference is held locally; seconded by Trustee Ball.

Approved by viva voce vote.

ITEM NO. 10  REQUEST for the Approval to CHANGE the TIME of the APRIL 25, 2016, REGULAR BOARD MEETING to Conduct Regular Firemen's Pension Fund Business and TO SET a DATE, TIME, and PLACE for a SPECIAL BOARD MEETING on the Evening of APRIL 25, 2016, to Hold a Swearing-In Ceremony for a NEWLY ELECTED TRUSTEE.

After a brief discussion regarding the dates and times of the April Regular Board Meeting and Special Board Meeting, Trustee Ball moved to approve to change the time of the April 25, 2016, Regular Board Meeting to 3:00 P.M. to conduct Regular Firemen's Pension Fund business and to set a time for the Special Board Meeting to April 25, 2016, at 5:00 P.M. at Jim's Steakhouse to hold a swearing-in ceremony for a newly elected Trustee; seconded by Trustee Nichting.

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

ITEM NO. 11  REQUEST for a REVIEW of the QUESTIONS Presented to Physicians Performing Independent Medical Evaluations with Possible Action.

Trustee Ball reviewed the questions that were presented to physicians who performed independent medical evaluations (IME). She remarked that the Trustees suggested possibly amending question No. 7 to include "accumulative."

Trustee Nichting suggested adding a new number between No. 7 and No. 8 to insert 5/4-110 of the Pension Code.

Trustee Phillips recommended copying section 5/4-110 of the Illinois Pension Code and sending it along with the questions to each of the IMEs.

Trustee Nichting said the Board should not assume the IMEs know or do not know that part of the Pension Code.

Trustee Troglio remarked that Section 4-110 stated "accumulative effects of acts of duty."

Trustee Nichting remarked on the importance of being very specific with the questions presented to the IMEs.

It was recommended to forward the questions currently used to the Fund's Attorney and to request that he coincide these questions with the Pension Code in order to create as much
clarity as possible, and then bring these questions back to the Board at the April meeting for review.

Trustee Troglio remarked that when Firefighters applied for a disability, the Board should include the initial new hire physical with paperwork sent to the IMEs.

Discussions were held regarding the City's physicals and the thoroughness of those physicals. Trustee Phillips recommended eliminating the sealing of echocardiograms done as part of a pre-physical employment, noting that part of the Pension Code addressed heart and lung issues.

Trustee Nichting said he would review the issue regarding heart and lung issues with the City Manager and how those should be processed.

Discussions were held regarding a Firefighter's initial physical and whether an echocardiogram was included.

It was noted that another Application for Disability was filed and that medical records were still coming in. Trustee Ball said once those records were received, the three pension doctor appointments would be made.

Discussions were held regarding the questions to be answered by the IMEs and whether an additional question should be inserted.

Trustee Nichting said final approval was needed prior to sending out on the new disability application.

Trustee Phillips moved to send the list of questions to the Fund's Attorney Jim Dobrovolny and to ask him to formulate either a new Question 7 or add another question to include "a result of sickness, accident or injury incurred in or resulting from the performance of an act of duty or from the cumulative effects of acts of duty..." as set forth under 5/4-110 of the Illinois Pension Code; seconded by Trustee Troglio.

Approved by viva voce vote.

ITEM NO. 12 REQUEST to APPROVE the AUDIT ENGAGEMENT LETTER with SIKICH LLP for the Year Ended December 31, 2015 Audit.

Trustee Ball moved to approve the Audit Engagement Letter with Sikich LLP for the year ended December 31, 2015, audit; seconded by Trustee Phillips.

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

DISABILITY APPLICATION of ENGINEER MICHAEL BROOKS

Trustee Ball said Engineer Brooks completed his paperwork wherein he chose his first day of pension date of March 16, 2016, which would provide him with a half month of pension. She remarked that the disability was not final until the Board voted on the Order in April, and she indicated that Engineer Brooks was aware of the same.

Discussions were held regarding the prudence of whether Engineer Brooks should be paid prior to acceptance of the Order by the Board.

Trustee Ball said she discussed the matter with Attorney Dobrovolny wherein a change in the Order was a small risk. She said she spoke with Engineer Brooks and he indicated that he was willing to accept the payment as of the end of March knowing that the Order was not yet officially approved by the Board.

Trustee Nichting remarked that if Engineer Brooks was going to be included in the March payroll, then he would need a corrected payroll report for that month, which would be subject to change based on the 35 day rule that the Order is not final until approved by the Board.

NEW BUSINESS

2016 Active Trustee Election

Trustee Ball reported that only one Intent to Run form had been filed, which was filed by Trustee Troglio. She said his position would be affirmed by acclamation and no election would be held according to the Board's policy. She said the Board would vote on his seat to the Board and he would be sworn in at a Special Firemen’s Pension Board meeting to be held on April 25, 2016.

CITIZENS' OPPORTUNITY TO ADDRESS THE BOARD OF TRUSTEES

It was determined there were no citizens to address the Board of Trustees.

EXECUTIVE SESSION

It was determined that an Executive Session was not needed at this time.

ADJOURNMENT

Trustee Ball moved to adjourn the Regular Firemen’s Pension Board Meeting; seconded by Trustee Troglio.

Approved by viva voce vote.

The meeting adjourned at 11:24 A.M.

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

/sr