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, Troglio, President Nieukirk – 4; Absent: Phillips - 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; Assistant Corporation Counsel Sonni Williams of the City of Peoria; Applicant, Michael Brooks; Attorney Gordon Fiddes of Stephens Fiddes McGill on behalf of the Applicant; Attorney John Dundas of Hasselberg Grebe Snodgrass Urban & Wentworth on behalf of the City of Peoria; Attorney Jim Dobrovolny of Reimer Dobrovolny & Karlson; 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 August 29, 2016, as printed.

Trustee Troglio moved to approve the Minutes of the Regular Board Meeting held on August 29, 2016, as printed; seconded by Trustee Nichting.

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

UNFINISHED BUSINESS

ITEM NO. 1 PUBLIC HEARING Regarding the MICHAEL BROOKS DISABILITY to Consider the Admission of Documentary Evidence, to Hear Argument Regarding the Continuation of Disability at that Time, and to Continue the Matter for Deliberation, with Request to Receive and File or to Take Other Action Deemed Necessary.
Attorney Dobrovolny reconvened the Public Hearing regarding the Disability Application of Michael Brooks. He identified all parties present. He stated that the Board received additional records from the City and that the Board sent out an additional subpoena for more records. He said these records were then sent to the three independent medical examiners to see whether their decision regarding Mr. Brooks' disability would change. He reviewed the additional exhibits as follows:

Board Exhibit No. 9  Correspondence to Woodlake Medical Management with documents received from Subpoena issued to United Point Health – Methodist

Board Exhibit No. 10  Joshua M. Alpert, M.D.
Addendum to 2/22/16 Medical Report

Board Exhibit No. 11  Michael S. Lewis, M.D.
Addendum to 2/22/16 Medical Report

Board Exhibit No. 12  James B. Stiehl, M.D.
Addendum to 2/18/16 Medical Report

Applicant Exhibit No. 1  Correspondence from Midwest Orthopaedic Center from Thomas J. Mulvey, M.D. dated 4/17/16

Attorney Fiddes objected to the Board's additional exhibits being admitted into the record stating that additional information was needed. He remarked on the importance of asking the Independent Medical Examiners their opinion of what the impact of accumulative effects would have on Mr. Brooks' injury.

Attorney Dundas asked for a reconsideration of the City's Petition to Intervene in this matter.

Trustee Troglio expressed his concern that the independent medical examiners were not questioned about the impact accumulative effects had in this matter.

Trustee Troglio moved to adjourn to executive session pursuant to 2(c)(4) Evidence or testimony presented in open hearing, or in closed hearing where specifically authorized by law, to a quasi-adjudicative body, as defined in this Act, provided that the body prepares and makes available for public inspection a written decision setting forth its determinative reasoning; seconded by Trustee Nichting.

Motion to go into Executive Session was DEFEATED by roll call vote.

Yea:  Troglio, President Nieukirk – 2;
Nay:  Ball, Nichting – 2.

Discussions were held regarding accumulative effects and whether a date could be set on when the accumulative effects began.

Trustee Troglio moved to submit to the Independent Medical Examiners a letter asking their opinion as to how accumulative effects of service affected Mr. Brooks' right knee.
Trustee Troglio expressed his concern that the doctors were not posed with the question regarding cumulative effects as outlined in the Illinois Pension Code Section 4-110. He said, going forward, that question should be posed to all IME and doctors involved. He said he voted in favor of the disability and he said he would not be changing his vote today. He remarked on the importance of the letter outlining cumulative effects exactly as written within the Illinois Pension Code.

Trustee Nichting seconded the motion.

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

Attorney Dobrovolny said the additional exhibits presented needed to be admitted into the record.

Trustee Troglio moved to admit into the record Board’s Exhibit Nos. 9 through 12 and Applicant’s Exhibit No. 1; seconded by Trustee Nichting.

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

Public Hearing adjourned at 10:01 A.M.

Applicant Michael Brooks and Attorney Gordon Fiddes left the meeting at 10:02 A.M.

