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: Phillips, Troglio, President Nieukirk – 3; Absent: Ball, Nichting - 2.

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 John Dundas of Hasselberg Grebe Snodgrass Urban & Wentworth on behalf of the City of Peoria; Chief Deputy City Clerk Stefanie Tarr; and Firefighter Barry Rolett.

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 Rescheduled Regular Board Meeting held on April 24, 2017, and the Special Board Meeting held April 24, 2017, as printed.

Trustee Phillips moved to approve the Minutes of the Rescheduled Regular Board Meeting held on April 24, 2017, and the Special Board Meeting held April 24, 2017, as printed; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3;
Nays: None.

REQUEST TO MOVE AGENDA ITEMS

Trustee Phillips moved to move Item No. 18 forward on the agenda to be discussed at this time; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3;
Nays: None.
UNFINISHED BUSINESS

ITEM NO. 18  APPLICATION for REGULAR RETIREMENT PENSION for BARRY ROLETT to become effective July 6, 2017, (last day paid by the City July 5, 2017) based on 75.0% of his Annual Salary of $102,261.92 (which includes 8% longevity). Pension to be paid for the remaining 26 days of Julye, in the Amount of $5,360.50 and $6,391.37 for every month thereafter with recommendation for the Board to Approve.

Trustee Troglio moved to approve the Application for Regular Retirement Pension for Barry Rolett to become effective July 6, 2017, (last day paid by the City July 5, 2017) based on 75.0% of his Annual Salary of $102,261.92 (which includes 8% longevity); pension to be paid for the remaining 26 days of Julye, in the amount of $5,360.50 and $6,391.37 for every month thereafter; seconded by Trustee Phillips.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3;
Nays: None.

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. McShane distributed a copy of the Performance Update for the period ending May 31, 2017, to all members of the Board. The Performance Update showed the portfolio value at $129,931,991. Since its inception, the total portfolio performance returned 6.17% versus the custom benchmark of 5.93%.

<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>$21,430,835</td>
</tr>
<tr>
<td>Great Lakes (Large Cap Fund)</td>
<td>$15,194,547</td>
</tr>
<tr>
<td>Premier (Large Cap Fund)</td>
<td>$43</td>
</tr>
<tr>
<td>iShares Russell Mid Cap Index (Mid Cap Fund)</td>
<td>$4,438,142</td>
</tr>
<tr>
<td>Kayne Anderson</td>
<td>$6,989,164</td>
</tr>
<tr>
<td>Harbor (International Equity)</td>
<td>$20,989,482</td>
</tr>
<tr>
<td>iShares MSCI EAFE (International Equity)</td>
<td>$13,935,047</td>
</tr>
<tr>
<td>Segall – Fixed Income</td>
<td>$39,504,516</td>
</tr>
<tr>
<td>SKBA – Fix Income</td>
<td>$3,468,123</td>
</tr>
<tr>
<td>McDonnell – Fixed Income</td>
<td>$0</td>
</tr>
<tr>
<td>Insured Cash Sweep Account – PCB</td>
<td>$4,224,954</td>
</tr>
</tbody>
</table>

Mr. McShane said information was distributed and the Board reviewed International Equity Managers at the May Board meeting. He said the portfolio currently held two International Managers: Harbor and iShares MSCI EAFE. He said changes had taken place with Harbor that contributed to its lagging performance. He said he recently had a higher regard for International Equities based upon their valuations being less than US equities. He said the Board withdrew from investing directly with emerging markets and left those investments with the International managers. He reported that emerging markets had gotten cheaper, and he recommended reviewing the managers that would have more activity than emerging markets, but also be some offset to Harbor
International. He reviewed the handout distributed at the May Board meeting for the following managers: First Eagle, Harbor International, Harding Loevner, PNC International, Thornburg and Tweedy Browne. He reviewed the annualized returns for each. He said, since the last Board meeting, First Eagle closed their mutual funds and were no longer an option. He reviewed each managers' rank in relation to the top 40% for the last seven years. He recommended the Board look for consistency in the numbers. He reviewed the 7-year risk return analysis for each manager. He reviewed the standard deviation and alpha for each over a 7-year period. He noted that Thornburg managed more mid-cap growth companies and Tweedy, Harbor and Harding managed more large-cap growth companies. He commented that buying smaller mid-cap growth companies allowed for growth. He reviewed r-squared and how it gave the rate of return for each manager in relation to the Index. As far as investments in emerging markets, he reported that PNC had about 16% of its portfolio in emerging markets, Tweedy Browne had about 3.5% of its portfolio, Harding had 13%, Harbor had 6% and Thornburg had 19%.

Discussions were held regarding the outlook for international and emerging markets.

