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, 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; Mr. Patrick Donnelly, Institutional Consulting Director, Senior Vice President with Graystone Consulting in Peoria; Attorney Jim Dobrovolny of Reimer & Dobrovolny; Chief Deputy City Clerk Stefanie Tarr; Chief Investment Officer Gary Lenhoff with Great Lakes Advisors; Money Manager Larry Richey with Great Lakes Advisors; and Fire Engineer Matt Smith.

INVOCATION

Trustee Phillips 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 Meeting held on May 21, 2018, as printed.

Trustee Phillips moved to approve the Minutes of the Rescheduled Regular Meeting held on May 21, 2018, as printed; seconded by Trustee Troglio.

Approved by viva voce vote.

ITEM NO. 1 PRESENTATION by GREAT LAKES ADVISORS with a Request to Receive and File or to Take Other Action.

Clerk’s Note: See Page 5 for discussion.

REQUEST TO MOVE AGENDA ITEM

Trustee Nichting moved to move Item No. 2 forward on the agenda to be discussed at this time; seconded by Trustee Phillips.

Approved by viva voce vote.
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, Discussion and Review of the Asset Allocations, with Request to Receive and File Reports or Take Other Action.

Mr. Tom McShane introduced Mr. Patrick Donnelly, a Graystone representative based in Peoria. Mr. Donnelly said he would be a local resource and would be attending future meetings; however, Mr. McShane said he would still attend and provide the portfolio performance reviews.

Mr. McShane previously distributed a copy of the Performance Update for the period ending May 31, 2018, to all members of the Board. The Performance Update showed the portfolio valued at $136,012,262. Since its inception, the total portfolio performance returned 6.15% versus the custom benchmark of 6.04%.

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>$19,377,089</td>
</tr>
<tr>
<td>Great Lakes (Large Cap Fund)</td>
<td>$16,531,499</td>
</tr>
<tr>
<td>iShares S&amp;P Mid Cap Index (Mid Cap Fund)</td>
<td>$5,097,252</td>
</tr>
<tr>
<td>Kayne Anderson</td>
<td>$7,907,404</td>
</tr>
<tr>
<td>Vanguard FTSE ETF (International Equity)</td>
<td>$19,772,199</td>
</tr>
<tr>
<td>Thornburg International</td>
<td>$20,581,718</td>
</tr>
<tr>
<td>Segall – Fixed Income</td>
<td>$41,456,718</td>
</tr>
<tr>
<td>Insured Cash Sweep Account – PCB</td>
<td>$5,288,509</td>
</tr>
</tbody>
</table>

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 2.00%</td>
<td>3.89%</td>
</tr>
<tr>
<td>Fixed Income 38.00%</td>
<td>30.48%</td>
</tr>
<tr>
<td>Equity 60.00%</td>
<td>65.63%</td>
</tr>
</tbody>
</table>

Mr. McShane reported that fixed income was under-allocated by design, equity was slightly over-allocated, small cap was over-allocated by design noting that Kayne Anderson had
performed well. He said the Board reallocated money from Kayne Anderson in May. He said the Board no longer invested in real estate and that the emerging markets were being managed by international equities, which was currently at 29.67%.

Mr. McShane reviewed each manager’s performance in comparison to the custom benchmarks. He reported that the Fund’s year-to-date return was up nearly 53 basis points versus the benchmark of 5 basis points and the 1-year return was up 7.75% versus 7.43%. He said the S&P 500 came in at 1.81% versus the benchmark of 2.02%; Great Lakes’ one-year return was -3.17% versus the benchmark of -1.93%. He commented that Kayne Anderson was on target with the benchmark reporting that its returns had done well over the last 12 months. For Kayne Anderson, he reported a 1-year return of 28.17% versus the benchmark of 20.76% and a 3-year return of 18.11% versus a benchmark of 10.98%. He said he would schedule a time for Kayne Anderson to present to the Board in the near future. He commented that Thornburg was performing well and Segal was down year-to-date -86 basis points versus the benchmark of -91 basis points, and for the past year, was down -73 basis points versus the benchmark of -69 basis points. He commented that by reallocating some of the funds into the cash accounts had protected the portfolio. He reported that the Board previously took $1 million from Kayne Anderson and $1 million from Segal and deposited those amounts into the cash sweep account.

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>-$35,746 million</td>
</tr>
<tr>
<td>Fee/Expenses</td>
<td>-$2,652 million</td>
</tr>
<tr>
<td>Income</td>
<td>$41,367 million</td>
</tr>
<tr>
<td>Gain/Loss</td>
<td>$57,024 million</td>
</tr>
<tr>
<td>Ending Market Value</td>
<td>$136,013 million</td>
</tr>
</tbody>
</table>

Mr. McShane reviewed Great Lakes noting that since its inception in 2006, it returned 7.25% versus the benchmark of 7.22%. He reviewed the risk/return analysis reporting it had a slightly greater return with slightly less risk. He commented that the benchmark Great Lakes used was the Russell 1000, which had not done well.

It was discussed that Great Lakes actively managed the portfolio and the manager did better in a volatile market commenting that they protected on the downside; however, Mr. McShane said they had not protected the portfolio for the last five months. He reviewed the history of the organization of Great Lakes, noting it had been acquired by Wintrust Financial, which caused an ownership and management change.

Mr. McShane reviewed a chart entitled “Why Stay Constructive? Forward Earnings May Rise Further.” He reviewed the future potential earnings noting a potential increase. He commented that the Fund’s equity allocation was at 65% and that the Board had gradually reallocated some of that equity. He reviewed the 10-year US Treasury Yield from 1986 to present, which showed the trading range on a downward slope.