REGULAR BUSINESS

ITEM NO. 2 Request to RECEIVE and FILE the MUNICIPAL COMPLIANCE REPORT for the FIREMEN’S PENSION FUND OF PEORIA for the Year Ended DECEMBER 31, 2015, Prepared by Lauterbach and Amen, with a Request to Receive and File.

Trustee Ball moved to receive and file the Municipal Compliance Report for the Firemen’s Pension Fund of Peoria for the year ended December 31, 2015, prepared by Lauterbach and Amen; seconded by Trustee Troglio.

Approved by viva voce vote.

Mr. McShane reviewed the report and noted clarifications regarding the Fund’s cash investments and net position, which was to the next year to cash position.

Trustee Nichting said the recognition of real estate taxes had changed and he said he requested Foster & Foster to document that change in the audit for clarification. Discussions were held regarding the change in recognition of revenue and it was stated that GASB was unable to provide a ruling on the issue at this time. He stated that after this year, it would no longer be an issue.

Mr. McShane remarked that the Fund’s year-end cash balance was $126.3 million, which matched with the amount provided by Foster & Foster.
ITEM NO. 3 REQUEST to RECEIVE and FILE the TAX LEVY REPORT for ANNUAL
REQUIREMENTS OF THE FUND as Contemplated by Section 4-118 of the
Illinois Pension Code, in the Amount of $8,404,575.00.

Trustee Ball provided an overview of the report noting it came from the Illinois Department of
Insurance and reflected a funding amount from the City to the Pension Fund of $8.4 million.
She noted this was the time of year the Fire Pension Board would advise the City Council
regarding the Board's request for funding in the tax levy.

Trustee Nichting said there was a report prepared by Foster & Foster that provided a
recommended funding amount as well. He remarked on the importance of advising the City
Council of the funding amount based on the Board's decision. He stated that the City Council
would be establishing a budget sometime in November or December.

Trustee Troglio suggested deferring this item to the October Fire Pension Board meeting in
order to review the report from Foster & Foster and from the DOI.

Trustee Ball said she would put this item on the October Fire Pension Agenda along with the
report from Foster & Foster for review.

Trustee Nichting recommended forwarding the report from Foster & Foster to Attorney
Dobrovolny in order for a letter to be drafted to the City Council with a recommendation from
the Board for funding. He asked that the letter be on the agenda for October for the Board to
review. He said the Board would recommend 100% of funding and the use of entry age normal
versus the DOI recommendation of 90% funding and using projected unit credit (PUC)

Trustee Troglio moved to defer this item to the October 24, 2016, Regular Fire Pension
meeting and for Attorney Dobrovolny to draft a letter to the City Council recommending 100%
funding and the use of entry age normal in order for the Board to review; seconded by Trustee
Ball.

Motion to defer to the October 24, 2016, Regular Fire Pension meeting was approved by
roll call vote.
Yeas: Ball, Nichting, Troglio, President Nieukirk – 4;
Nays: None.

ITEM NO. 4 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 Possible Consolidation of Fixed
Income Managers 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
August 31, 2016, to all members of the Board. The Performance Update showed the portfolio
value at $124,541,710. Since its inception, the total portfolio performance returned 6.29%
versus the custom benchmark of 5.72%.
Mr. McShane reviewed the 1-year returns for the Capital Market Indices noting a good return for August for the market place, noting the S&P was up 16% for the one-year returns. He reported that volatility decreased significantly. He reviewed REITs and its unexpected returns in light of the rising interest rates. He reviewed the MSCI Indices EAFE, which had gone up approximately 3.0% and emerging markets were at 14.7%. He reviewed REITs, utilities, 10-year treasuries and bonds.

