AGENDA

RESCHEDULED REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE FIREMEN'S PENSION FUND OF PEORIA, ILLINOIS

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, Room 404, 419 Fulton Street, 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 of the following members: Ball, Nichting, Phillips, Troglio (Arrived at 3:15 P.M.), President Nieukirk – 5. Absent: None.

Others present: Mr. Tom McShane, First Vice President – Investment, Senior Investment Management Consultant with Greystone Consulting, a business of Morgan Stanley/Smith Barney in Chicago; Attorney Jim Dobrovolny of Reimer Dobrovolny & Karlson; Chief Deputy City Clerk Stefanie Rice; and Mr. John Dundas of Hasselberg, Grebe, Snodgrass, Urban and Wentworth.

INVOCATION

A moment of silence was held 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 March 27, 2017, as printed.

Trustee Ball moved to defer the approval of the March 27, 2017, Minutes to the May 22, 2017, Regular Firemen's Pension Fund Board meeting; seconded by Trustee Phillips.

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, 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 emailed a copy of the Performance Update for the period ending March 31, 2017, to all members of the Board. The Performance Update showed the portfolio value at $127,403,751. Since its inception, the total portfolio performance returned 6.04% versus the custom benchmark of 5.82%.
Mr. Tom McShane said the Board terminated Premier and McDonnell at the March Board meeting. He said his firm sent direction to Premier terminating their services and liquidating the assets with 50% of the assets to be reallocated to the iShares MSCI EAFE and 50% deposited into the Peoria Community Bank. He said not all the assets with McDonnell were liquidated, but were reallocated into Segall.

Mr. McShane reviewed the portfolio allocations as follows:

<table>
<thead>
<tr>
<th>Target Allocation</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalent</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>

<table>
<thead>
<tr>
<th>Target Allocation</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalent</td>
<td>2.00</td>
</tr>
<tr>
<td>Mid Cap Equity</td>
<td>3.00</td>
</tr>
<tr>
<td>Small Cap Equity</td>
<td>3.00</td>
</tr>
<tr>
<td>Real Estate Equity</td>
<td>3.00</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>8.00</td>
</tr>
<tr>
<td>International Equity</td>
<td>16.00</td>
</tr>
<tr>
<td>Large Cap Equity</td>
<td>27.00</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>38.00</td>
</tr>
</tbody>
</table>

Mr. McShane noted that the current allocation for International Equity was slightly under the combined target allocation for Emerging Markets and Internationals. He said fixed income was under allocated, which was done by design.

Mr. McShane reviewed the portfolio’s returns reporting that the Fund was up 4.28% for the quarter, slightly above the benchmark of 4.26%. For the last 12 months, he said the Fund was up 9.10% versus a benchmark of 9.52%. He contributed the Fund’s returns to Premier, which was -5.23% below the benchmark. He continued to review the managers’ one-year returns as follows:
### 1-Year Return

<table>
<thead>
<tr>
<th>Strategy</th>
<th>1-Year Return</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>iShares S&amp;P 500 Index</td>
<td>17.18</td>
<td>17.17</td>
</tr>
<tr>
<td>Great Lakes</td>
<td>17.87</td>
<td>19.22</td>
</tr>
<tr>
<td>Premier</td>
<td>10.53</td>
<td>15.76</td>
</tr>
<tr>
<td>iShares Russell</td>
<td>20.71</td>
<td>17.03</td>
</tr>
<tr>
<td>Kayne Anderson</td>
<td>20.69</td>
<td>26.21</td>
</tr>
<tr>
<td>Harbor</td>
<td>8.41</td>
<td>13.13</td>
</tr>
<tr>
<td>iShares MSCI EAFE</td>
<td>12.60</td>
<td>11.67</td>
</tr>
<tr>
<td>Segall</td>
<td>1.19</td>
<td>0.42</td>
</tr>
<tr>
<td>SKBA</td>
<td>-0.86</td>
<td>0.54</td>
</tr>
<tr>
<td>McDonnell</td>
<td>0.15</td>
<td>0.42</td>
</tr>
<tr>
<td>Insured Cash Sweep Account</td>
<td>1.07</td>
<td>0.34</td>
</tr>
</tbody>
</table>

He reported that Harbor, since inception, provided an added value of 7.3% versus the benchmark of 5.79%, Kayne Anderson provided excess returns since inception of 13.05% versus the benchmark of 12.42%, and McDonnell was terminated. He said the Board needed to determine how to invest the proceeds from Premier.

