A Rescheduled 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 3:00 P.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, President Nieukirk – 4; Absent: Troglio - 1.

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 of Reimer Dobrovolny & Karlson; Attorney John Dundas of Hasselberg Grebe Snodgrass Urban & Wentworth on behalf of the City of Peoria; Attorney Kyle Tompkins of Hasselberg Grebe Snodgrass Urban & Wentworth on behalf of the City of Peoria; Risk Manager Ed Hopkins from the City of Peoria Human Resource Department; Chief Deputy City Clerk Stefanie Rice; and Court Reporter Cheryl Zeone of Sivertsen Reporting Services.

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 Special Board Meeting held on March 15, 2016, and the Regular Board Meeting held on March 28, 2016, as printed.

Trustee Ball said the minutes from the March 28, 2016, Regular Board Meeting needed to be amended. She said Item No. 3 under the bills should be amended to reflect a change in the pension amount for March 2016 (dated March 31, 2016) from $1,021,194.87 to $1,023,553.35, which would include the disability amount for Michael Brooks. She remarked that the paperwork for Michael Brooks was not completed until after the last Board meeting. She said the total amount withdrawn for March changed to $1,061,732.07.

Trustee Phillips moved to approve the Minutes of the Special Board Meeting held on March 15, 2016, and the Regular Board Meeting, as amended, held on March 28, 2016; seconded by Trustee Nichting.

Approved, as amended, by viva voce vote.
REQUEST TO MOVE AGENDA ITEM

Trustee Nichting moved to move Item No. 10 pertaining to the Michael Brooks Line of Duty Disability to be discussed at this time; seconded by Trustee Ball.

Approved by roll call vote.
Yea: Ball, Nichting, Phillips, President Nieukirk – 4;
Nay: None.

UNFINISHED BUSINESS

ITEM NO. 10 REQUEST for APPROVAL of the FINAL ORDER of LINE OF DUTY DISABILITY for ENGINEER MICHAEL BROOKS and to DISCUSS the City of Peoria's Petition to Supplement the Record and Re-Open the Record for Further Testimony. Recommendation: Board to take action deemed appropriate.

Attorney Dobrovolny said the Michael Brooks disability was scheduled this date on the City's Petition to Supplement the Record and to Reopen for Further Testimony. He said a fax was received by the Board this date from Attorney Gordon Fiddes, Counsel for Michael Brooks, and he distributed a copy of the fax to the Trustees for review.

Attorney Thompkins provided the reason for filing the Petition noting that there was additional evidence that was not available until after the Public Hearing.

Attorney Dobrovolny noted that Mr. Fiddes was unable to attend the hearing this date, but had supplied a written response.

Discussions were held regarding the Board's options on how to proceed. It was noted that all rights of the parties would be reserved with a deferral.

Trustee Nichting moved to defer the request for approval of the Final Order of Line of Duty Disability for Engineer Michael Brooks and to discuss the City of Peoria's Petition to Supplement the Record and Re-Open the Record for further Testimony until the May Board Meeting; seconded by Trustee Phillips.

Approved by roll call vote.
Yea: Ball, Phillips, Nichting, President Nieukirk – 4;
Nay: None.

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, and Review of the Open Orders with the S&P 500 Exchange Traded Fund (ETF), with Request to Receive and File Reports or Take Other Action.
Mr. McShane previously mailed a copy of the Performance Update for the period ending March 31, 2016, to all members of the Board. The Performance Update showed the portfolio value at $119,801,812. Since its inception, the total portfolio performance returned 5.73% versus the custom benchmark of 5.55%.

<table>
<thead>
<tr>
<th>Manager</th>
<th>Ending Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>iShares S&amp;P 500 Index (Large Cap Fund)</td>
<td>$10,037,202</td>
</tr>
<tr>
<td>Great Lakes (Large Cap Fund)</td>
<td>$12,824,270</td>
</tr>
<tr>
<td>Premier (Large Cap Fund)</td>
<td>$16,484,038</td>
</tr>
<tr>
<td>iShares Russell Mid Cap Index (Mid Cap Fund)</td>
<td>$3,663,092</td>
</tr>
<tr>
<td>Kayne Anderson</td>
<td>$5,653,021</td>
</tr>
<tr>
<td>Harbor (International Equity)</td>
<td>$18,266,302</td>
</tr>
<tr>
<td>iShares MSCI EAFE (International Equity)</td>
<td>$7,358,235</td>
</tr>
<tr>
<td>Segall – Fixed Income</td>
<td>$32,396,053</td>
</tr>
<tr>
<td>SKBA – Fixed Income</td>
<td>$3,447,229</td>
</tr>
<tr>
<td>McDonnell – Fixed Income</td>
<td>$5,997,362</td>
</tr>
<tr>
<td>Cash Management Account</td>
<td>$1</td>
</tr>
<tr>
<td>Insured Cash Sweep Account – PCB</td>
<td>$3,675,009</td>
</tr>
</tbody>
</table>

