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 9:40 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 – 4; Absent: Nieukirk - 1.

Others present: Mr. Patrick Donnelly, Institutional Consulting Director, Financial Advisor with Graystone Consulting in Peoria; Attorney Rick Reimer of Reimer & Dobrovolny; and Chief Deputy City Clerk Stefanie Tarr.

APPOINTMENT OF CHAIRMAN PRO TEM

Trustee Troglio moved to appoint Trustee Phillips as Chairman Pro Tem; seconded by Trustee Ball.

Approved by viva voce vote.

INVOCATION

Chairman Pro Tem 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 Board Meeting held on January 29, 2019, as printed.

Trustee Troglio moved to approve the Minutes of the Rescheduled Regular Board Meeting held on January 29, 2019, as printed; seconded by Trustee Nichting.

Approved by viva voce vote.

ITEM NO. 1 DISCUSSION with FOSTER & FOSTER Regarding Whether to Conduct an EXPERIENCE STUDY, with Request to APPROVE or to Take Other Action Deemed Necessary.

Trustee Troglio placed a call to Jason Franken of Foster & Foster at 9:41 A.M.

Mr. Franken said Foster & Foster would finalize the GASB 67/68 information by the middle of April. He said later in the year, once the annual report from the DOI was finalized, then the
actuarial contribution would be determined. He reported that a new mortality table was recently released noting it addressed public safety. He said this table was created by reviewing public service officers across the country. He said Foster & Foster would recommend adopting this table, noting that the life expectancy was longer and would increase the liability. He said the other assumptions that would be used were based on what the DOI had done in the past. He said the Peoria Firemen's Pension Plan was large enough and had enough credible experience, and he recommended reviewing all the assumptions to determine more specific assumptions. He said salary increases could lower the liability and could offset the increases seen in the salary. However, he said the liability would continue to increase as a result of assumption changes. He said now was a good opportunity to make assumptions more reasonable and specific to the Pension Fund's plan. He explained the process noting an experience study would need to be conducted wherein Franken & Franken would review the last five years and create new assumptions based on the Fund's actual experience. He said Franken & Franken would also seek input from the Board. He recommended doing the study within the next month and to schedule a meeting with the Board at the end of March to review results and to adopt new assumptions. He said those assumptions would then be used in the December 31, 2018, GASB disclosure.

Discussions were held regarding the cost to conduct the experience study, and Mr. Franken said a 15% discount would be offered if the meeting could be scheduled on the same day as the Police Pension meeting. Regarding the new mortality table, Mr. Franken said he was uncertain when the DOI would adopt the new table as it related to public safety; however, he noted the DOI recently adopted a new mortality table in 2017 and may not adopt a new table for another five years. He said the Board did not adopt the mortality table in 2017 because it was waiting for the public safety mortality table. He said the DOI's table was slightly more conservative, noting their life expectancies were longer. He said he did not expect any changes to any of the assumptions for December 2018, but he said a change to the mortality table could be made because it was the most appropriate mortality table to be used. He said he anticipated the DOI adopting the new public safety mortality table before their usual updates to the assumptions. He said he did not expect any changes with the 2018 assumptions, but he said he did anticipate changes for the 2019 tax levy calculation.

Discussions were held regarding the decrease of employees in the Fire Department, and Trustee Troglio inquired how that change would affect the assumptions for the Fund. Mr. Franken said it depended on how the employees left, either retired or left the Fund. He said for those who left the Fund outside of retiring, it would be reflected in the withdrawal assumptions and would go into the analysis. Discussions were held noting that when employee head count decreased, the normal cost would decrease. However, Mr. Franken commented about the difference between Tier I employees and Tier II employees. He commented that the turnover in the Department would be reflected, but it would not be reflected in the DOI assumptions.

Discussions were held regarding the number of active members versus the number of retirees. Mr. Franken said the difference would make a change in the cash flow situation. He said with more retirees than active members, more money would be going out of the Fund versus coming into the Fund. But, he said more benefit payments than contributions was not always a bad report. He said having more retirees than actives was not always a bad thing when other factors were considered.

