PROCEEDINGS OF A 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, 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; Attorney Jim Dobrovolny of Reimer Dobrovolny & Karlson; Chief Deputy City Clerk Stefanie Tarr; Attorney John Dundas 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 October 23, 2017, and the Minutes of the Special Board Meeting held on October 23, 2017, as printed.

Trustee Phillips moved to approve the Minutes of the Regular Board Meeting held on October 23, 2017, and the Minutes of the Special Board Meeting held on October 23, 2017, as printed; seconded by Trustee Troglio.

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), with a Request to Receive and File Reports or Take Other Action.
Mr. McShane distributed a copy of the Performance Update for the period ending October 31, 2017, to all members of the Board. The Performance Update showed the portfolio valued at $138,418,924. Since its inception, the total portfolio performance returned 6.24% versus the custom benchmark of 6.13%.

<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>$23,056,162</td>
</tr>
<tr>
<td>Great Lakes (Large Cap Fund)</td>
<td>$16,451,572</td>
</tr>
<tr>
<td>Premier (Large Cap Fund)</td>
<td>$0</td>
</tr>
<tr>
<td>iShares Russell Mid Cap Index (Mid Cap Fund)</td>
<td>$4,758,811</td>
</tr>
<tr>
<td>Kayne Anderson</td>
<td>$7,944,769</td>
</tr>
<tr>
<td>Harbor (International Equity)</td>
<td>$1</td>
</tr>
<tr>
<td>Vanguard FTSE ETF (International Equity)</td>
<td>$18,592,631</td>
</tr>
<tr>
<td>Thornburg International (International Equity)</td>
<td>$18,347,167</td>
</tr>
<tr>
<td>Segall – Fixed Income</td>
<td>$39,386,633</td>
</tr>
<tr>
<td>SKBA – Fix Income</td>
<td>$3,486,698</td>
</tr>
<tr>
<td>McDonnell – Fixed Income</td>
<td>$0</td>
</tr>
<tr>
<td>Insured Cash Sweep Account – PCB</td>
<td>$6,394,390</td>
</tr>
</tbody>
</table>

Mr. McShane said the Board had terminated SKBA at the October Board meeting and moved those funds to Segall Bryant, a fixed income manager. He distributed a handout that reflected the current fee schedule for Segall Bryant, noting they currently managed $42 million for the Fund. He reported the Fund paid a total of $65,000.00, or approximately 16 basis points in manager fees. He reviewed the fee schedule should the Firemen’s Pension and the Police Pension Funds combine investments with Segall, reporting the total fee for the combined portfolio would be 13.6 basis points, or a total of $91,250.00 combined.

Mr. McShane reviewed the Capital Market Indices returns through October reporting that the year-to-date return for the DOW Jones Industrial Average was up at 20.6%, the NASDAQ Composite was up 26.1%, the DOW Jones Equity All REIT was up 3.1%, MSCI EAFE was up 22.3%, and the MSCI emerging market was up 32.6%.

Mr. McShane reviewed “Our Market View No Longer out of Consensus – Is It Time for a Pull Back?” He reviewed the 12-month S&P 500 target noting that the Base Case earnings per share (EPS) was at $142.00. He said the portfolio was at a reasonable valuation. He reviewed the S&P 500 current and historical valuation reporting that the trailing P/E ratio as of November 10, 2017, was at 21.8% with a 2-year average of 19.5%. He commented that the portfolio was fairly valued. He reviewed historical corrections noting that there was only a 3.0% decline in 2017, which happened one other time in 1995.

Mr. McShane reviewed the current allocation noting an over-allocation in cash, which was done by design, and an under-allocation in fixed income. He reviewed the International investments noting an asset allocation of 26.69%. He said there were no recommendations to change the current allocations.
The portfolio’s allocations were 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>

Mr. McShane reported that the Board terminated Harbor International at the last meeting and split the proceeds between Vanguard and Thornburg, noting that Vanguard and Thornburg managed approximately $18 million each. He said the Board terminated SKBA, which would be reflected in the next report, and those assets would be reallocated into Segal. He reported the Board previously terminated McDonnell in May 2017.

Mr. McShane reviewed the portfolio performance as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Market Value</td>
<td>$76,020 million</td>
</tr>
<tr>
<td>Net contributions</td>
<td>-$27,245 million</td>
</tr>
<tr>
<td>Fee/Expenses</td>
<td>-$2,480 million</td>
</tr>
<tr>
<td>Income</td>
<td>$39,138 million</td>
</tr>
<tr>
<td>Gain/Loss</td>
<td>$52,986 million</td>
</tr>
<tr>
<td>Ending Market Value</td>
<td>$138,419 million</td>
</tr>
</tbody>
</table>

He reviewed the risk/return analysis since January 2003, noting the portfolio received a greater return with slightly less risk, which provided a positive alpha and positive sharpe ratio.

