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 2:30 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, 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 Tarr; 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 26, 2018, as printed.

Trustee Phillips moved to approve the Minutes of the Regular Board Meeting held on March 26, 2018, as printed; seconded by Trustee Troglio.

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, Presentation by Segal & Bryant, 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.

Segall Bryant & Hamill Portfolio Update dated April 23, 2018, was distributed to all Trustees. A conference call was placed with Mr. Greg Hosbein, Senior Portfolio Manager for Segall Bryant & Hamill (SBH). He reviewed SBH noting it was employee-owned and that it had $12.4 billion under management. He provided a summary of investment objectives and guidelines for the
Fund. He said SBH was a high quality bond manager, noting that the investments were required to be invested according to Illinois State Statutes. He said their role as a fixed income manager was to provide balance in the portfolio. He said SBH used the Barclays Intermediate Government Credit Index for the benchmark, per the Board's recommendation. He reviewed the landscape for fixed income. He said the average duration on a bond index was over 7 years, which meant there was more of a bond interest rate risk while the yield had gone down. He reviewed the landscape for fixed income noting that the interest rates were low and any activity would be volatile. He reported that 1-10 year bonds did not have as much interest rate risk. He commented that if rates increased by 1.0%, then the price would drop 5.0%.

Mr. McShane commented that, in order to mitigate risk, bonds should be bought at a higher interest rate in order to avoid volatility.

Mr. Hosbein reviewed the account market value and performance as of March 31, 2018, and the market outlook. He said the Board wanted a portfolio that did not own big bond funds. He outlined the returns for the last year of what has done well and what was not done well in the bond market. He reviewed the Funds flows and excess returns and the fixed income profile. He reported that the maturity to current yield was 2.96% that maintained a AA quality with modestly less interest rate risk, which was slightly less than the index in duration. He reviewed the distribution by sector and corporate bonds. He reported that the Fund owned a higher percentage of higher quality bonds with a portfolio corporate duration of 3.28 years.

Mr. Hosbein reviewed the Fund's portfolio characteristics noting it had a yield to maturity of 2.64%, AA Quality and a duration of 1.72 years. He reviewed the market cycle returns noting that timing was a difficult task, and he explained why SBH was an asset to the portfolio. He concluded that the Fund should keep the portfolio unchanged.

Mr. Tom McShane concluded that SBH was a good manager who had great returns and great customer services.

Conference call ended at 3:23 P.M.

Mr. McShane previously emailed a copy of the Performance Update for the period ending March 31, 2018, to all members of the Board. The Performance Update showed the portfolio value at $135,607,475. Since its inception, the total portfolio performance returned 6.17% versus the custom benchmark of 6.04%.

<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>$20,557,742</td>
</tr>
<tr>
<td>Great Lakes (Large Cap Fund)</td>
<td>$16,269,729</td>
</tr>
<tr>
<td>iShares S&amp;P Mid Cap Index (Mid Cap Fund)</td>
<td>$4,908,828</td>
</tr>
<tr>
<td>Kayne Anderson (Small Cap Equity)</td>
<td>$8,682,379</td>
</tr>
<tr>
<td>Vanguard FTSE ETF (International Equity)</td>
<td>$19,808,010</td>
</tr>
<tr>
<td>Thornburg International (International Equity)</td>
<td>$20,133,990</td>
</tr>
<tr>
<td>Segall – Fixed Income</td>
<td>$42,370,309</td>
</tr>
<tr>
<td>Insured Cash Sweep Account – PCB</td>
<td>$2,876,488</td>
</tr>
</tbody>
</table>
Mr. McShane reviewed the portfolio and noted that the Board reallocated $2 million from the S&P 500 in January and another $1.5 million in March, which funded the cash allocation. He said the Board was trying to rebalance the portfolio by liquidating the S&P 500 into cash.

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>

<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>

Discussions were held about rebalancing the portfolio in order to decrease equity by nearly 2.0% to put the portfolio at 64.5% Equity. Mr. McShane said the Board previously reallocated $3.5 million out of Equity. Out of $135 million in assets, Mr. McShane said 2.0% would be $2.1 million to reallocate, which would bring equities to 64.66%.

He reviewed the portfolio’s cash position. He recommended leaving fixed income alone and to raise cash from the equity portfolio in order to rebalance in order to become compliant with State Statutes.