Discussions were held regarding the potential increase in rates by the Feds and how it would impact the portfolio’s rate of return. Mr. McShane commented that the Board had taken action to protect the portfolio noting that Segal was managed to the intermediate government credit and money was reallocated into Morton Community Bank wherein it was receiving a good rate of return.
Trustee Troglio moved to receive and file the Performance Update Report as of May 21, 2018; seconded by Trustee Phillips.

Approved by viva voce vote.

ITEM NO. 1 PRESENTATION by GREAT LAKES ADVISORS with a Request to Receive and File or to Take Other Action.

Money Manager Larry Richey and Chief Investment Officer Gary Lenhoff provided a presentation on behalf of Great Lakes Advisors.

Discussions were held regarding Great Lakes' fees and it was discussed that with the combination of the Police Pension Fund and the Fire Pension Fund, the Funds were offered a lower investment fee. Trustee Nichting said the Police Pension Fund was advised they would receive a lower fee structure should they combine their investment with the Firemen's Pension Fund. He expressed a concern regarding the miscommunication and the lagging rate of return. Mr. Richey advised that the fee structure was a tiered fee noting that the rate would drop to 35 basis points with an investment of $25 million. He said, with both Funds combined, the funds invested did not reach that tier.

Trustee Nichting stated he would report this back to the Police Pension Fund, but he said they chose Great Lakes based on that 35 basis points fee. He said Police went from a positive rate of return to a negative rate of return. He expressed his concern regarding this situation and he stated he would not have voted for the change had he known this at the time he voted at the Police Pension Fund meeting.

Mr. Lenhoff reviewed a few of Great Lakes' highly recognized investments such as General Electric, Phillip Morris, Kodak, American Express and Harley Davidson. He reported that General Electric was the second largest holding of the portfolio and Great Lakes would need direction from the Board on how to move forward on that investment. Mr. McShane said a written recommendation would be provided to Great Lakes on what to do with General Electric.

Mr. Lenhoff reviewed the management team that oversaw the portfolio noting there were nine members on the team.

Discussions were held regarding Great Lakes and their investments. Mr. McShane commented on their method of trading and commented that the Board was looking for better protection.

Trustee Nichting expressed a concern on the amount of risk involved with the types of investments that Great Lakes continued to utilize such as General Electric, and he noted that Great Lakes was 12% of the Fund's portfolio.

Mr. Lenhoff and Mr. Richey left the meeting at 10:35 a.m.

Mr. McShane said he would provide a comparison chart of Great Lakes with other funds that were available and provide that information to the Board for a comparison review at the July Board meeting.
Trustee Phillips moved to receive and file the presentation by Great Lakes Advisors; seconded by Trustee Ball.

Approved by viva voce vote.

**ITEM NO. 3** APPROVE the FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT FOR THE YEARS ENDED DECEMBER 31, 2017.

After a brief comment by Trustee Ball, Trustee Phillips moved to approve the Financial Statements and Independent Auditor’s Report for the years ended December 31, 2017; seconded by Trustee Troglio.

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

**ITEM NO. 4** Report from Fire Marshal Edward Olehy, Jr. of Pension Fund Contributions, which were made by payroll deductions during the MONTH of MAY 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>April 21, 2018 – May 5, 2018</td>
<td>May 15, 2018</td>
<td>$66,837.05</td>
</tr>
<tr>
<td>May 6, 2018 – May 20, 2018</td>
<td>May 31, 2017</td>
<td>$66,840.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$133,677.15</td>
</tr>
</tbody>
</table>

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

Approved by viva voce vote.

**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 June 2018 (dated June 30, 2018)</td>
<td>$1,198,408.04</td>
</tr>
<tr>
<td>City of Peoria – Purchase of New Key for Fire Pension Filing Cabinet</td>
<td>$35.00</td>
</tr>
<tr>
<td>Stefanie Tarr – Second Quarter 2018 Admin Services</td>
<td>$1,350.00</td>
</tr>
<tr>
<td>Lauterbach &amp; Amen – Professional Services for May 2018</td>
<td>$3,275.00</td>
</tr>
<tr>
<td>Sikich – Final Billing for audit for year ended December 31, 2017..</td>
<td>$15,000.00</td>
</tr>
<tr>
<td><strong>SUB-TOTAL FOR JUNE 2018</strong></td>
<td>$1,218,068.04</td>
</tr>
<tr>
<td>*Great Lakes (Mgmt Fee 1/1/2018 through 3/31/2018)</td>
<td>$20,328.87</td>
</tr>
<tr>
<td>*Segal Bryant &amp; Hamill (Mgmt Fee 1/1/2018 through 3/31/2018)......</td>
<td>$16,989.60</td>
</tr>
<tr>
<td><strong>GRAND TOTAL FOR JUNE 2018</strong></td>
<td>$1,255,386.51</td>
</tr>
</tbody>
</table>

*No check should be processed for this amount. This amount is to be automatically deducted from the Graystone account.*
Trustee Troglio moved to approve the bills for June 2018, in the amount of $1,255,386.51; seconded by Trustee Phillips.

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

ITEM NO. 6 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the
Month of MAY 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.
Yea: Ball, Nichting, Phillips, Troglio – 4;
Nay: None.

ITEM NO. 7 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY
BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month
of MAY 2018, 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 May 2018; seconded by Trustee Troglio.

Approved by viva voce vote.

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 Phillips.

Approved by viva voce vote.
UNFINISHED BUSINESS

Physkie Green Disability Review Update

Trustee Ball provided an update on the Physkie Green Disability review stating that her office received the report on Friday and a formal review would be conducted at the July Fire Pension Meeting. She said a 10-day notice would be provided to Mr. Green.

NEW BUSINESS

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

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

Approved by viva voce vote.

The meeting adjourned at 10:58 A.M.

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