Mr. Franken said if the Board wanted to conduct an experience study, Franken & Franken would have all the data needed. He said a study would be prepared and the results delivered at the March Fire Pension Board meeting. He said if the Board decided not to conduct the
experience study, then it would implement the new mortality table and leave the other assumptions the same.

Conference call with Jason Franken ended at 10:03 A.M.

Discussions were held on whether to conduct an experience study. Trustee Troglio recommended changing the mortality table to use the public safety mortality table.

Attorney Reimers said he had been advising Pension Boards to use the same actuarial assumptions the DOI used because the DOI’s numbers would be higher.

Trustee Troglio moved to adopt the new public safety mortality table to use with the current assumptions and to have Trustee Ball contact Mr. Franken regarding the same; seconded by Trustee Nichting.

Approved by viva voce vote.

ITEM NO. 2 MONTHLY PORTFOLIO PERFORMANCE REVIEW by PATRICK DONNELLY 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.

A copy of the Performance Update for the period ending February 25, 2019, was distributed to all members of the Board. The Performance Update showed the portfolio valued at $131,788,799.00. Since its inception, the total portfolio performance returned 5.73% versus the custom benchmark of 5.69%.

Mr. Donnelly reviewed the Asset Class Index Performance specifically noting the 1-month return for Global Equity MSCI was 7.9% with a 3-year annualized return of 12.1% and a 5-year annualized return of 7.3%.

Mr. Donnelly said it was Graystone’s recommendation to continue to invest in global equities versus fixed income, noting that International markets had been outperforming. He reported the Board used Morton Community Bank to increase its cash balance, which was better than bond yields and fixed income. He reviewed the EPS landscape noting the Board purchased some S&P 500 holdings as the market went down. He reported that the price target on the high end was 3000 and on the low end was 2400, noting that prices were currently at 2809 today. He said that price was current just above the base case.
Mr. Donnelly 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>
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</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. Donnelly reviewed the portfolio noting the importance of value versus growth and he reported Aristotle provided a value to the portfolio. He reviewed the current allocation noting 64.48% of the portfolio was allocated in equities, which was still within the State Statute guidelines. He said the equities allocation would need to be watched closely with the possibility of selling some equities. He said the legislature may remove some of the limitation it imposed on the Fund; however, right now the portfolio may need to be rebalanced. He said the portfolio had $4.5 million in cash and cash investments, which was done strategically. He reviewed the mid cap and small cap equities noting the small cap was slightly over-allocated. He recommended reallocating funds from the small cap equities in order to rebalance the portfolio. He reviewed the International Equity reporting it was over-allocated by 10.59%, which was consistent with the recommendations.

Mr. Donnelly reviewed the different managers in the Fund noting that Aristotle had been funded in January. He said the S&P had a strong rebound from the previous month; however, Kayne Anderson had under-performed short-term, but had done well in the out years. He said Kayne Anderson was a manager from with to reallocate assets.

Mr. Donnelly reviewed the Opportunistic Strategies reporting two buy orders were fulfilled with 1,988 shares sold at $265.00 each for a total of $526,683.00 and 4,637 shares purchased at $250.00 each for a total of $1,158,369.00. He reported the market came close to the $285.00 sell order.

At the conclusion of the review, Trustee Ball moved to receive and file the Performance Update Report as of February 25, 2019; seconded by Trustee Troglio.

Approved by viva voce vote.
ITEM NO. 2  Report from Fire Marshal Edward Olehy, Jr. of Pension Fund Contributions, which were made by payroll deductions during the MONTH of JANUARY 2019, 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, Receive and File.

<table>
<thead>
<tr>
<th>Payroll Period</th>
<th>When Deducted</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 21, 2018 – January 5, 2019</td>
<td>January 15, 2019</td>
<td>$65,245.65</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$131,294.04</td>
</tr>
</tbody>
</table>

Trustee Ball moved to concur and place on file the Fire Marshal's Report for January 2019; seconded by Trustee Troglio.

Approved by viva voce vote.