Mr. McShane provided an overview of the markets for the first quarter of 2017. He reported that the S&P was up 17%, the DOW Jones was up 19%, the Small Cap Russell 2000 was up 26%, the MSCI EAFE was up 12%, and the MSCI Emerging Markets were up 17.7%. He reviewed the returns for the Barclays Intermediate Government Credit noting the Fund used that index for the fixed income allocation.

Trustee Troglio arrived at 3:15 p.m.

Mr. McShane reviewed the 2017 earnings per share (EPS) impact and how raising or lowering the corporate tax rate would affect it. He said the current EPS for the S&P 500 was $131.70. He said the markets were based on corporate earnings and that the earnings were looking good.

Discussions were held regarding additional investment opportunities, and whether there was an industry that would be more opportunistic in order to get a higher rate of return.

Mr. McShane said the small cap and large cap stocks would be the beneficiaries and would have more leverage should the economy pick up. He noted that the portfolio was currently overweight in domestic investments. He said the markets were based on corporate earnings and he said earnings have perked up.

In response to Trustee Nichting, Mr. McShane said he would provide additional information regarding Telecomm in light of the effect of a 15% corporate tax. He also stated that utilities would increase when interest rates dropped. He said the Investment Team was looking into investing into mutual funds, which would be similar to equity and paid a high yield with less risk.

Trustee Ball moved to receive and file the Performance Update Report as of March 31, 2017; seconded by Trustee Phillips.

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 MARCH 2017, 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>Mar. 6, 2017 – Mar. 20, 2017</td>
<td>March 30, 2017</td>
<td>68,920.46</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$137,897.70</strong></td>
</tr>
</tbody>
</table>

Trustee Nichting moved to concur and place on file the Fire Marshal’s Report for March 2017; seconded by Trustee Phillips.

Approved by viva voce vote.

ITEM NO. 3  Request to Approve the following BILLS:

- Pensions for April 2017 (dated April 30, 2017) ........................................... $1,064,867.44
- Graystone Consulting (Investment Advisory Fee for 1/1/17 to 3/31/17) .................. 24,488.83
- INSPE Associates, LTD ......................................................................................... 4,560.00
- Lauterbach & Amen, LLP for the month of March 2017 ......................................... 3,245.00
- Reimer Dobrovolny & Karlson LLC ........................................................................ 1,532.40
- Sikich (Professional Services through March 31, 2017) .................................... 1,000.00
- LifeStatus360, LLC (Service from 9/26/16 – 1/31/17) ...................................... 129.75

**SUB-TOTAL FOR APRIL** .................................................. $1,099,823.02

*SKBA Capital Mgmt – January 1, 2017, through March 31, 2017 .................. 1,692.76

**GRAND TOTAL FOR APRIL** ........................................................................... $1,101,515.78

*No check should be processed for this amount. This amount is to be automatically deducted from the account.

In response to Trustee Phillips question regarding the bill for INSPE Associates, Trustee Ball said INSPE was used for the Angela Allen disability case. She said the Board generally utilized Woodlake, but due to the nature of the disability, INSPE had a wider variety of doctors. She said the bill tendered was just for one doctor.

In response to Trustee Phillips regarding Life Status 360, Trustee Ball said this was the final bill and that the contract had expired in September 2016. She said the Fund had to pay for half the year for the months it took to decide whether to keep the company. She said this would be the last billing from Life Status 360.

Discussions were held regarding the performance of Life Status 360, and it was determined that the company should be notified. Trustee Phillips said other Boards had inquired of their service and he expressed a concern to them about their performance.
Trustee Nichting moved to approve the bills for April, in the amount of $1,101,515.78; seconded by Trustee Phillips.

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

**ITEM NO. 4** APPLICATION for REGULAR RETIREMENT PENSION for FIRE CAPTAIN TERRY WESTHAFER to become effective May 1, 2017, (last day paid by the City was April 30, 2017) based on 66.46% of his Annual Salary of $98,533.66 (which includes longevity). Pension to be paid in the amount of $5,457.12 beginning the month of May and for every month thereafter with a recommendation for the Board to Approve.