Discussions were held regarding the best possible time to reallocate money into the cash account. Mr. McShane reviewed the current allocations and he noted Kayne Anderson provided excess return for the portfolio. He recommended reallocating $2.7 million from the equity allocation: $1 million from the small cap manager Kayne Anderson and $1.7 million from the S&P 500, he said it would rebalance the equity portfolio to be under 65% and to put funds into the cash account. He recommended leaving the International Equity as it currently stood.

Mr. McShane reviewed the performance of each manager noting that Great Lakes was down -4.69% versus the benchmark -2.83; however, he said Great Lakes would provide value on the downside, and he recommended interviewing Great Lakes at the next Fire Pension meeting. At the request of Trustee Nichting, Mr. McShane said he would review the bond portfolio maturity at the May meeting as well. Regarding the Open Orders with the S&P 500 Exchange Traded Fund, he said the orders to sell were at $285, $295 and $305.
Trustee Nichting moved to reallocate $1 million from Kayne Anderson and $1.7 million from the S&P 500 and to reallocate those funds into the cash accounts; seconded by Trustee Troglio.

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

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>-$32,252 million</td>
</tr>
<tr>
<td>Fee/Expenses</td>
<td>-$2,588 million</td>
</tr>
<tr>
<td>Income</td>
<td>$41,081 million</td>
</tr>
<tr>
<td>Gain/Loss</td>
<td>$53,346 million</td>
</tr>
<tr>
<td>Ending Market Value</td>
<td>$135,607 million</td>
</tr>
</tbody>
</table>

Trustee Phillips moved to receive and file the Performance Update Report as of March 31, 2018; seconded by Trustee Troglio.

Approved by viva voce vote.

**ITEM NO. 2** DISCUSSION Regarding the Combination of Management Services for the Large Cap Value Manager with GREAT LAKES ADVISORS for the Police Pension Fund and the Fire Pension Fund, which Would Cost the Fund 35 Basis Points Versus 50 Basis Points, with Possible Action.

Discussions were held regarding the combining of the Police Pension and Fire Pension Funds with Great Lakes Advisors in order to receive a reduced fee. Mr. McShane said he received notice it was going to happen, but he said he had not received the information from Great Lakes to date.

Trustee Troglio moved to receive and file the discussion regarding the combination of management services for the large cap value manager with Great Lakes Advisors for the Police Pension Fund and the Fire Pension Fund, which would cost the Fund 35 basis points versus 50 basis points; seconded by Trustee Phillips.

Approved by viva voce vote.

**ITEM NO. 3** Report from Fire Marshal Ed Olehy of Pension Fund Contributions, which were made by payroll deductions during the MONTH of MARCH 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>Feb. 21, 2018 – Mar. 5, 2018</td>
<td>March 15, 2018</td>
<td>$68,647.24</td>
</tr>
<tr>
<td>Mar. 6, 2018 – Mar. 20, 2018</td>
<td>March 30, 2018</td>
<td>68,141.71</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>$136,788.95</td>
</tr>
</tbody>
</table>
Trustee Ball moved to concur and place on file the Fire Marshal's Report for March 2018; seconded by Trustee Troglio.

Approved by viva voce vote.

ITEM NO. 4 Request to Approve the following BILLS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions for April 2018 (dated April 30, 2018)</td>
<td>$1,178,050.12</td>
</tr>
<tr>
<td>Lauterbach &amp; Amen, LLP for the month of March 2018</td>
<td>3,275.00</td>
</tr>
<tr>
<td>Reimer Dobrovolny &amp; Karlson LLC</td>
<td>11,362.46</td>
</tr>
<tr>
<td><strong>SUB-TOTAL FOR APRIL</strong></td>
<td><strong>$1,192,687.58</strong></td>
</tr>
</tbody>
</table>

Trustee Troglio moved to approve the bills for April 2018, in the amount of $1,192,687.58; seconded by Trustee Phillips.

Approved by roll call vote.

Yeas: Ball, Phillips, Troglio, President Nieukirk – 4;
Nays: None;
Absent: Nichting – 1.

ITEM NO. 5 APPLICATION for REGULAR RETIREMENT PENSION for FIRE CAPTAIN ROGER TRAVER to become effective April 5, 2018, (last day paid by the City was April 4, 2018) based on 69.7917% of his Annual Salary of $102,370.60 (which includes longevity). Pension to be paid for the remaining 26 days of April in the amount of $5,159.96 and $5,953.85 for every month thereafter. The pension benefit amount is to be split with the Pekin Firemen's Pension Fund with $802.76 to be paid by Pekin Firemen's Pension Fund and $5,151.09 to be paid by Peoria Firemen's Pension Fund, with Request to Approve.