Mr. Tom McShane reported that the first quarter of 2016 was the worst January in the history of the markets, noting that gold, emerging markets and REITS were the best performers. He reviewed the equity market returns reporting all negatives except for the S&P500 with a return of 1.3% and Emerging Markets with a return of 5.8%. He said the Emerging Markets had 12-month returns of -11.7% and the S&P500 had returns of 1.8%. He said the 7-year return for the S&P500 was 17.0%. Next, he reviewed the first quarter returns for US Bonds stating that the Barclays Capital Government benchmark was up 3.4% and the Barclays Capital Intermediate benchmark was up 2.4% with 7-year returns for each of 4.7% and 3.8%, respectively. He reviewed the Asset Class Index Performance report stating that emerging markets were currently high performers with a 13.0% return with a year-to-date return of 5.4%. He said the Board previously moved money from the Emerging Markets into Harbor International.

Mr. McShane reviewed the reason why long-duration bonds were risky when rates increased, but could be profitable when rates decreased. He said the Fund's portfolio was situated to gain or lose 4.0% with a 1.0% change in interest rates.

In response to Trustee Nichting, he said the Board decided to shorten the portfolio to the Barclays Intermediate Government Credit. As rates increase, he said the Board would need to discuss whether to move the guidelines for these managers from the Barclay's Intermediate to the Barclay's Government Credit. He reported that two managers utilized the shorter duration and one manager utilized the longer duration as a hedge. He recommended the Board review whether to change to the Barclay's Government Credit, which was longer by approximately two and a half years.

Trustee Nichting said there had been discussions in the news as to whether the interest rates were going to go up this year. He recommended scheduling bond managers for the August Board meeting to discuss their outlook and whether the Board's current strategy was something that needed to remain the same and when a change of strategy would be recommended.

In response to Trustee Nichting's recommendation, Mr. McShane said he would schedule Segal and possibly SKBA to have a conference with the Board in August.
Mr. McShane reviewed the Fund’s portfolio as follows:

<table>
<thead>
<tr>
<th></th>
<th>Target Allocation</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalent</td>
<td>2.00%</td>
<td>3.07%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>38.00%</td>
<td>34.92%</td>
</tr>
<tr>
<td>Equity</td>
<td>60.00%</td>
<td>62.01%</td>
</tr>
</tbody>
</table>

Mr. McShane reported that the portfolio was under-weight in the fixed income asset class, over-weight in cash and equities, and slightly over-allocated in small cap equity. He reported that the Board had recently left Real Estate Equities and Emerging Markets. He reported that International Equities was over-allocated, which the money was taken from Emerging Markets and placed in International Equity. He said Large Cap Equity was over-allocated and Fixed Income was under-allocated.

Mr. McShane said the portfolio was up 0.73% for the quarter versus a benchmark of 1.68%. For the last year he said the portfolio was down -2.43% versus the custom benchmark of -1.04%, noting the underperformance related to having a higher cash position versus bonds. He reported some under performance from Premier, which was down -5.0% versus a positive benchmark of 2.53%.

In response to President Nieukirk regarding Premier, Mr. McShane said Premier was a growth manager and he recommended reallocating $3 million from Premier into the S&P 500.

In response to Trustee Nichting, Mr. McShane said he was still satisfied with the iShares versus Vanguard as it was better for expenses and liquidity.

Trustee Nichting moved to reallocate $3 million from Premier into the S&P 500; seconded by Trustee Phillips.

Approved by roll call vote.

Yeas: Ball, Phillips, Nichting, President Nieukirk – 4;
Nays: None.

Mr. McShane distributed a handout, and he remarked that the Board had placed cancel orders for the S&P 500 that should be reviewed and revised. He reviewed the current I-Shares orders and recommended adjusting by keeping as follows:

- Buy 1295 at $193.00 for a total of $250,000.00 (new order)
- Buy 1366 at $183.00 (up from $180.49) for a total of $250,000.00
- Buy 1450 at $174.00 (up from $169.49) for a total of $250,000.00
- Buy 1550 at $161.00 (up from $158.49) for a total of $250,000.00
- Buy 1660 at $150.00 (up from $147.99) for a total of $250,000.00
- Buy 1785 at $140.00 (up from $137.49) for a total of $250,000.00
Trustee Nichting moved to adjust the buying orders for the S&P 500 as follows:

- Buy 1295 at $193.00 for a total of $250,000.00 (new order)
- Buy 1366 at $183.00 (up from $180.49) for a total of $250,000.00
- Buy 1450 at $174.00 (up from $169.49) for a total of $250,000.00
- Buy 1550 at $161.00 (up from $158.49) for a total of $250,000.00
- Buy 1660 at $150.00 (up from $147.99) for a total of $250,000.00
- Buy 1785 at $140.00 (up from $137.49) for a total of $250,000.00

Seconded by Trustee Phillips.