Mr. McShane reviewed the portfolio’s returns of 5.11% versus the custom benchmark of 7.59%, noting a 2.5% differential. He reviewed what caused the 2.5% differential reporting, noting that the managers were off approximately 72 basis points and the rest was from the Fund’s exit from REITs and emerging markets. He said the return for the Fund for the last 7 years was 6.85% versus the benchmark of 7.09%, slightly behind by 24 basis points. However, he said the Fund met its actual rate of return for the past seven years of 6.75%. He reviewed the Fund’s actual rate of return for the past seven and ten years as it compared to the Fund’s actual returns in comparison to the benchmark. Since inception, he said the Fund’s average rate of return was 6.29% versus the benchmark of 5.72%. He said the decisions the Board had made met or exceeded the benchmark for a period of time.

Discussions were had regarding a balanced portfolio and whether it would be feasible to review the Russell 3000 Index Fund and whether anything warranted the Board changing its current fixed income policy. Mr. McShane said he would continue the discussion on index funds and said he would provide an updated report to the Board on how to combine the funds.

Mr. McShane compared the Fund’s balance to the index funds benchmark noting had the Board only invested in the index fund, the portfolio would have come in less $12 million from its current position. He said the additional $12 million to the positive to the fund was based on the management the Trustees had done to monitor managers and manage the index funds. He reviewed the risk/return analysis stating it was a review of risk or standard deviation. He said the decisions the Board had made provided greater return with less risk.

Mr. McShane reviewed the US Equities Snapshot and Sector Breakdown with a focus on the Morgan Stanley & Co. 12-month S&P 500 target and he reviewed the US Equity Market Indicator.

Mr. McShane said you would review International Managers versus other managers with the Board over the upcoming months and would provide an update of the same.
Trustee Nichting moved to receive and file the Performance Update Report as of August 31, 2016; seconded by Trustee Troglio.

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

ITEM NO. 5 DISCUSSION Regarding the Fund's Current INVESTMENT POLICY, with a Request to Receive and File or to Take Other Action.

Trustee Troglio moved to defer this item to the October 24, 2016, Regular Firemen's Pension Board Meeting; seconded by Trustee Ball.

Motion to defer to the October 24, 2016, Regular Firemen's Pension Meeting was approved by roll call vote.
Yea: Ball, Nichting, Troglio, President Nieukirk – 4;
Nay: None.

ITEM NO. 6 Report from Fire Marshal Charles Lauss of Pension Fund Contributions, which were made by payroll deductions during the MONTH of AUGUST 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>July 21, 2016 – August 5, 2016</td>
<td>August 15, 2016</td>
<td>$67,701.45</td>
</tr>
<tr>
<td>August 6, 2016 – August 20, 2016</td>
<td>August 31, 2016</td>
<td>$67,333.73</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$135,035.18</td>
</tr>
</tbody>
</table>

Trustee Ball moved to concur and place on file the Fire Marshal's Report for July 2016; seconded by Trustee Troglio.

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

ITEM NO. 7 Request to Approve the following BILLS:

Pensions for September 2016 (dated September 30, 2016).................................................................................................................................................. $1,023,756.56
Sivertsen Reporting Service – Disability Hearing for Parkmon.................................................. 727.00
Lauterbach & Amen, LLP – May Professional Services.......................................................... 3,155.00
Lauterbach & Amen, LLP – August Professional Services...................................................... 3,155.00
Stefanie Rice – 3rd Quarter Administrative Services (July – Sept)....................................... 1,100.00

GRAND TOTAL FOR SEPTEMBER......................................................................................................................... $1,031,893.56
Trustee Ball moved to approve the September bills in the grand total amount of $1,031,893.56; seconded by Trustee Troglio.

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

ITEM NO. 8 REQUEST to APPROVE the REMOVAL from the PENSION ROLLS of HELEN ADAMS due to her Death on July 22, 2016, and to make payment to the Helen Adams Estate in the Amount of $1,159.27 for 22 days of July 2016. Recommendation: Receive and File the Death Certificate upon Receipt and to Approve the Payment of $1,159.27 for 22 days of July and to Approve the Request for Reimbursement of Overpayment to the Estate, in the Amount of $309.14.

Trustee Ball reported that the Fund had not received reimbursement for overpayment to the estate. She said a family member had contacted Lauterbach and Amen to advise them of the death. She noted that Life Status 360 (formerly known as Small World) had not reported this death.