Trustee Ball provided an update on Roger Traver's retirement. She said her office received all the necessary paperwork to process Mr. Traver's retirement; however, she said Lauterbach & Amen was still working with the Pekin Fire Department for all their necessary information. She said Mr. Traver would not receive a pension for April, but she said he would receive his pension beginning in May with retroactive pay back to April 5, 2018. She said she had spoken with Mr. Traver and he indicated that he understood the process and was fine with the outcome. Due to the delay, she asked that this item be deferred until the May Pension Board meeting.

Trustee Phillips moved to defer this item to the May 21, 2018, Fire Pension Board meeting; seconded by Council member Troglio.

Motion to defer to the May 21, 2018, Fire Pension Board meeting was 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 ENGINEER
MICHAEL RICHARDSON to become effective April 5, 2018, (last day paid by
the City was April 4, 2018) based on 60.8333% of his Annual Salary of
$89,931.97 (which includes longevity). Pension to be paid for the remaining
26 days of April in the amount of $3,951.22 and $4,559.05 for every month
thereafter. The pension benefit amount is to be split with the Pekin
Firemen’s Pension Fund with $xxxxx to be paid by Pekin Firemen’s
Pension Fund and $xxxxxx to be paid by Peoria Firemen’s Pension Fund,
with Request to DEFER until the May 2018 Fire Pension Board Meeting

Trustee Ball commented that this item was very similar to Item No. 5 wherein Mr. Richardson
also spent time at the Pekin Fire Department. She said Mr. Richardson still needed to pay the
1% to the City of Peoria for his Reciprocity. She said he was going to pay that 1% soon and by
the end of May he would be in the pension system. She said Mr. Richardson was aware of the
situation. She said once the accountants received that 1%, then he would receive a
confirmation from the City to put on file. She commented that Mr. Richardson also had to
coordinate efforts with Pekin in order to get his retirement processed.

Trustee Ball noted that, going forward, any reciprocity for which a Firefighter pays, it would be
noted on the paystub.

Trustee Phillips moved to defer this item to the May 21, 2018, Regular Fire Pension meeting;
seconded by Trustee Troglio.

    Motion to defer to the May 21, 2018, Fire Pension Board meeting was approved by roll
call vote.
    Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
    Nays: None.

ITEM NO. 7  DISCUSSION Regarding the RESIGNATION of FIREFIGHTER DEMARCO
TILLMAN, with the request to APPROVE the Refund of Fire Pension
Contributions, in the Amount of $4,967.98, before Taxes.

Trustee Ball said Demarco Tillman resigned from the Peoria Fire Department and was moving
to Texas. She said he had requested a refund of his pension contributions and that all the
paperwork had been tendered to Lauterbach and Amen for processing.

Trustee Troglio moved to approve the refund of resigned Firefighter Demarco Tillman in the
amount of $4,967.98, before taxes; seconded by Trustee Phillips.

    Approved by roll call vote.
    Yeas: Ball, Nichting, Phillips, Troglio, President Nieukirk – 5;
    Nays: None.
ITEM NO. 8 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of MARCH 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, 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 March 2018, 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 March 2018; seconded by Trustee Ball.

Approved by viva voce vote.

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 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.

UNFINISHED BUSINESS

ITEM NO. 11 UPDATE Regarding the AFFIDAVITS OF ELIGIBILITY with Request to Receive and File or Other Action Deemed Appropriate

Administrative Assistant Stefanie Tarr provided an update on the Affidavits of Eligibility noting that she had received all but one. She said, going forward for 2019, the Affidavits would be mailed to the retirees in the spring during which time several will have moved back in the area for the summer.
Stauthammer Disability
Trustee Ball said Attorney Rick Reimer had sent a letter to the doctor Mrs. Stauthammer requested the Board to get medical records. He said the doctor had been uncooperative; however, Attorney Reimer's office was unwilling to issue a subpoena for the records.

Discussions were held regarding the attempts to reach Mrs. Stauthammer without success. Trustee Ball said Attorney Reimer would send her a letter indicating our efforts of trying to obtain the medical records without success and to have her obtain them herself if she would like them considered. No objection was heard.

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

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 Ball.

Approved by viva voce vote.

The meeting adjourned at 4:10 P.M.

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

Bb/st