A replacement calculation sheet was distributed to the Board by the Board Secretary Trustee Ball. She said there was a one day difference in the calculation, which created a slight change in the numbers.

Trustee Phillips moved to approve the Application for Regular Retirement Pension for Terry Westhafer to become effective May 1, 2017, (last day paid by the City April 30, 2017) based on 66.46% of his annual salary of $98,533.66 (which includes longevity). Pension to be paid in the amount of $5,457.12 for every month thereafter; seconded by Trustee Troglio.

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

**ITEM NO. 5** APPLICATION for REGULAR RETIREMENT PENSION for FIRE CAPTAIN FRITZ SCHOENBEIN to become effective April 26, 2017, (last day paid by the City was April 25, 2017,) based on 70% of his Annual Salary of $98,533.66 (which includes longevity). Upon commencement of Payment of his Pension an initial payment to be made for five (5) days of April to be paid in the Amount of $957.97 with $5,747.80 for each month thereafter with a recommendation for the Board to Approve.

Trustee Phillips moved to approve the Application for Regular Retirement Pension for Fire Captain Fritz Schoenbein to become effective April 26, 2017, (last day paid by the City was April 25, 2017) based on 70% of his Annual Salary of $98,533.66 (which includes longevity). Upon commencement of payment of his pension, an initial payment to be made for five (5) days of April to be paid in the amount of $957.97 with $5,747.80 for each month thereafter; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.
ITEM NO. 6  APPLICATION for REGULAR RETIREMENT PENSION for FIRE CAPTAIN MARK CONNOR to become effective June 29, 2020, (last day worked April 20, 2017) based on 64.7917% of his Annual Salary of $98,533.66 (which includes longevity). Upon Commencement of Payment of his Pension an initial payment will be made for two (2) days in June 2020 to be paid in the Amount of $354.68 with $5,320.14 for every month thereafter with a recommendation for the Board to Approve.

Trustee Phillips moved to approve the Application for Regular Retirement Pension for Fire Captain Mark Connor to become effective June 29, 2020, (last day worked April 20, 2017) based on 64.7917% of his annual salary of $98,533.66 (which includes longevity). Upon commencement of payment of his pension, an initial payment will be made for two (2) days in June 2020 to be paid in the amount of $354.68 with $5,320.14 for every month thereafter; seconded by Trustee Troglio.

It was noted that a pay increase or paycheck will not be received by the Applicant until he reached the age of 50.

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

ITEM NO. 7  APPLICATION for REGULAR RETIREMENT PENSION for FIRE CAPTAIN JOHN LAWRENCE SMITH to become effective July 1, 2017, (last day worked April 11, 2017) based on 72.5% of his Annual Salary of $98,533.66 (which includes longevity). Pension to be paid in the amount of $5,953.08 beginning in July 2017 for every month thereafter with a recommendation for the Board to Approve.

Trustee Troglio stated that Fire Captain John Smith retired April 11, 2017, but would not receive a pension until July 2017, noting he was not yet 50 years of age.

Trustee Troglio moved to approve the Application for Regular Retirement Pension for Fire Captain John Lawrence Smith to become effective July 1, 2017, (last day worked April 11, 2017) based on 72.5% of his Annual Salary of $98,533.66 (which includes longevity). Pension to be paid in the amount of $5,953.08 beginning in July 2017 for every month thereafter; seconded by Trustee Phillips.

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

ITEM NO. 8  REQUEST for REMOVAL from PENSION ROLLS of ROBERTA KOHTZ, due to her Death on March 24, 2017. RECOMMENDATION to Pay the Sum of $1,677.54 for 24 days of March 2017 to the Estate of Roberta Kohtz and to Receive and File the Death Certificate Upon Its Receipt.
Trustee Ball moved for the removal from the pension rolls of Roberta Kohtz, due to her death on March 24, 2017, with the recommendation to pay the sum of $1,677.54 for 24 days of March 2017 to the Estate of Roberta Kohtz and to receive and file the death certificate upon receipt; seconded by Trustee Troglio.

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

ITEM NO. 9 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of MARCH 2017, 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. 10 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of March 2017, 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 March 2017; seconded by Trustee Phillips.

