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, Phillips, Nichting, 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 (via conference call); Attorney Jim Dobrovolny of Reimer Dobrovolny & Karlson; Chief Deputy City Clerk Stefanie Tarr; Attorney Joe Pishghadamian of Hasselberg Grebe Snodgrass Urban & Wentworth on behalf of the City of Peoria.

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 September 25, 2017, as printed.

Trustee Nichting moved to approve the Minutes of the Regular Board Meeting held on September 25, 2017, as printed, seconded by Trustee Ball.

Approved by roll call vote.
Yeas: Ball, Phillips, Nichting, Troglio, President Nieukirk – 5;
Nays: 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, 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 September 30, 2017, to all members of the Board. The Performance Update showed the portfolio value at $137,470,265. Since its inception, the total portfolio performance returned 6.20% versus the custom benchmark of 6.08%.

Manager

<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>$22,532,387</td>
</tr>
<tr>
<td>Great Lakes (Large Cap Fund)</td>
<td>$16,321,927</td>
</tr>
<tr>
<td>Premier (Large Cap Fund)</td>
<td>$</td>
</tr>
<tr>
<td>iShares Russell Mid Cap Index (Mid Cap Fund)</td>
<td>$4,653,266</td>
</tr>
<tr>
<td>Kayne Anderson</td>
<td>$7,644,748</td>
</tr>
<tr>
<td>Harbor (International Equity)</td>
<td>$21,912,782</td>
</tr>
<tr>
<td>Vanguard FTSE ETF (International Equity)</td>
<td>$14,762,401</td>
</tr>
<tr>
<td>Segall – Fixed Income</td>
<td>$39,374,702</td>
</tr>
<tr>
<td>SKBA – Fix Income</td>
<td>$3,484,002</td>
</tr>
<tr>
<td>McDonnell – Fixed Income</td>
<td>$</td>
</tr>
<tr>
<td>Insured Cash Sweep Account – PCB</td>
<td>$6,784,141</td>
</tr>
</tbody>
</table>

Mr. McShane reported that the trade from Harbor International into MSCI AC World Index and Thornburg was completed on October 17, 2017.

Mr. McShane reviewed the portfolio’s allocations 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>

<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>

He said the target allocations were established pursuant to State Statute, and he noted that the small cap equities were slightly over-allocated. He reported that, upon direction of the Board, $18 million was allocated into Thornburg International and $18 million was allocated into Vanguard FTSE, which was not reflected in September’s performance update, but would be reflected in November’s update.

Mr. McShane reported returns for the last 12 months were up 11.42% versus the benchmark of 11.03%, and the year-to-date returns were 10.93% versus the benchmark of 10.89%. He remarked on the performance of Great Lakes and Kayne Anderson, both of which added value
to the portfolio. He said Harbor's returns had been down and were terminated at the September Board meeting. He reported the fixed income managers had a difficult year with SKBA's one-year return down 1.0% at -1.09% versus a benchmark of -0.01% and Segal's one-year return was 26 basis points versus a benchmark of 23 basis points.

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Market Value</td>
<td>$76,020 million</td>
</tr>
<tr>
<td>Net contributions</td>
<td>-$26,844 million</td>
</tr>
<tr>
<td>Fee/Expenses</td>
<td>-$2,466 million</td>
</tr>
<tr>
<td>Income</td>
<td>$39,032 million</td>
</tr>
<tr>
<td>Gain/Loss</td>
<td>$51,728 million</td>
</tr>
<tr>
<td>Ending Market Value</td>
<td>$137,470 million</td>
</tr>
</tbody>
</table>

He reviewed the risk/return noting the Fund received a slightly greater return with slightly less risk.

Mr. McShane reviewed the market outlook reporting that the US Markets were expected to continue to increase based upon earnings and for the valuation of those earnings to continue to grow. He reported that the International Markets, developed markets and emerging markets were lagging the US Markets, and noted the Fund's portfolio was fully valued in Internationals.

Mr. McShane reviewed the historical annual returns noting they were frequently positive even after corrections. He said the current year-to-date correction was down 3.0%, though the return was still up at 11.0%. Overall, he showed that the average historical annual returns was 11.0%.