Mr. McShane reviewed the Fund’s managers noting that Great Lakes provided excess return and Kayne Anderson outperformed the benchmark. He said the Board had terminated Harbor for lack of performance and reinvested those funds in the international markets. He reported that Segal’s one-year return was 8 basis points greater than the benchmark and the Board had terminated SKBA. He said the cash sweep account was returning 1.5% on a one-year return, which was better than the fixed income one-year returns.

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

Approved by viva voce vote.
ITEM NO. 2 GREAT LAKES ADVISORS, LLC Third Quarter Investment Review with a Request to Receive and File or Take other Action.

Trustee Ball moved to receive and file the Great Lakes Advisors, LLC Third Quarter Investment Review; seconded by Trustee Troglio.

Approved by viva voce vote.

ITEM NO. 3 Report from Fire Marshal Charles Lauss of Pension Fund Contributions, which were made by payroll deductions during the MONTH of OCTOBER 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>September 21, 2017 – October 5, 2017</td>
<td>October 16, 2017</td>
<td>$ 68,914.82</td>
</tr>
<tr>
<td>October 6, 2017 – October 20, 2017</td>
<td>October 29, 2017</td>
<td>$ 68,774.54</td>
</tr>
</tbody>
</table>

$137,686.36

Trustee Ball moved to concur and place on file the Fire Marshal's Report for October 2017; seconded by Trustee Phillips.

Approved by viva voce vote.

ITEM NO. 4 Request to Approve the following BILLS:

- Pensions for November 2017 (Dated November 30, 2017) $1,113,524.28
- Advantage Reporting Service – Allen Disability Transcript 10/23/17 1,707.75
- Foster & Foster – Community Conversation on Pensions 300.00
- City of Peoria – 3rd Quarter 2017 Postage 24.24
- Ralph Phillips – Voided Check for the IPPFA 2018 Prepay Lodging (170.43)

SUBTOTAL $1,115,385.84

*Great Lakes Advisors – 7/1/17 to 9/30/17 Management fee 20,400.12
*Segall Bryant & Hamill – 7/1/17 to 9/30/17 Management fee 16,054.59
*Kayne Anderson Rudnick – 10/1/17 to 12/31/17 Management fee 15,289.50

GRAND TOTAL FOR NOVEMBER $1,167,130.05

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

Trustee Phillips moved to approve the bills, in the grand total amount of $1,167,130.05; 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 BATTALION CHIEF KENT SEILER to become effective November 17, 2017, (last day paid by the City November 16, 2017) based on 73.96% of his Annual Salary of $123,133.48 (which includes longevity). Pension to be paid for the remaining 14 days of November, in the Amount of $3,541.59 and $7,589.13 for every month thereafter with recommendation for the Board to Approve.

Trustee Phillips moved to approve the Application for Regular Retirement Pension for Fire Battalion Chief Kent Seiler to become effective November 17, 2017, (last day paid by the City November 16, 2017) based on 73.96% of his annual salary of $123,133.48 (which includes longevity). Pension to be paid for the remaining 14 days of November, in the amount of $3,541.49 and $7,589.13 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. 6  APPLICATION for REGULAR RETIREMENT PENSION for FIRE CAPTAIN DANIEL O'NEIL to become effective November 18, 2017, (last day paid by the City November 17, 2017) based on 67.71% of his Annual Salary of $102,261.92 (which includes longevity). Pension to be paid for the remaining 13 days of November, in the Amount of $2,500.42 and $5,770.13 for every month thereafter with recommendation for the Board to Approve.

Trustee Nichting moved to approve the Application for Regular Retirement Pension for Fire Captain Daniel O'Neil to become effective November 18, 2017, (last day paid by the City November 17, 2017) based on 67.71% of his annual salary of $102,261.92 (which includes longevity). Pension to be paid for the remaining 13 days of November, in the amount of $2,500.42 and $5,770.13 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  APPLICATION for REGULAR RETIREMENT PENSION for FIRE DIVISION EXECUTIVE RONALD JONES to become effective November 18, 2017, (last day paid by the City November 17, 2017) based on 75.00% of his Annual Salary of $135,101.09. Pension to be paid for the remaining 13 days of November, in the Amount of $3,658.98 and $8,443.82 for every month thereafter with recommendation for the Board to Approve.

Trustee Nichting moved to approve the Application for Regular Retirement Pension for Fire Division Executive Ronald Jones to become effective November 18, 2017, (last day paid by the City November 17, 2017) based on 75.00% of his annual salary of $135,101.09. Pension to be paid for the remaining 13 days of November, in the amount of $3,658.98 and $8,443.82 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  APPLICATION for REGULAR RETIREMENT PENSION for FIRE DIVISION EXECUTIVE PHILLIP MACLIN to become effective November 18, 2017, (last day paid by the City November 17, 2017) based on 68.75% of his Annual Salary of $135,101.09. Pension to be paid for the remaining 13 days of November, in the Amount of $3,354.13 and $7,740.17 for every month thereafter with recommendation for the Board to Approve.

