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, Phillips, Troglio (Arrived at 10:00 A.M.), 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 teleconference); Attorney Jim Dobrovolny of Reimer Dobrovolny & Karlson; Chief Deputy City Clerk Stefanie Tarr; Attorney Ken Snodgrass 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 January 22, 2018, as printed.

Trustee Phillips moved to approve the Minutes of the Regular Board Meeting held on January 22, 2018, as printed; seconded by Trustee Nichting.

Approved by viva voce vote.

**ITEM NO. 1 PRESENTATION by FOSTER & FOSTER Regarding ACTUARIAL ASSUMPTIONS to be Used for the January 1, 2018, ACTUARIAL VALUATION, with Request to Receive and File or to Take Other Action Deemed Necessary.**

Trustee Nichting provided an update on the changes of actuarial assumptions the State of Illinois will be implementing in 2018, which would be the same assumptions used by the City. He said the two actuarial changes affected the mortality table and the actuarial rate of return. He reported that Foster and Foster would not be providing actuarial services to the State for 2018. He said once the audit was complete, he would contact Jason Franken of Foster and Foster to begin the Fire Pension's actuarial valuation. He said since the State was making assumption changes, he recommended having Franken and Franken use the same assumptions for the Fire Pension actuarial valuation. He said the State and City would
continue to pursue 90% funding while the Board would pursue valuations based on 100% funding. He commented that the changes were both to the Fund's benefit.

It was determined that, once the actuarial valuation was complete using the new assumptions, the Board would invite Jason Franken of Foster and Foster to compare the Fund's actuarial valuation to the State's actuarial valuation.

Trustee Phillips moved to directed Trustee Nichting to contact Foster and Foster and to have them conduct an actuarial valuation utilizing the new assumption rates for the mortality table and the actuarial rate of return and to have Mr. Jason Franken review the actuarial valuation with the Board upon completion; seconded by Trustee Ball.

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

ITEM NO. 2 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 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 distributed a copy of the Performance Update for the period ending January 31, 2018, to all members of the Board. The Performance Update showed the portfolio valued at $143,284,571. Since its inception, the total portfolio performance returned 6.52% versus the custom benchmark of 6.36%.

The Performance Update showed the market value for the following managers:

<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>$23,438,909</td>
</tr>
<tr>
<td>Great Lakes (Large Cap Fund)</td>
<td>$17,807,961</td>
</tr>
<tr>
<td>iShares S&amp;P Mid Cap Index (Mid Cap Fund)</td>
<td>$ 5,085,278</td>
</tr>
<tr>
<td>Kayne Anderson</td>
<td>$ 8,855,141</td>
</tr>
<tr>
<td>Vanguard FTSE ETF (International Equity)</td>
<td>$20,957,211</td>
</tr>
<tr>
<td>Thornburg International</td>
<td>$21,168,382</td>
</tr>
<tr>
<td>Segall – Fixed Income</td>
<td>$42,454,377</td>
</tr>
<tr>
<td>Insured Cash Sweep Account – PCB</td>
<td>$ 3,527,311</td>
</tr>
</tbody>
</table>

Trustee Nichting placed a conference call with Mr. Tom McShane at 9:39 A.M.

Mr. McShane reviewed the 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>
Mr. McShane reviewed the portfolio and recommended rebalancing the equities group. He recommended reallocating $1.5 million from the S&P 500 and deposit that money into the cash accounts. He explained that reallocating those funds would rebalance the allocations and protect the portfolio.

He reviewed an article entitled “Consider Cash” noting that the two-year US Treasury Yield had surpassed the S&P 500 dividend yield, noting it was at 2.72%, the highest in nearly a year. He said it was because of this that people would move from equities to fixed income. He also reported that there would be an increase in volatility.

Discussions were held regarding the markets for the S&P 500 in comparison to Great Lakes and it was noted that in this type of market, Great Lakes would provide better returns. Discussions were also held regarding the allocation amount and whether more should be reallocated out of the S&P 500. It was noted that the target allocation for equities was 60%; however, Mr. McShane said the portfolio could be over-allocated in equities and he recommended reviewing the allocations on a quarterly basis. He commented that the recent volatility in the markets contributed to the need to reallocate the portfolio.

Trustee Nichting requested Mr. McShane to develop a strategy addressing the allocation for fixed income, noting a potential decline for the next six months.