Trustee Nichting inquired whether the Board needed to make changes to its buy orders or place additional buy orders should there be a correction in the market. Mr. McShane said the current buy orders should be changed to compare them to the current market. He said buy orders were generally placed approximately 10% from the market high. He recommended placing a buy order at 10% below the market along with another order at 15% below the market. He said he would prepare a report for the Board to review and to approve at the November Board meeting.

Trustee Troglio moved to receive and file the Performance Update Report for period ending September 30, 2017; seconded by Trustee Ball.

Approved by viva voce vote.

ITEM NO. 2 PRESENTATION by SKBA by Conference Call, with Request to Receive and File or Take other Action.

Mr. McShane previously distributed a manager comparison chart for Fixed Income Intermediate Government Credit, information regarding Intermediate Fixed Income Managers and a presentation by SKBA Capital Management, LLC.

Mr. McShane reviewed the manager materials noting SKBA's performance and the desire to add value to the portfolio. He compared SKBA and Segal, noting the difference in each fund's assets.

A conference call was placed to Andy Bischel of SKBA at 10:15 A.M.
Mr. Bischel reviewed the presentation for SKBA, noting the total return of the portfolio. He reported that, since inception, there had been a change in the Fund's benchmark along with the types of investments as permitted by Illinois Statute. He reviewed the manager's one-year returns noting the post-election environment from 2016 could have affected those returns. He reviewed the financial market picture noting changes in the market; increases in the Federal Reserve Board's interest rates; change in the U.S. Treasury yield curve twist in August; and the yield spread for the corporate bond versus the U.S. Treasury. Mr. McShane noted, over the last 12 months, the Fund's portfolio was down 1.49% and the benchmark was down one basis point, and Mr. Bischel said the pattern of the fixed income market returns was up 2% over the year whereas the treasury was down. He noted no change in the firm's strategy that affected the manager's performance, and he said SKBA did not believe there was a reason to change its strategy.

Discussions were held regarding the net additions/withdrawals. Mr. Bischel reported a lot of volatility at the end of 2016 with an increase in the curve for 2017, which he said was believed to be unsustainable.

Conference call ended at 10:36 a.m.

Mr. McShane recapped the presentation with SKBA noting that in a normal environment managers should add value, but it was in difficult environments where they needed to excel. He said the Board chose SKBA to hedge the fund, but their performance had been lacking for the last 12-36 months. He recommended either choosing a different manager or reallocating to Segal.

Trustee Troglio moved to terminate the relationship with SKBA and to move the assets to the Segal accounts, in kind, for their management.

Trustee Nichting suggested Mr. McShane provide the Board with other fixed income manager comparisons, and he suggested reviewing the Peoria Police Pension Fund's fixed income managers. He said combining the two might provide a better managing rate. He suggested deferring the matter to November for additional discussions.

Discussions were held regarding the Fund's cash accounts noting it was currently earning 55 basis points over the Federal Fund rate and/or the Illinois Fund rate, whichever was greater. It was noted that as the rates continued to go up, earnings on the cash accounts would continue to increase.

Mr. McShane said the Board could wait until November to make a decision on SKBA. He noted that the majority of the Fund's assets were with Segal. Trustee Phillips recommended looking for another fixed income manager other than Segal. Trustee Nichting suggested reviewing other fixed income manager options. Mr. McShane suggested researching Western Asset and Mckee at the November Board meeting. Trustee Nichting recommended reviewing managers used by the Peoria Police Pension Fund at the November meeting as well.

Trustee Nichting seconded Trustee Troglio's motion to terminate the relationship with SKBA and to move the assets to the Segal accounts, in kind, for their management

Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk - 5;
Nays: None.
Trustee Troglio moved to receive and file the presentation by SKBA; seconded by Trustee Ball.

Approved by viva voce vote.

Discussions were held regarding the November Fire Pension meeting. It was determined that the meeting would be held on Monday, November 20, 2017, at 9:30 A.M.

ITEM NO. 3  Report from Fire Marshal Charles Lauss of Pension Fund Contributions, which were made by payroll deductions during the MONTH of SEPTEMBER 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>August 21, 2017 – September 5, 2017</td>
<td>September 15, 2017</td>
<td>$69,153.43</td>
</tr>
<tr>
<td>September 6, 2017 – September 20, 2017</td>
<td>September 29, 2017</td>
<td>$69,201.98</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$138,355.41</td>
</tr>
</tbody>
</table>

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

Approved by viva voce vote.