ITEM NO. 5  Request to Approve the Following BILLS:

Pensions for February 2019 (dated February 28, 2019) .................. $1,279,945.04  
Lauterbach & Amen, LLP (Professional Services for January 2019) ...... 3,345.00  
Lauterbach & Amen, LLP (Professional Services for September 2018) ... 3,275.00  
Lauterbach & Amen, LLP (Professional Services for November 2018) ..... 3,275.00  
Lauterbach & Amen, LLP (Professional Services for December 2018) ..... 3,275.00  
INSPE – Scott Disability – Consultant Dr. Timothy McDonough .......... 1,200.00  
Lauterbach & Amen, LLP (Payroll Tax Returns 1099’s) ..................... 925.00  
IPPFA – 2019 IPPFA Pension Conference – Registration Beth Ball ....... 385.00  
IPPFA – 2019 IPPFA Pension Conference – Registration Joe Troglio ... 385.00  
IPPFA – 2019 IPPFA Pension Conference – Registration Ralph Phillips ... 385.00  
IPPFA – 2019 IPPFA Pension Conference – Registration Jack Nieukirk ... 385.00  
SUB-TOTAL FOR FEBRUARY .................................................................. $1,297,165.04  

GRAND TOTAL FOR FEBRUARY ................................................................ $1,297,165.04  

Trustee Troglio moved to approve the bills for February 2019, in the amount of $1,297,165.04; seconded by Trustee Nichting.

Approved by roll call vote.

Yeas: Ball, Nichting, Troglio, President Pro Tem Phillips - 4;  
Nays: None.

ITEM NO. 5  MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of JANUARY 2019, 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.
Trustee Ball moved to approve the monthly financial reports from Lauterbach & Amen, LLP for
the month of January 2019, 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; seconded by Trustee Troglio.

Approved by roll call vote.
Yeas: Ball, Nichting, Troglio, President Pro Tem Phillips - 4;
Nays: None.

ITEM NO. 6 RECEIPTS and DISBURSEMENTS REPORTS for PEORIA COMMUNITY
BANK and HARRIS BANK from Patrick Nichting, Treasurer, for the Month
of JANUARY 2019, with Recommendation to Receive and File.

Trustee Ball moved to receive and file the receipts and disbursements reports from Peoria
Community Bank and Harris Bank from Patrick Nichting, Treasurer, for the month of January
2019; seconded by Trustee Troglio.

Approved by viva voce vote.

Trustee Nichting commented that these reports were incorporated within the Lauterbach &
Amen Financial Reports for January 2019. He said it was no longer necessary to have this as
an agenda item as it would continue to be incorporated in the previous item with the
Lauterbach & Amen report.

ITEM NO. 7 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, Troglio, President Pro Tem Phillips - 4;
Nays: None.

ITEM NO. 8 UPDATE Regarding the Status of the ALDO SCOTT Disability Application,
with Request to RECEIVE and FILE.

Attorney Rick Reimer provided an update regarding the Aldo Scott Disability Application. He
said the City had filed a Petition to Intervene that needed to be addressed by the Board. He
said Mr. Scott had completed all three of his medical evaluations, which were forwarded to the
Board. He said the hearing on the current Petition would take minimal time to hear, and he
worked with the Board to schedule a date to hear the City's Petition. He said his office would
send the required notice.

Discussions were held regarding the Petition to Intervene, the Application for Disability and
hearing dates and times in order to hear both issues as well as to provide enough opportunity
to review the records and to have the City supplement the record, if necessary. Attorney
Reimer explained the process and remarked on the time needed to hear both issues in an efficient manner.

Tentative dates were discussed and Attorney Reimer said he would contact the City's attorneys to solidify a date. Trustee Ball said she would reserve a room and schedule a court reporter for the hearing.

Attorney Reimer said he would provide the Board with copies of all of the petitions, responses, and case law relating to the City's Petition to Intervene in advance of the hearing date. Trustee Troglio moved to receive and file the update regarding the status of the Aldo Scott Disability Application; seconded by Trustee Ball.

Approved by viva voce vote.