Trustee Ball moved to approve the removal from the pension rolls of Helen Adams due to her death on July 22, 2016, and to make payment to the Helen Adams Estate in the amount of $1,159.27 for 22 days of July 2016, to receive and file the death certificate upon receipt and to request for reimbursement of overpayment to the Estate, in the amount of $309.14; seconded by Trustee Troglio.

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

ITEM NO. 9 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of AUGUST 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 August 2016, which includes the State of Plan Net Assets, State 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, Troglio, President Nieukirk – 4;
Nays: None.
ITEM NO. 10 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of AUGUST 2016, with Recommendation to Receive and File.

Trustee Ball 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 August 2016; seconded by Trustee Troglio.

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

ITEM NO. 11 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 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; seconded by Trustee Troglio.

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

ITEM NO. 12 STATUS Regarding the DISABILITY APPLICATION of ANGELA ALLEN, with a Request to Receive and File.

Trustee Ball provided an update on the Disability Application of Angela Allen. She reported that a number of subpoenas had been sent to the physicians involved in this matter. She said doctor appointments had not yet been scheduled until responses were received pursuant to the subpoenas.

Trustee Ball moved to receive and file the status regarding the Disability Application of Angela Allen; seconded by Trustee Troglio.

Approved by viva voce vote.

UNFINISHED BUSINESS (Continued)

ITEM NO. 13 DISCUSSION Regarding the Purchase of Creditable Service by ROBERT PARKMON, with Request to Receive and File.

After noting that Robert Parkmon had repaid his creditable service in full, Trustee Ball moved to receive and file the information regarding the purchase of creditable service by Robert Parkmon; seconded by Trustee Troglio.

Approved by viva voce vote.
ITEM NO. 14  STATUS Regarding the Annual Appointments Regarding the Disability of PHYSKIE GREEN, with Request to Receive and File.

Trustee Ball said Physkie Green was due for his annual exam as outlined in Section 5/4-112 of the Illinois Pension Code. She said an appointment was scheduled for Dr. Kurth in the next couple of months and that a notice would be sent to Attorney Robert Bach and to Mr. Green.

Trustee Ball moved to receive and file the information regarding the annual appointment regarding the disability of Physkie Green; seconded by Trustee Troglio.

Approved by viva voce vote.

ITEM NO. 15  STATUS by the Senior Investment Management Consultant Tom McShane with Graystone Consulting Regarding the Closing of an OLD ACCOUNT with WELLS FARGO BANK.

Mr. McShane said he received confirmation from Wells Fargo that the old account had been closed and he asked Trustee Nichting to confirm.

Trustee Ball moved to receive and file the status by the Senior Investment Management Consultant Tom McShane with Graystone Consulting regarding the closing of an old account with Wells Fargo Bank; seconded by Trustee Troglio.

Approved by viva voce vote.

NEW BUSINESS

Collective Bargaining Agreements and Benefits
Attorney Dobrovolny provided an overview of Matthews v. Chicago Transit Authority, 2016 IL 117638 wherein the Supreme Court stated that whatever collective bargaining agreement an employee was hired under, those benefits applied.

The Effect of City Bankruptcy on Public Safety Unions
Attorney Dobrovolny also reviewed the pension of the public safety unions in the City of Chicago and how those pensions would be affected should the City file bankruptcy.

Affidavit of Status
Attorney Dobrovolny said there was some legislation coming out that would require the Fund to verify whether a benefit recipient was still alive. He remarked on the importance of possibly formalizing that procedure.

Trustee Nichting recommended discussing the matter in November where the Fund would send an affidavit to every pension recipient. It was noted that Lauterbach & Amen already provides such a service for approximately $3,000.00. Discussions were held on whether it would be feasible to prepare the affidavits in-house.

Attorney Dobrovolny remarked on the importance of verifying the status of each benefit recipient.
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 Nichting moved to adjourn the Regular Firemen’s Pension Board Meeting; seconded by Trustee Troglio.

Approved by viva voce vote.

The meeting adjourned at 11:02 A.M.

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

/sr