ITEM NO. 4  Request to Approve the following BILLS:

- Pensions for October 2017 (dated October 31, 2017) ........................................ $1,091,361.86
- Reimer Dobrovolny & Karlson LLC (May 2017 – Aug 2017) ........................................ 7,952.55
- Lauterbach and Amen – Professional Services for September 2017 .......................... 3,245.00
- IPPFA – 2018 Membership Dues .......................................................... 795.00
- INSPE Associates, LTD – Parkmon Disability Review ................................................. 600.00
- Foster & Foster – Community Conversation on Pensions (split with Police) .................... 300.00
- Beth Ball – 2018 IPPFA Hotel Expense – 1 night .................................................. 170.43
- Ralph Phillips – 2018 IPPFA Hotel Reimbursement – 1 night .................................... 170.43
- Joe Troglio – 2018 IPPFA Hotel Reimbursement – 1 night ....................................... 170.43
- Jack Nieukirk – 2018 IPPFA Hotel Reimbursement – 1 night .................................... 170.43
- Patrick Nichting – 2018 IPPFA Hotel Reimbursement – 1 night .................................. 170.43
- Jack Nieukirk – 2017 IPPFA Reimbursement ................................................................ 81.20
- Beth Ball – 2017 IPPFA Reimbursement ................................................................... 27.20

SUBTOTAL FOR OCTOBER 2017 ................................................................. $1,105,214.96

GRAND TOTAL FOR OCTOBER 2017 ........................................................ $1,105,214.96

Trustee Ball said the amount to Foster & Foster was incorrect. She said that amount should actually be $600.00. She said the original invoice was for $600.00, but the thought was to split the cost with the Police Pension Fund. She stated that the Peoria Police Pension Fund also received an invoice in the amount of $600.00, for a total of $1,200.00 for Foster & Foster to
conduct the Community Conversation on Fire and Police Pensions. She said it would change the subtotal and grand total for October from $1,105,214.96 to $1,105,514.96.

Hearing no objections, Trustee Ball moved to approve the bills, in the grand total amount of $1,105,514.96; seconded by Trustee Phillips.

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

CLERK’S NOTE: Following the meeting it was learned that Lauterbach & Amen would not be issuing an additional $300.00 check to Foster & Foster until November, so the $300.00 would not be approved until the November 2017 bills.

ITEM NO. 5 APPLICATION for REGULAR RETIREMENT PENSION for MARTIN G. FLORES to become effective October 4, 2017, (last day paid by the City October 3, 2017) based on 67.50% of his Annual Salary of $102,261.92 (which includes longevity). Pension to be paid for the remaining 28 days of October, in the Amount of $5,195.56 and $5,752.23 for every month thereafter with recommendation for the Board to Approve.

It was noted that the Applicant would not receive an increase until he reached the age of 55 in December of 2019.

Trustee Troglio moved to approve the Application for Regular Retirement Pension for Martin G. Flores to become effective October 4, 2017, (last day paid by the City October 3, 2017) based on 67.50% of his annual salary of $102,261.92 (which includes longevity). Pension to be paid for the remaining 28 days of October, in the amount of $5,195.56 and $5,752.23 for every month thereafter; seconded by Trustee Ball.

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

ITEM NO. 6 APPLICATION for REGULAR RETIREMENT PENSION for BRYAN S. GRANT to become effective October 24, 2017, (last day paid by the City October 23, 2017) based on 68.67% of his Annual Salary of $102,261.92 (which includes longevity). Pension to be paid for the remaining 8 days of October, in the Amount of $1,511.94 and $5,752.23 for every month thereafter with recommendation for the Board to Approve.