**ITEM NO. 21 UPDATE Regarding the Status of the GARY STAUTHAMMER Occupational Disease Disability Application, with Request to RECEIVE and FILE.**

Attorney Reimer provided an update on the Gary Stauthammer disability. He said Attorney Bach may have the records the Board needed to determination the type of disability. He said he had tried to reach the widow, Mrs. Stauthammer, as well as wrote a letter to Mrs. Stauthammer's attorney. He said he had not heard anything back as of yet. He said the Board was at a point where a hearing needed to be scheduled.

Trustee Phillips said he would contact Mrs. Stauthammer and request a release of records.

Trustee Troglio moved to receive and file the status update of the Gary Stauthammer Disability Applications; seconded by Trustee Ball.

Approved by viva voce vote.

**UNFINISHED BUSINESS**

**Joey Camp Status**

Attorney Rick Reimer said he had sent a subpoena to the Peoria Police Department and he anticipated receiving records regarding the Joey Camp matter today. He recommended the Board scheduling the matter for a Special Meeting and he said he would Report Back to the Board regarding an appropriate date that could be set for hearing.

Trustee Nichting expressed a concern moving forward with the hearing without an Application for Retirement. He said it was his opinion that an application had to be filed prior to the Board responding.

Attorney Reimer stated that a felony conviction was the trigger for the Board to take action, noting it was at the discretion of the Board as to when a hearing would be held.

Trustee Phillips said it was his wish to address the matter while he was still a Trustee on the Board, noting that the incident occurred while he was a Trustee on the Pension Board.

Discussions were held regarding whether to hold a hearing now or to wait until an Application for Retirement was submitted. It was determined that should the Board decide to hold the hearing after the filing of an application, information could be gathered and placed in the file to
be used at a later date; however, it was noted that potential witnesses may not be available at a later date to resolve the matter.

Attorney Reimer said the Board had a duty to hear the matter, noting the Board had the discretion of when they wanted to schedule it.

By agreement of the Board, this matter will be placed on the March agenda for further discussion and update.

Trustee Troglio said he would obtain a copy of the Firemen’s Credit Union Bylaws to provide to Attorney Reimer for review.

Angela Allen and Michael Brooks Appeal Update
Attorney Reimer provided an update on the Angela Allen and Michael Brooks appeals. He said the Pension Board won both matters in the Circuit Court; however, he said the City of Peoria filed an appeal. Discussions were held regarding the Board’s fiduciary liability and its coverage. Attorney Reimer said the Appellate could decide whether the Board made an error when it granted a disability benefit and failed to allow the City to intervene. He said the Appellate Court had the authority to affirm the decision, reverse the decision or remand back to the Board.

Lauterbach & Amen Financial Analysis
Trustee Phillips requested a status update regarding the financial analysis. A call was placed to Todd Schroeder of Lauterbach & Amen and a message left for him to advise the Pension Fund of the status of the analysis.

Change in Meeting Date
Discussions were held regarding changing the Board’s meeting date in order to hold meetings on the same day as the Police Pension Fund in an effort to collaborate services and to save costs. Trustee Nichting said he had not heard whether the two Boards had come to an agreement. Trustee Ball said this item would be placed on the March Fire Pension agenda for further discussion.

Trustee Ball commented on the meeting in April noting it was the Board’s installation day for the new Trustee as well as the annual meeting date.

New Trustee
Discussions were held regarding the new Trustee training this spring in East Peoria. Trustee Phillips said he would advise Trustee Ball regarding the new Trustee.

NEW BUSINESS

Changes to Downstate Police and Fire Pension Funds
Trustee Nichting commented on a number of consolidation bills filed in Springfield requesting a consolidation of the downstate Police and Fire Pension Funds. He reported he had submitted two bills with a change to the amortization and flat line rolling for the IPPFA to review, noting those bills received support by the IPPFA and both parties. He also reviewed bills that proposed changes to the investment guidelines.
CITIZENS’ OPPORTUNITY TO ADDRESS THE BOARD OF TRUSTEES

It was determined that there were no citizens who wished to address the Board of Trustees.

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 Phillips.

Approved by viva voce vote.

The meeting adjourned at 11:21 A.M.

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

/st