Mr. McShane said he would contact Segal and discuss the minimization of long-term rates rising and develop a strategy to address that issue. He said he would schedule a conference call with Segal for the March Fire Pension Board Meeting. At Trustee Nichting’s recommendation, he said he would provide strategies that would address anticipated changes in the markets.

Trustee Phillips moved to reallocate $1.5 million from the S&P 500 and to deposit that amount into the Morton/Peoria Community Bank; seconded by Trustee Nichting.

Approved by roll call vote.

Yeas: Ball, Nichting, Phillips, President Nieukirk – 4;
Nays: None.

Trustee Nichting reported that the Fund was currently receiving between 1.5% and 1.75% on its accounts with Morton Community Bank. He said, depending on other investment options, whether the Board would want to increase that account or negotiate a higher rate with a larger balance.
In response to Trustee Nichting, Mr. McShane said depositing the money into Morton Community Bank would strategize the cash position, but he said he would provide action sheets for each investment as well as the cash position at the next Board meeting.

Conference call with Mr. McShane ended at 10:00 A.M.

Trustee Ball moved to receive and file the Performance Update Report as of January 31, 2018; seconded by Trustee Nichting.

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 JANUARY 2018, 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>Jan. 6, 2018 – Jan. 20, 2018</td>
<td>January 31, 2018</td>
<td>$66,944.02</td>
</tr>
</tbody>
</table>

TOTAL $132,899.76

Trustee Nichting moved to concur and place on file the Fire Marshal’s Report for January 2018; seconded by Trustee Phillips.

Approved by viva voce vote.

Trustee Troglio arrived at 10:02 A.M.

ITEM NO. 5  Request to Approve the Following BILLS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions for February 2018 (dated February 28, 2018)</td>
<td>$1,225,372.02</td>
</tr>
<tr>
<td>Graystone Consulting – (January 1, 2018 to March 31, 2018)</td>
<td>27,025.62</td>
</tr>
<tr>
<td>Lauterbach &amp; Amen, LLP (Professional Services for January 2018)</td>
<td>3,275.00</td>
</tr>
<tr>
<td>IPPFA – 2018 IPPFA Pension Conference – Registration Beth Ball</td>
<td>375.00</td>
</tr>
<tr>
<td>IPPFA – 2018 IPPFA Pension Conference – Registration Joe Troglio</td>
<td>375.00</td>
</tr>
<tr>
<td>IPPFA – 2018 IPPFA Pension Conference – Registration Patrick Nichting</td>
<td>375.00</td>
</tr>
<tr>
<td>IPPFA – 2018 IPPFA Pension Conference – Registration Ralph Phillips</td>
<td>375.00</td>
</tr>
<tr>
<td>IPPFA – 2018 IPPFA Pension Conference – Registration Jack Nieukirk</td>
<td>375.00</td>
</tr>
<tr>
<td>Associated Fire Fighters of Illinois – Pension Handbooks</td>
<td>175.00</td>
</tr>
<tr>
<td>Leonard Unes – 500 Fire Pension Letterhead and 500 Envelopes</td>
<td>155.00</td>
</tr>
<tr>
<td>City of Peoria – 4th Quarter 2017 Postage (October – December 2017)</td>
<td>5.91</td>
</tr>
</tbody>
</table>

SUB-TOTAL FOR FEBRUARY $1,257,883.55
Great Lakes Advisors – October 1, 2017 to December 31, 2017 .......... 21,332.62
Segal Bryant & Hamill – October 1, 2017 to December 31, 2017 .......... 17,127.86

GRAND TOTAL FOR FEBRUARY.......................................................... $1,296,344.03

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

Trustee Ball moved to approve the bills for February 2018, in the amount of $1,296,344.03; seconded by Trustee Phillips.

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

ITEM NO. 5 REQUEST to APPROVE PAYMENT for FIRE CAPTAIN ANGELA ALLEN
Resulting from the Board’s Approval of her APPLICATION for LINE of DUTY DISABILITY, at the November 6, 2017, Regular Board Meeting, to become effective August 4, 2016, (last day paid by the City was August 3, 2016) based on 65% of her Annual Salary of $98,533.85 (includes 8% longevity). Pension to be paid for the Underpaid Balance of $54,361.29 as of August 2016, and $5,337.25 for every month thereafter.
Recommendation: Pay Ms. Allen the Underpaid Amount of $54,361.29, and $5,337.25 for every month thereafter.