Trustee Troglio moved to approve the Application for Regular Retirement Pension for Bryan S. Grant to become effective October 24, 2017, (last day paid by the City October 23, 2017) based on 68.67% of his annual salary of $102,261.92 (which includes longevity). Pension to be paid for the remaining 8 days of October, in the amount of $1,511.94 and $5,752.23 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. 7  DISCUSSION Regarding APPLICATION Submitted by Fire Captain GARY STAUTHAMMER for an OCCUPATIONAL DISEASE DISABILITY to Determine Options for Temporary Pension Benefit Payments to Denise Staauthammer, due to the Death of Fire Captain Gary Staauthammer before a Disability could be Approved. Recommendation: Action Taken as Deemed Appropriate.

Trustee Ball distributed additional information regarding benefits for the spouse of deceased Firefighter Gary Staauthammer. She said it was the recommendation of Attorney Rick Reimer that the Fund provide a benefit of 54% of a Captain’s salary plus longevity as outlined in ILCS 5/4-114(a)(1). She said once the Board made its decision, Attorney Reimer would send a letter to Denise Staauthammer advising her of the same and the possibility of needing an attorney to make a decision.

Discussions were held regarding benefit options for Ms. Staauthammer. Attorney Dobrovolny said the minimum amount would in the very least be 54%, which could be awarded on a temporary basis. Trustee Phillips said Mrs. Staauthammer could receive a minimum of 71.04% of Captain Staauthammer’s salary plus longevity, which would reflect his years of creditable service if he would have taken a regular retirement. It was discussed that the determined amount could be changed at a later date when a final decision was made.

Attorney Dobrovolny said Gary Staauthammer had at least 20 years of active service, and because of this, he said that 71.04% could be granted to Mrs. Staauthammer on a temporary basis.

Attorney Keith Karlson arrived at 11:13 A.M.

At the conclusion of the discussion, Trustee Phillips moved to approve a temporary order to Denise Staauthammer, widow of Gary Staauthammer, in the amount of 71.04% of his annual salary plus 8% longevity as prescribed in 5/4-11(a)(2) of the Illinois State Statute, until the Board reaches a final decision; seconded by Trustee Troglio.

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

Written Order to be entered by Attorney Dobrovolny.

ITEM NO. 8  MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of AUGUST 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.
Yea: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nay: None.

ITEM NO. 9 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of SEPTEMBER 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 September 2017; seconded by Trustee Phillips.

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

ITEM NO. 10 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 Ball.

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

UNFINISHED BUSINESS

ITEM NO. 11 DISCUSSION Regarding Rebidding ULLICO FIDUCIARY INSURANCE, which is Due to Expire November 15, 2017, with Possible Action

Discussions were held regarding whether to approve the Ullico Fiduciary Insurance or to continue to the November 2017 Board meeting for further discussions. It was noted that the fiduciary insurance was due to expire November 15, 2017.

At the recommendation of Attorney Karlson, Trustee Ball moved to defer this item until the November Board meeting, but authorized Trustee Nichting to pay the Ullico Fiduciary Insurance premium, not to exceed 10% over the original premium; seconded by Trustee Troglio.

Approved by viva voce vote.
ITEM NO. 12 CONTINUED DISCUSSION Regarding the POLICY Pertaining to the BUYBACK OF MILITARY TIME, with a Request to Receive and File or Other Action Deemed Appropriate.

Trustee Troglio moved to adopt the Policy pertaining to the Buyback of Military Time; seconded by Trustee Phillips.

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

NEW BUSINESS

In the Matter of the QILDRO Regarding Fritz Schoenbein
Attorney Dobrovolny provided a check and a copy of a subpoena duces tecum to Trustee Ball, and he indicated that the subpoena had been responded to and the check only needed to be deposited

Harvey Firefighter’s Pension Fund
Attorney Dobrovolny provided an update regarding the Harvey Firefighter’s Pension Fund noting it had been underfunded for several years and was on the verge of bankruptcy.

CITIZENS’ OPPORTUNITY TO ADDRESS THE BOARD OF TRUSTEES

Attorney Joe Pishghadamian, of Hasselberg Grebe Snodgrass Urban & Wentworth, said he appeared for the Stauthammer item. He said his office received notice last Friday and that they were not raising any objections at this time. He said his office would be following-up with the order to be entered during this meeting.

EXECUTIVE SESSION

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

ADJOURNMENT

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

Approved by viva voce vote.

The meeting adjourned at 11:30 A.M.

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

/st