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, Nichting, Smith, Tomblin, President Troglio – 5; Absent: None.

Others present: Mr. Patrick Donnelly, Institutional Consulting Director, Financial Advisor with Graystone Consulting in Peoria; Chief Deputy City Clerk Stefanie Tarr; Jason Franken of Foster & Foster.

INVOCATION

President Troglio 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 July 29, 2019, as printed.

Trustee Tomblin moved to approve the Minutes of the Rescheduled Regular Meeting held on July 29, 2019, as printed; seconded by Trustee Smith.

Approved by viva voce vote.

UNFINISHED BUSINESS

ITEM NO. 1 PRESENTATION by FOSTER & FOSTER Regarding the January 1, 2019, ACTUARIAL VALUATION, with Request to Receive and File

Mr. Jason Franken of Foster & Foster distributed and reviewed the January 1, 2019, Actuarial Valuation. He said his firm, on an annual basis, collected asset and personnel information to conduct an evaluation to determine the City’s contribution requirements. He said Foster & Foster made recommendations on the contribution, and he said his firm also did the statutory contribution recommendation. He said there were two recommendations - one that was actuarially sound and the other that was according to the State’s guidelines.

Mr. Franken reviewed the summary report noting the City’s recommended contribution had increased from $11.2 million in 2018 to $13.5 million for 2019. He provided an explanation for the increase reporting investment returns were significantly less than 6.75% and the adoption
of a new mortality table. He reviewed the Unfunded Actuarial Accrued Liability and commented that with the new assumption changes, that amount increased from $125.8 million in 2018 to $156.9 million in 2019. He reviewed the City’s anticipated contribution from 2018, in the amount of $11.261 million. He said for 2019, that amount increased to $13.54 million, which used the new mortality table. He reported, however, that the City only contributed $8.863 million in 2018, which was significantly less than the recommended amount. He said it was the Board’s focus to pay the entire liability and to reach 100% funding by 2040; however, he said the State only recommended 90% funding by 2040. He said the City had been funding based on the 90% target with the statutory minimum of $8.863 million. He reviewed the Unfunded Actuarial Accrued Liability over between 2019 and 2041 reporting that the liability would increase in 2020, but was anticipated to decrease beginning in 2021.

Mr. Franken provided a reconciliation of changes in contribution requirements between January 1, 2018, and January 1, 2019. He reviewed normal cost, stating it was the benefits earned by active employees. He said the normal cost had decreased even though the number of employees remained the same. He said normal cost was impacted by Tier I employees retiring and replaced by Tier II employees. He said administrative expenses were lower and the investment returns were much less than assumed, but would be smoothed over the next five years. He reviewed the salary increases and active decrements, which were employees retiring sooner than expected who would receive more pension benefits. He reviewed the inactive mortality reporting people were living longer than expected. He said there was a $1.3 million increase in the assumption change due to the new mortality table; however, he said the Fund would not expect future increases to compound on top of that amount.

Discussions were held regarding employee turnover at the Fire Department and how it would impact the Fund. Mr. Franken commented that Tier II employees would pay the same amount into the Fund, but would receive fewer benefits upon retirement. However, he said if vacancies in the Department were not being filled, then there would be less money coming into the Plan. He reviewed the Plan Maturity Measures and Other Risk Metrics, highlighting the support ratio, which was the total number of actives to the total number of inactives. He said that number was trending down over the last few years, noting it was less than 100%. He said it was the number of actives that supported the inactives or retirees.

Mr. Franken reviewed the Statement of Changes in Net Pension Liability pursuant to GASB 68. He said this dictated how the pension liabilities needed to appear.

Trustee Nichting moved to receive and file the January 1, 2019, Actuarial Valuation and to direct Reimer & Dobrovolny to send correspondence to the City regarding the Board’s recommended funding level in the amount of $13,540,045.00; seconded by Trustee Smith. Approved by viva voce vote.

Trustee Ball to contact Reimer & Dobrovolny regarding the letter and to enclose Lauterbach & Amen’s Compliance Report with the letter.
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 the
Reports.

A copy of the Performance Update for the period ending July 31, 2019, was distributed to all
members of the Board. The Performance Update showed the portfolio valued at
$140,829,253.00. Since its inception, the total portfolio performance returned 6.02% versus
the custom benchmark of 5.88%.