Approved by roll call vote.

Yeas: Ball, Phillips, Nichting, President Nieukirk – 4;
Nays: None.

Trustee Nichting moved to receive and file the Performance Update Report as of March 31, 2015; seconded by Trustee Ball.

Approved by viva voce vote.

ITEM NO. 2 Request to Approve the following BILLS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions for April 2016 (dated April 30, 2016)</td>
<td>$1,031,845.39</td>
</tr>
<tr>
<td>Lauterbach &amp; Amen, LLP for the month of February 2016</td>
<td>3,155.00</td>
</tr>
<tr>
<td>Lauterbach &amp; Amen, LLP for the month of March 2016</td>
<td>3,155.00</td>
</tr>
<tr>
<td>Lauterbach &amp; Amen, LLP for Year-End Work for FY ending 12/31/15</td>
<td>3,065.00</td>
</tr>
<tr>
<td>Lauterbach &amp; Amen, LLP for Preparation of Payroll tax Returns</td>
<td>865.00</td>
</tr>
<tr>
<td>Sikich – Audit of Financial Statements for Year End 12/31/15</td>
<td>2,000.00</td>
</tr>
<tr>
<td>Sivertsen Reporting Service – Michael Brooks Public Hearing</td>
<td>832.00</td>
</tr>
<tr>
<td>Associated Fire Fighters of Illinois – Pension Books</td>
<td>175.00</td>
</tr>
<tr>
<td>City of Peoria – 1st Quarter 2016 Postage</td>
<td>6.76</td>
</tr>
<tr>
<td>City of Peoria – Postage (Fed Ex)</td>
<td>25.57</td>
</tr>
<tr>
<td>IPPFA 2015 Illinois Pension Conference (Registration for 4 Trustees)</td>
<td>1,660.00**</td>
</tr>
<tr>
<td>Jack Nieuwkiirk, Jr. (Frank Gambro Conf Apr 12-14, 2016)</td>
<td>555.11**</td>
</tr>
<tr>
<td>Ralph Phillips (Frank Gambro Conf Apr 12-14, 2016)</td>
<td>555.11**</td>
</tr>
<tr>
<td>SUB-TOTAL FOR APRIL</td>
<td>$1,047,894.94</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kayne Anderson Rudnick – Mgmt Fee 4/1/16 through 6/30/16</td>
<td>11,306.00*</td>
</tr>
<tr>
<td>Premier Asset Management LLC – Mgmt Fee as of 3/31/16</td>
<td>18,544.62*</td>
</tr>
<tr>
<td>SKBA Capital Mgmt – Mgmt Fee 1/1/16 through 3/31/16</td>
<td>1,708.46*</td>
</tr>
</tbody>
</table>

GRAND TOTAL FOR APRIL                                                     $1,079,454.02

*No check should be processed for this amount. This amount is to be automatically deducted from the account.
**No check should be processed for these amounts. Checks were previously requested and issued.

Trustee Phillips moved to approve the bills in the grand total amount of $1,079,454.02; seconded by Trustee Nichting.

Approved by roll call vote.

Yeas: Ball, Nichting, Phillips, President Nieukirk – 4;
Nays: None.
ITEM NO. 3 APPLICATION for REGULAR RETIREMENT PENSION for MARK J. POWERS to become effective April 17, 2016, (last day paid by the City was April 16, 2016) based on 72.5% of his Annual Salary of $87,082.20 (which includes longevity). Pension to be paid for the remaining 14 days of March, in the amount of $2,455.18, and $5,261.22 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.

Trustee Phillips moved to approve the Application for Regular Retirement Pension of Mark J. Powers to become effective April 17, 2016, (last day paid by the City was April 16, 2016) based on 72.5% of his Annual Salary of $87,082.20 (which includes longevity). Pension to be paid for the remaining 14 days of March in the amount of $2,455.18 and $5,261.22 for every month thereafter with a request to receive and file the letter to deduct monthly insurance premiums from this monthly benefit check at the appropriate time; seconded by Trustee Nichting.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, President Nieukirk – 4;
Nays: None.