Mr. McShane reviewed the dividends, fees, type of investments for each manager. It was determined to choose three to four managers to interview at the August Fire Pension meeting. He said the portfolio currently invested $34 million in Internationals, 26% of the total Fund, $20 million with Harbor and $13.9 million with the Index Fund.

Discussions were held regarding investments in Internationals and how to reallocate those investments.

Trustee Phillips moved to interview Harbor, Harding, Thornburg and Tweedy at the August 28, 2017, Firemen's Pension Meeting; seconded by Trustee Troglio.

Approved by viva voce vote.

Mr. McShane reviewed the capital market indices as of June 1, 2017. He reported the DOW Jones was up 7.5%, the S&P 500 was up 8.7%, and the NASDAQ was up nearly 16%. He reported the volatility index was down almost 26%, which measured the volatility of the market place. He reviewed internationals noting Europe YTD FTSE was up 12.1%, STOXX was up 17.8%, France CAC was up 18.2%, and Spain was up 25%. He reviewed other investments noting All REITS was up year-to-day at 1.6%, commodities were down 3.1%, gold was up 10%, and growth stocks were up 13.8%. He reported that the indices for the MSCI EAFE were up 15.5% year-to-date and emerging markets were up 17.3%.

<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>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 said the Board terminated Premier and reallocated half the funds into cash and the other half into the International Index Fund. He reviewed the portfolio allocations noting 63% was allocated in equity, which was 4% over our target but a point less than the State Statutes. He reported an under-allocation in fixed income and over-allocation in cash. He reported a slight over-allocation in mid cap, an over allocation in small cap, no investments in real estate, on target with International equity and nothing allocated in emerging markets. He said the portfolio was on target with large cap investments.

<table>
<thead>
<tr>
<th>Year-to-Date Return</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>iShares S&amp;P 500 Index</td>
<td>8.41</td>
</tr>
<tr>
<td>Great Lakes</td>
<td>5.06</td>
</tr>
<tr>
<td>Premier</td>
<td>6.49</td>
</tr>
<tr>
<td>iShares Russell</td>
<td>4.23</td>
</tr>
<tr>
<td>Kayne Anderson</td>
<td>7.34</td>
</tr>
<tr>
<td>Harbor</td>
<td>15.18</td>
</tr>
<tr>
<td>iShares MSCI EAFE</td>
<td>13.84</td>
</tr>
<tr>
<td>Segall</td>
<td>2.73</td>
</tr>
<tr>
<td>SKBA</td>
<td>2.15</td>
</tr>
<tr>
<td>Insured Cash Sweep Account</td>
<td>0.61</td>
</tr>
</tbody>
</table>

Mr. McShane reported the year-to-date returns were even with the benchmark, net of fees, at 6.91% versus 6.90%. He said the S&P 500 was off the benchmark because they were an Index Fund. He reviewed the gains/losses for the past year. He said Premier had $43 left in the account due to dividends. He said the Board reallocated $9 million from Premier in April and put half into cash and half into the iShares EAFE. He said the Board also terminated McDonnell in April and reallocated those assets with Segall Fixed Income.

Mr. McShane reviewed the portfolio’s activity since inception as follows:

- Beginning Market Value: $76,020 million
- Net contributions: $2,590 million
- Fee/Expenses: -$2,336 million
- Income: $38,143 million
- Gain/Loss: $15,515 million
- Ending Market Value: $129,932 million

Mr. McShane said the portfolio began with $76 million, and based upon the Fund’s income of $38.1 million and gains/losses of $15.5 million, provided an additional $53.6 million of returns. He reviewed the risk/return analysis since January 1, 2003, noting that the portfolio had gotten greater return with less risk.

Trustee Phillips moved to receive and file the Performance Update Report for period ending May 31, 2017; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3;
Nays: None.
ITEM NO. 2  Report from Fire Marshal Charles Lauss of Pension Fund Contributions, which were made by payroll deductions during the MONTH of MAY 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>April 21, 2017 – May 5, 2017</td>
<td>May 16, 2017</td>
<td>$69,666.82</td>
</tr>
<tr>
<td>May 6, 2017 – May 20, 2017</td>
<td>May 31, 2017</td>
<td>$69,417.09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$139,083.91</td>
</tr>
</tbody>
</table>

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

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3;
Nays: None.

ITEM NO. 3  Request to Approve the following BILLS:

- Pensions for June 2017 (dated June 30, 2017) ........................................... $1,071,888.00
- Reimer Dobrovolny & Karlson LLC – March – April 2017 ............................... 6,925.06
- Foster & Foster – Prep of Dec 31, 2016 GASB 67/68 Disclosure Info ............. 3,000.00
- Stefanie Tarr – Second Quarter 2017 Admin Services .................................... 1,100.00
- Sikich – Final Bill for December 31, 2016 Audit ....................................... 1,000.00

SUB-TOTAL FOR JUNE 2017 .................................................................................. $1,083,913.06

- McDonnell Investment Mgmt – Jan to Apr 2017 – Final Fee .............................. 3,184.53

GRAND TOTAL FOR JUNE 2017 .......................................................................... $1,087,097.59

Trustee Phillips moved to approve the bills in the grand total amount of $1,087,097.59; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3;
Nays: None.