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 Equity)</td>
<td>$17,197,047</td>
</tr>
<tr>
<td>Aristotle (Large Cap Equity)</td>
<td>$22,437,461</td>
</tr>
<tr>
<td>iShares S&amp;P Mid Cap Index (Mid Cap Equity)</td>
<td>$5,237,289</td>
</tr>
<tr>
<td>Kayne Anderson (Small Cap Equity)</td>
<td>$8,475,338</td>
</tr>
<tr>
<td>Vanguard FTSE ETF (International Equity)</td>
<td>$18,010,512</td>
</tr>
<tr>
<td>Thornburg International</td>
<td>$19,148,264</td>
</tr>
<tr>
<td>Segall (Fixed Income)</td>
<td>$44,981,160</td>
</tr>
<tr>
<td>Insured Cash Sweep Account – PCB</td>
<td>$3,401,503</td>
</tr>
<tr>
<td>Cash Management Monitor</td>
<td>$1,940,679</td>
</tr>
</tbody>
</table>

Mr. Donnelly said Aristotle and Kayne Anderson would present at the September Fire Pension
meeting.

Mr. Donnelly provided a summary of Board actions taken in 2019, and he said a summary
would be provided at each Board meeting going forward. He reviewed the Asset Class Index
Performance reporting US Equities was up year-to-date 20.2% with the small- and mid-cap
indices doing well. He reported REITs returned 15.6% year-to-date and Global Cash was up
1.4% year-to-date. He provided an investment outlook reporting that the U.S. economy was
going good with low unemployment and increased wages. He said people continued to spend
and inflation was at bay and there were no huge cost increases. He reported that oil was down
and the Feds had been lowering interest rates. He reviewed the Board’s opportunistic buys
and sells with the belief that the stock market would trade between 3000 and 2400.

Mr. Donnelly reviewed the Fund’s portfolio and he remarked on the need to add quality stocks.
He said Graystone was beginning to revisit international equities. He said they were looking at
BlackRock, and he said additional information would be provided to the Board. He said it was
a Mutual Fund alternative that would provide the Fund with returns with bond-like volatility. He
said State Statute allowed the purchase of mutual funds. He said there would be additional
discussions at the September meeting. He said Aristotle was looking to move into value
companies, and he said additional information would be provided to the Board before the
September meeting.
Mr. Donnelly reviewed the Fund's allocations as follows:

<table>
<thead>
<tr>
<th></th>
<th>Target Allocation</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>2.00%</td>
<td>3.79%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>38.00%</td>
<td>31.94%</td>
</tr>
<tr>
<td>Equity</td>
<td>60.00%</td>
<td>64.27%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Target Allocation</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>2.00%</td>
<td>3.79%</td>
</tr>
<tr>
<td>Mid Cap Equity</td>
<td>3.00%</td>
<td>3.72%</td>
</tr>
<tr>
<td>Small Cap Equity</td>
<td>3.00%</td>
<td>6.02%</td>
</tr>
<tr>
<td>Real Estate Equity</td>
<td>3.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>8.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>International Equity</td>
<td>16.00%</td>
<td>26.39%</td>
</tr>
<tr>
<td>Large Cap Equity</td>
<td>27.00%</td>
<td>28.14%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>38.00%</td>
<td>31.94%</td>
</tr>
</tbody>
</table>

He reported that the portfolio's equities was just under the maximum amount that could be invested in equities, according to State Statute. He remarked on the performance of Kayne Anderson, noting that manager only had 28 stocks, but had done very well. He said there was no allocation in real estate; however, there were discussions to add to that allocation to replace some of the equity exposure. He reported the international manager was investing in emerging markets at their discretion.

Mr. Donnelly reported the Fund's year-to-date return at 13.34% with US Equity returns at 22.68% and International Equity at 14.48%. He reviewed returns for each manager reporting Aristotle was too new to the portfolio to have a year-to-date. He said Kayne Anderson returned 34.17% for the year and 17.16% since inception. He reported Vanguard was close to the benchmark at 11.81% versus 12.55%. He said Segal was up 4.87% with a one-year return of 7.00%. He reported cash sweep account was yielding a 1.95% return.

Mr. Donnelly reviewed the portfolio's activity since its inception date of January 2003 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>-$37,515 million</td>
</tr>
<tr>
<td>Fee/Expenses</td>
<td>-$3,062 million</td>
</tr>
<tr>
<td>Income</td>
<td>$45,543 million</td>
</tr>
<tr>
<td>Gain/Loss</td>
<td>$59,843 million</td>
</tr>
<tr>
<td>Ending Market Value</td>
<td>$140,829 million</td>
</tr>
</tbody>
</table>

Trustee Nichting moved to receive and file the Performance Update Report for period ending July 31, 2019; seconded by Trustee Smith.

Approved by viva voce vote.
ITEM NO. 3  Request to RECEIVE and FILE the MUNICIPAL COMPLIANCE REPORT for the FIREMEN'S PENSION FUND OF PEORIA for the Year Ended DECEMBER 31, 2018, Prepared by Lauterbach and Amen.

Trustee Tomlin moved to receive and file the Municipal Compliance Report for the Firemen's Pension Fund of Peoria for the year ended December 31, 2018, prepared by Lauterbach and Amen; seconded by Trustee Smith.

Approved by viva voce vote.