ITEM NO. 4 REQUEST to AMEND the CALCULATION for the Regular Retirement Pension for DAVID T. FRY from $5,517.50 each month to $5,217.50 each month as of April 2016.

It was noted that this item was to correct a typographical error from the March 2016 meeting minutes.

Trustee Ball moved to amend the calculation for the Regular Retirement Pension of David T. Fry from $5,517.50 each month to $5,217.50 each month as of April 2016; seconded by Trustee Phillips.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, President Nieukirk – 4;
Nays: None.

ITEM NO. 5 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of MARCH 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.


Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, President Nieukirk – 4;
Nays: None.
ITEM NO. 6 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of March 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 March 2016; seconded by Trustee Ball.

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, President Nieukirk – 4;
Nays: None.

ITEM NO. 8 DISCUSSION Regarding the Department of Insurance, Public Pension Division, “The Siren”.

Trustee Ball said the Board had received “The Siren” from the Illinois Department of Insurance. She reported that going forward the Board would need to send a copy of the audit upon completion to the DOI.

Trustee Nichting commented that the DOI recommended raising their compliance fee from $8,000.00 to $16,000.00. Attorney Dobrovolny said that money would go directly to the State’s General Fund.

Attorney Dobrovolny provided an update regarding a Firefighter’s portability. He said the State Statute was previously construed in that a Tier 2 Firefighter could go to another community and take advantage of the retirement provision of Article 4 and be considered a Tier 1 Firefighter, in which the DOI had agreed. However, since then, he said the DOI reversed that decision as of February 2016.

Trustee Phillips moved to receive and file the information regarding the Department of Insurance, Public Pension Division, “The Siren;” seconded by Trustee Ball.

Approved by viva voce vote.


Trustee Ball said HELPS could reduce a retired Firefighter’s taxable earnings up to $3,000.00 if certain insurance premiums were utilized. Previously, she remarked that it was only limited to insurance through the City, but now it was expanded to outside insurance plans as it met the IRS eligibility requirements.
Trustee Nichting remarked that it would reduce the gross earnings for tax purposes.

Trustee Ball moved to receive and file the information regarding a new service offered by Lauterbach & Amen called HELPS (Healthcare Enhancement for Local Public Safety) Act of 2007; seconded by Trustee Phillips.

Approved by viva voce vote.

UNFINISHED BUSINESS (Continued)

ITEM NO. 10 REQUEST for APPROVAL of the FINAL ORDER of LINE OF DUTY DISABILITY for ENGINEER MICHAEL BROOKS and to DISCUSS the City of Peoria's Petition to Supplement the Record and Re-Open the Record for Further Testimony.

CLERK'S NOTE: See Page 2 for discussion.

ITEM NO. 11 REVIEW the AMENDED List of Questions Sent to Independent Medical Examiners for Disability Applications, with a Request to Approve or Take Other Action.

Trustee Ball said a list of questions was provided to Attorney Dobrovolny in order to rewrite question number 7. She said he had provided a few amendments to the list.

Regarding Robert Parkmon's Disability Application, Trustee Ball provided an update noting that the doctors' appointments should be provided within the week and this list of questions had been provided to the doctors.

Attorney Dobrovolny remarked that the delay with Parkmon's case was due to the authorizations not being returned until April 4. He said his firm requested medical records from several facilities and had not received any records back as of April 15.

Trustee Ball said some records were received last Thursday and Attorney Reimer's office was getting them organized for the IMEs. She said she spoke with Mr. Parkmon and explained the process.

Discussions were held regarding the questions to be sent to the IMEs and whether the questions brought to light the issue of cumulative effects of acts of duty. Attorney Dobrovolny said the main purpose of the IME was to give an opinion as to whether the Firefighter could perform the duties of a firefighter and what had caused the disability.

Discussions were held regarding the City's physical exam and the Pension Board's physical exam upon the hiring of a Firefighter. Trustee Ball said the City's Human Resource Director said she could schedule the City's doctor to attend a meeting and explain what was entailed in a pre-employment physical and the Board could ask questions regarding the same.

Trustee Phillips moved to adopt the amended list of questions sent to Independent Medical Examiners for Disability Applications; seconded by Trustee Ball

Approved by viva voce vote.

Trustee Ball said she would schedule the City's doctor for either the May or June Board meeting.
NEW BUSINESS

It was determined that there was no new business to discuss.

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 Rescheduled Regular Firemen’s Pension Board Meeting; seconded by Trustee Phillips.

Approved by viva voce vote.

The meeting adjourned at 4:40 P.M.

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

/sr