ITEM NO. 4  REQUEST to AMEND and APPROVE the APPLICATION for REGULAR RETIREMENT PENSION Due to the Settlement of the Union Contract for FIRE CAPTAIN JOHN LAWRENCE SMITH to become effective June 30, 2017, (last day worked April 11, 2017) based on 72.5% of his Annual Salary of $102,261.92 (which includes longevity). Pension to be paid in the amount of $205.94 for the remaining 1 day of June and $6,178.32 for every month thereafter with a recommendation for the Board to Approve.
Trustee Troglio moved to amend and approve the Application for Regular Retirement Pension due to the settlement of the Union Contract for Fire Captain John Lawrence Smith to become effective June 30, 2017, (last day worked April 11, 2017) based on 72.5% of his Annual Salary of $102,261.92 (which includes longevity). Pension to be paid in the amount of $205.94 for the remaining 1 day of June and $6,178.32 for every month thereafter; seconded by Trustee Phillips. 

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3; 
Nays: None.

ITEM NO. 5 REQUEST to AMEND and APPROVE the APPLICATION for REGULAR RETIREMENT PENSION Due to the Settlement of the Union Contract 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 $100,750.66 (which includes longevity). Pension to be paid in the amount of $362.66 for the remaining 2 days of June 2020 and $5,439.84 for every month thereafter with a recommendation for the Board to Approve.

Trustee Troglio moved to amend and approve the Application for Regular Retirement Pension due to the Settlement of the Union Contract 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 $100,750.66 (which includes longevity). Pension to be paid in the amount of $362.66 for the remaining 2 days of June 2020 and $5,439.84 for every month thereafter; seconded by Trustee Phillips.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3; 
Nays: None.

ITEM NO. 6 REQUEST to Approve the GENERAL WAGE INCREASE of 2.25% of Retired Firefighter, JEFFREY A. LYONS, beginning April 1, 2017, in the Amount of $466.04, due to the Settlement of the Union Contract.

Trustee Troglio moved to approve the general wage increase of 2.25% of retired Firefighter, Jeffrey A. Lyons, beginning April 1, 2017, in the amount of $466.04, due to the settlement of the Union contract; seconded by Trustee Phillips.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3; 
Nays: None.

ITEM NO. 7 REQUEST to Approve the GENERAL WAGE INCREASE of 2.25% of Retired Firefighter, FRITZ W. SHOENBEIN, beginning April 26, 2017, in the Amount of $253.72, due to the Settlement of the Union Contract.

Trustee Troglio moved to approve the general wage increase of 2.25% of retired Firefighter, Fritz W. Shoenbein, beginning April 26, 2017, in the amount of $253.72, due to the settlement of the Union contract; seconded by Trustee Phillips.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3; 
Nays: None.
ITEM NO. 8 REQUEST to Approve the GENERAL WAGE INCREASE of 2.25% of Retired Firefighter, TERRY L. WESTHAFER, beginning May 1, 2017, in the Amount of $122.79, due to the Settlement of the Union Contract.

Trustee Troglio moved to approve the general wage increase of 2.25% of retired Firefighter, Terry L. Westhafer, beginning May 1, 2017, in the amount of $122.79, due to the settlement of the Union contract; seconded by Trustee Phillips.

Approved by roll call vote.
   Yeas: Phillips, Troglio, President Nieukirk – 3;
   Nays: None.

ITEM NO. 9 REQUEST to APPROVE the REMOVAL from the PENSION ROLLS of LARRY LOVELL due to his Death on May 30, 2017, and to make payment to the Larry Lovell Estate in the Amount of $5,475.35 for 30 days of May 2017.
Recommendation: Receive and File the Death Certificate and to Approve the Payment of $5,475.35 for 30 days of May 2017.

Trustee Phillips moved to approve the removal from the pension rolls of Larry Lovell due to his death on May 30, 2017, and to make payment to the Larry Lovell Estate in the amount of $5,475.35 for 30 days of May 2017, and to receive and file the Death Certificate; seconded by Trustee Troglio.

Approved by roll call vote.
   Yeas: Phillips, Troglio, President Nieukirk – 3;
   Nays: None.

ITEM NO. 10 REQUEST to ACCEPT the APPLICATION for a WIDOW'S PENSION BENEFIT for PAULETTE LOVELL, She Being the Widow of Larry Lovell, with Benefits Commencing May 31, 2017, with her Benefit to be Based on 100% of his Monthly Pension Benefit of $5,657.86 Per Month; Therefore Benefits for 1 day of May to be Paid, in the Amount of $182.51.