Trustee Nichting moved to approve the Application for Regular Retirement Pension for Fire Division Executive Philip Maclin to become effective November 18, 2017, (last day paid by the City November 17, 2017) based on 68.75% of his annual salary of $135,101.09. Pension to be paid for the remaining 13 days of November, in the amount of $3,354.13 and $7,740.17 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. 9  APPLICATION for REGULAR RETIREMENT PENSION for FIRE CAPTAIN RON HAWOTTE, JR. to become effective November 20, 2017, (last day paid by the City November 19, 2017) based on 68.75% of his Annual Salary of $102,261.92 (which includes longevity). Pension to be paid for the remaining 11 days of November, in the Amount of $2,148.19 and $5,858.76 for every month thereafter with recommendation for the Board to Approve.

Trustee Phillips moved to approve the Application for Regular Retirement Pension for Fire Captain Ron Hawotte, Jr. to become effective November 20, 2017, (last day paid by the City November 19, 2017) based on 68.75% of his annual salary of $102,261.92 (which includes longevity). Pension to be paid for the remaining 11 days of November, in the amount of $2,148.19 and $5,858.76 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. 10 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of OCTOBER 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 REPORTS, with Recommendation to Approve.


Approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.
ITEM NO. 9  RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of OCTOBER 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 October 2017; seconded by Trustee Troglio.

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


Trustee Nichting moved to approve the Letter of Understanding from Lauterbach & Amen regarding services for years ended December 31, 2018, 2019 and 2020 with the understanding that the Board would issue a Request for Proposal in January of 2020 for accounting services; seconded by Trustee Phillips.

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

ITEM NO. 14  DISCUSSION Regarding Setting a Date for the DECEMBER REGULAR BOARD MEETING, Due to the Holidays. Recommendation: Take Action Deemed Appropriate.

Discussions were held regarding the December Board meeting and it was determined to cancel the December meeting. Should there be a need to hold a meeting, then a special meeting will be scheduled.

Trustee Nichting moved to cancel the December Regular Board meeting and directed invoices to be paid in December and ratify the bills at the meeting in January 2018; seconded by Trustee Troglio.

Approved by viva voce vote.
UNFINISHED BUSINESS

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

Trustee Nichting provided an update on his research for additional quotes for fiduciary insurance, and he commented that he had not received an additional quote yet. He asked the Board to give him authority to approve the fiduciary insurance after discussing the matter with the Fund's Attorney in the event there was a significant difference among providers and to pay the necessary fee.

Trustee Troglio moved to approve the rebidding process for fiduciary insurance and to give Trustee Nichting the authority to retain the appropriate provider after consulting with Attorney Dobrovolny; seconded by Trustee Phillips.

Approved by viva voce vote.

NEW BUSINESS

Tax Benefit for Retirees for Healthcare Costs
Trustee Troglio said retirees were currently paying healthcare costs after tax. He said that was going to change to make the healthcare costs pre-taxed. He said he would bring additional information in January 2018.

Robert Parkmon Disability
Trustee Ball said Robert Parkmon had recently undergone his annual physical and she was currently waiting for the report. She said once the report was received, it would be placed on the Fire Pension Agenda.

Physkie Green Disability
Trustee Ball provided an update on the annual physical for Physkie Green stating that his previous doctor had retired from practice. She said all the medical records were sent to Reimer, Dobrovolny and Karlson and they were working with INSPE to find a similar doctor for Mr. Green. She commented that he had three more years of physicals until he turned 50 years of age.

65 ILCS 5/8-13-5. Assignment of Receipts. (Public Act 100-0023)
Attorney Dobrovolny said a provision under the Municipal Code was passed which would allow a municipality to transfer money they received from the State to another entity in exchange for bonds. He said this would allow a municipality to file bankruptcy without affecting their bond status. He commented on the potential affect it could have on pensions.

House Bill 0688
Trustee Troglio commented on House Bill 0688, which allowed Fire and Police to transfer funds between the two, which would have to be done within six months after the employee transferred from one Department to the other. He said there were two individuals on the Fire Department who had previously transferred over from the Police Department. He inquired whether they would have to pay anything additional in order to transfer the money.

Attorney Dobrovolny said he would review the bill and provide an update at the next meeting.
Board Policies
Trustee Phillips requested that he and the other Trustees have electronic access to all of the Board's policies.

CITIZENS' OPPORTUNITY TO ADDRESS THE BOARD OF TRUSTEES

Attorney John Dundas, of Hasselberg Grebe Snodgrass Urban & Wentworth, requested the status of the Angela Allen Decision and Order, and Attorney Dobrovolny said that would not be approved by the Board until the January meeting.

EXECUTIVE SESSION

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

ADJOURNMENT

Trustee Nichting moved to adjourn the Rescheduled Regular Firemen's Pension Board Meeting; seconded by Trustee Troglio.

Approved by viva voce vote.

The meeting adjourned at 10:30 A.M.

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