Trustee Ball provided an overview of the amounts due to Fire Captain Allen. At the conclusion of her comments, Trustee Phillips moved to approve payment for Fire Captain Angela Allen resulting from the Board’s Approval of her Application for Line of Duty Disability, at the November 6, 2017, Regular Board meeting, to become effective August 4, 2016, (last day paid by the City was August 3, 2016) based on 65% of her annual salary of $98,533.85 (includes 8% longevity); pension to be paid for the underpaid balance of $54,361.29 as of August 2016, and $5,337.25 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 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of JANUARY 2018, which Includes the YEAR END CLOSE ADJUSTMENT, STATEMENT OF NET POSITION, STATEMENT OF CHANGES IN PLAN NET POSITION, SUMMARY of CASH AND INVESTMENTS, CASH ANALYSIS REPORT, REVENUE REPORT, PENSION BENEFITS AND EXPENSES, EXPENSE REPORT, VENDOR CHECKS REPORT, and MEMBER CONTRIBUTION REPORT, with Recommendation to Approve.

Motion to approve the monthly financial reports from Lauterbach & Amen, LLP for the month of January 2018, 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 was approved by roll call vote.
Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
Nays: None.

ITEM NO. 7 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month of JANUARY 2018, with Recommendation to Receive and File.

Trustee Troglio 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 January 2018; seconded by Trustee Phillips.

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

ITEM NO. 8 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, Phillips, Troglio, President Nieukirk – 5;
Nays: None.

ITEM NO. 9 REQUEST for APPROVAL of a RESOLUTION Regarding the RELEASE of EXECUTIVE SESSION MINUTES.

Trustee Troglio moved to approve the Resolution regarding the release of Executive Session Minutes; seconded by Trustee Phillips.

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

ITEM NO. 10 REQUEST for APPROVAL to Increase Stefanie Tarr’s ADMINISTRATIVE SALARY to $1,350.00 Per Quarter, which would include $600.00 per Year to Conduct the Eligibility Survey, to be Effective January 1, 2018, with the Understanding that Firemen’s Pension Activities are Conducted During Off-Duty Hours.

Trustee Ball provided a history of the salary of the administrative assistant position noting that the last increase was in 2010. She said the increase amount incorporated the annual Affidavits of Eligibility along with a monthly increase.
At the conclusion of her comments, Trustee Troglio moved to approve an increase to Stefanie Tarr's administrative salary to $1,350.00 per quarter, which would include $600.00 per year to conduct the Eligibility Survey, to be effective January 1, 2018, with the understanding that Firemen's Pension activities are conducted during off-duty hours; seconded by Trustee Phillips.

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

UNFINISHED BUSINESS

It was determined that there was no unfinished business to come before the Board at this time.

NEW BUSINESS

Department of Insurance – Director of Public Pensions
Attorney Dobrovolny announced that Scott Brandt would be named the DOI's Director of Public Pensions.

O'Brien, et. al. vs. Village of Lincolnshire
Attorney Dobrovolny distributed a copy and provided an overview of O'Brien, et. al vs. Village of Lincolnshire wherein the Plaintiff alleged a First Amendment rights violation. He reviewed paragraph 29 of the Complaint that stated, "As stated by the National Right-to-Work Legal Defense Foundation and the Liberty Justice Center in their Brief for the Petitioner in Janus v. AFSCME, Case No. 16-1466, a case currently pending before the Supreme Court of the United States, 'agency fees thus inflict the same grievous First Amendment injury as would the government forcing individuals to support a mandatory lobbyist or political advocacy group.'" He said in the O'Brien matter, IML fees were also forcing individuals to support a mandatory lobbyist. He said the case was still pending in the Supreme Court and that he would provide updates at a later date.

Pension Reform in Springfield
Trustee Nichting said there were a number of bills in Springfield calling for pension reform. He said he submitted wording for a shell bill dealing with the "prudent man rule" to replace restrictions on Downstate Fire and Police Pensions. He said he spoke with Mr. Shawn Curry of the Peoria Police Pension Board who would assist by reviewing the proposed bill before locating a co-sponsor.

CITIZENS' OPPORTUNITY TO ADDRESS THE BOARD OF TRUSTEES

It was determined that there were no citizens who wished to address the Board at this time.

EXECUTIVE SESSION

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

ADJOURNMENT

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

Approved by viva voce vote.
The meeting adjourned at 10:15 A.M.

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

/st