Trustee Troglio moved to accept the Application for a Widow’s Pension Benefit for Paulette Lovell, she being the widow of Larry Lovell, with benefits commencing May 31, 2017, with her benefit to be based on 100% of his monthly pension benefit of $5,657.86 per month; therefore benefits for 1 day of May to be paid in the amount of $182.51; seconded by Trustee Phillips.

Approved by roll call vote.
   Yeas: Phillips, Troglio, President Nieukirk – 3;
   Nays: None.

ITEM NO. 11 REQUEST to APPROVE the REMOVAL from the PENSION ROLLS of MICHAEL HAZEN due to his Death on June 2, 2017, and to make payment to the Michael Hazen Estate in the Amount of $215.27 for 2 days of June 2017.
Recommendation: Receive and File the Death Certificate and to Approve the Payment of $215.27 for 2 days of June 2017.

Trustee Phillips moved to approve the removal from the pension rolls of Michael Hazen due to his death on June 2, 2017, and to make payment to the Michael Hazen Estate in the amount of $215.27 for 2 days of June 2017, and to receive and file the Death Certificate; seconded by Trustee Troglio.

Approved by roll call vote.
   Yeas: Phillips, Troglio, President Nieukirk – 3;
   Nays: None.
ITEM NO. 12 REQUEST to APPROVE the REMOVAL from the PENSION ROLLS of DONALD VAN SCOYOC due to his Death on June 5, 2017, and to make payment to the Donald Van Scoyoc Estate in the Amount of $707.33 for 5 days of June 2017. Recommendation: Receive and File the Death Certificate and to Approve the Payment of $707.33 for 5 days of June 2017.

Trustee Phillips moved to approve the removal from the pension rolls of Donald Van Scoyoc due to his death on June 5, 2017, and to make payment to the Donald Van Scoyoc Estate in the amount of $707.33 for 5 days of June 2017, and to receive and file the Death Certificate; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3;
Nays: None.

ITEM NO. 13 REQUEST to ACCEPT the APPLICATION for a WIDOW’S PENSION BENEFIT for WANITA VAN SCOYOC, She Being the Widow of Donald Van Scoyoc, with Benefits Commencing June 6, 2017, with her Benefit to be Based on 100% of his Monthly Pension Benefit of $4,244.00 Per Month; Therefore Benefits for 25 days of June to be Paid, in the Amount of $3,536.67.

Trustee Troglio moved to accept the Application for a Widow’s Pension Benefit for Wanita Van Scoyoc, she being the widow of Donald Van Scoyoc, with benefits commencing June 6, 2017, with her benefit to be based on 100% of his monthly pension benefit of $4,244.00 per month; therefore benefits for 25 days of June to be paid in the amount of $3,536.67; seconded by Trustee Phillips.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3;
Nays: None.

ITEM NO. 14 Review of APPLICATION FOR MEMBERSHIP to the Firemen’s Pension Fund for DEMARCO TILLMAN, with Recommendation to Approve. (Under Tier II Benefits)

Trustee Phillips moved to approve the Application for Membership to the Firemen’s Pension Fund for Demarco Tillman under the Tier II benefits; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Phillips, Troglio, President Nieukirk – 3;
Nays: None.

ITEM NO. 15 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of MAY 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: Phillips, Troglio, President Nieukirk – 3;
Nays: None.

**ITEM NO. 16** RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of MAY 2017, 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 May 2017; seconded by Trustee Troglio.

Approved by viva voce vote.

**ITEM NO. 17** 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 Troglio 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, Troglio, President Nieukirk – 3;
Nays: None.

**UNFINISHED BUSINESS**

**ITEM NO. 18** APPLICATION for REGULAR RETIREMENT PENSION for BARRY ROLETT to become effective July 6, 2017, (last day paid by the City July 5, 2017) based on 75.0% of his Annual Salary of $102,261.92 (which includes 8% longevity). Pension to be paid for the remaining 26 days of July, in the Amount of $5,360.50 and $6,391.37 for every month thereafter with recommendation for the Board to Approve.

CLERK'S NOTE: Item was moved to Page 1 before Item No. 1.

**ITEM NO. 19** CONTINUED DISCUSSION Regarding the BUYBACK OF MILITARY TIME, with a Request to Receive and File or Other Action Deemed Appropriate.

Trustee Troglio moved to defer this item to the July 24, 2017, Regular Firemen's Pension Fund meeting; seconded by Trustee Phillips.

Approved by viva voce vote.
NEW BUSINESS

Angela Allen Disability

Administrative Assistance Stefanie Tarr said the Angela Allen Disability was scheduled for July 31, 2017, and that notices would be sent to all parties.

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

Approved by viva voce vote.

The meeting adjourned at 10:46 A.M.

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

/st