Approved by viva voce vote.

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 Phillips 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, Phillips, Troglio, President Nieukirk – 5;
Nays: None.
ITEM NO. 12 DISCUSSIONS Regarding a QUALIFIED ILLINOIS DOMESTIC RELATIONS ORDER AND CONSENT FOR AN ISSUANCE for Rollanda McCoy, Previously Married to Firefighter James McCoy, with a Request to Receive and File or Other Action Deemed Appropriate.

Attorney Jim Dobrovolny said the QILDRO was correct, however, the $50.00 processing fee was omitted and the QILDRO that was sent needed to be a certified copy. He said, in the settlement agreement it provided for payment of the QILDRO should Mr. McCoy go on disability. He said disability payments were not subject to QILDRO and that it would be the responsibility of Mr. McCoy to ensure the other party was paid according to the agreement.

Discussions were held regarding how to notify the parties that a disability would not be subject to a QILDRO. It was determined that a copy of the minutes would be sent to the parties/attorneys involved.

Trustee Ball moved to send Mr. McCoy’s attorney a copy of the Board’s minutes; seconded by Trustee Phillips.

Approved by viva voce vote.

ITEM NO. 13 REQUEST for APPROVAL of the FINAL DECISION AND ORDER for a NON-DUTY DISABILITY PENSION for APPLICANT ROBERT PARKMON.

Trustee Troglio moved to approve the Final Decision and Order for a Non-Duty Disability Pension for Applicant Robert Parkmon; seconded by Trustee Phillips.

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

UNFINISHED BUSINESS

ITEM NO. 14 CONTINUED DISCUSSION Regarding the BUYBACK OF MILITARY TIME, with a Request to Receive and File or Other Action Deemed Appropriate.

Trustee Ball requested additional time to draft a policy regarding the buyback of military time. She said there was a policy in 2005 that said the Fund would not charge interest for military time. She said since the Board wanted to change the policy, a draft would be brought at the May Board meeting for review.

Trustee Phillips moved to defer this item to the May 22, 2017, Regular Board Meeting; seconded by Trustee Troglio.

Approved by viva voce vote.
ITEM NO. 15 UPDATE Regarding the AFFIDAVITS OF ELIGIBILITY with Request to Receive and File or Other Action Deemed Appropriate

Chief Deputy City Clerk Stefanie Tarr provided an update on the Affidavits of Eligibility noting there were three remaining Affidavits waiting to be received. She asked for direction regarding Joanna Walker and Robert Kneer.

A telephone number was provided for Joanna Walker and it was advised that she should be contacted by telephone. It was determined that Mr. Kneer was serving prison time in the Illinois State Penitentiary wherein inmates had access to notary publics. It was advised that a letter should be sent to Mr. Kneer via certified mail, return receipt requested.

UPDATE REGARDING STATUS OF IPADS

Trustee Ball said iPads were ordered for President Nieukirk, Trustee Phillips and Trustee Troglio. She provided a cost estimate and said once the iPads were received and the flash drives were received from the Fund's attorney for the Angela Allen case, the documents would be uploaded on to OneDrive for access by all Trustees. She said the iPads should be available in about three weeks.

NEW BUSINESS

It was determined that there was no new business to come before the Board of Trustees.

CITIZENS’ OPPORTUNITY TO ADDRESS THE BOARD OF TRUSTEES

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

EXECUTIVE SESSION

Request for a Motion to go into EXECUTIVE SESSION to discuss 2(c)(21) for a Discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated by Section 2.06 AND Any Other Exceptions.

Trustee Troglio moved to go into Executive Session to discuss 2(c)(21) for a discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated by Section 2.06 and any other exceptions; seconded by Trustee Phillips.

Approved by viva voce vote.

The Board adjourned into Executive Session at 4:19 P.M.
RECONVENING OF THE BOARD OF TRUSTEES

The Board Meeting reconvened at 4:23 P.M.

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

Others present: Attorney Jim Dobrovolny of Reimer Dobrovolny & Karlson, and Chief Deputy City Clerk Stefanie Tarr.

ADJOURNMENT

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

Approved by viva voce vote.

The meeting adjourned at 4:25 P.M.

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

Bb/st