ITEM NO. 3  Report from Fire Marshal Edward Olehy of Pension Fund Contributions, which were made by payroll deductions during the MONTH of JULY 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 and RECEIVE and FILE.

<table>
<thead>
<tr>
<th>Payroll Period</th>
<th>When Deducted</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 21, 2019 – July 5, 2019</td>
<td>July 15, 2019</td>
<td>$66,208.89</td>
</tr>
<tr>
<td>July 6, 2019 – July 20, 2019</td>
<td>July 31, 2019</td>
<td>$66,529.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$132,738.14</td>
</tr>
</tbody>
</table>

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

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 August 2019 (dated August 31, 2019)</td>
<td>$1,283,084.43</td>
</tr>
<tr>
<td>Reimer &amp; Dobrovolny – Legal Services Rendered 5/1/19 to 6/30/19</td>
<td>4,451.08</td>
</tr>
<tr>
<td>INSPE Associate, LTD – Gary Stauthammer Disability Claim</td>
<td>1,650.00</td>
</tr>
<tr>
<td>Lauterbach &amp; Amen, LLP – Professional Services for the month of July</td>
<td>3,345.00</td>
</tr>
<tr>
<td>INSPE Associates, LTD – Robert Parkmon Annual Medical Exam</td>
<td>600.00</td>
</tr>
<tr>
<td>2019 MidAmerican Pension Conference – Registration Joe Troglio</td>
<td>435.00</td>
</tr>
<tr>
<td>2019 MidAmerican Pension Conference – Registration Patrick Nichting</td>
<td>435.00</td>
</tr>
<tr>
<td>2019 MidAmerican Pension Conference – Registration Beth Ball</td>
<td>435.00</td>
</tr>
<tr>
<td>*IPPFA – New Trustee Training – Kent Tomblin</td>
<td>800.00</td>
</tr>
<tr>
<td>**Morgan Stanley – Investment Advisory Fee 7/1/19 through 9/30/19</td>
<td>27,918.38</td>
</tr>
<tr>
<td>SUBTOTAL FOR AUGUST 2019</td>
<td>$1,295,235.51</td>
</tr>
<tr>
<td>GRAND TOTAL FOR AUGUST 2019</td>
<td>$1,323,153.89</td>
</tr>
</tbody>
</table>

*No check should be processed for this amount. Check was issued at the beginning of August 2019.

**No check should be processed for this amount. This invoice will be electronically deducted for the account.
Trustee Nichting moved to approve the bills for August 2019, in the amount of $1,323,153.89; seconded by Trustee Smith.

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

ITEM NO. 6 REQUEST to APPROVE the REMOVAL from the PENSION ROLLS of ROBERT KNEER due to his Death on July 25, 2019, and to make payment to the Robert Kneer Estate, in the Amount of $4,817.00 for 25 days of July 2019. Recommendation: RECEIVE and FILE the Death Certificate Upon Receipt and to APPROVE the Payment of $4,817.00 for 25 days of July.

Trustee Tomblin moved to approve the removal from the pension rolls of Robert Kneer due to his death on July 25, 2019, and to make payment to the Robert Kneer Estate, in the amount of $4,817.00 for 25 days of July 2019 and to receive and file the death certificate upon receipt; seconded by Trustee Smith.

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

ITEM NO. 7 REQUEST to ACCEPT the APPLICATION for a WIDOW'S PENSION BENEFIT for FRANCES DICKSON, she Being the Widow of John R. Dickson, with Benefits Commencing July 18, 2019, with her Benefit to be Based on 100% of his Monthly Pension Benefit of $4,816.12 Per Month; Therefore Benefits for 17 days of July to be Paid, in the Amount of $2,641.10 and $4,816.12 for each month thereafter with a recommendation for the Board to Approve.

Trustee Tomblin moved to approve the Application for a Widow's Pension Benefit for Frances Dickson, she being the widow of John R. Dickson, with benefits commencing July 18, 2019, with her benefit to be based on 100% of his monthly pension benefit of $4,816.12 per month, therefore benefits for 17 days of July to be paid, in the amount of $2,641.10 and $4,816.12 for each month thereafter; seconded by Trustee Nichting.

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

ITEM NO. 8 MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of JULY 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 July 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 Smith.

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

ITEM NO. 9 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 Tomblin 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 Smith.

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

Mr. Jason Franken left the meeting at 11:02 A.M.

ITEM NO. 10 QUALIFIED ILLINOIS DOMESTIC RELATIONS ORDER AND CONSENT FOR AN ISSUANCE for Lisa K. Haywood, Previously Married to Firefighter Roger D. Haywood, with a Request to APPROVE.

Discussions were held regarding the QILDRO process and it noted that it would go into the Firefighter's file until his retirement.

Trustee Ball moved to approve the Qualified Illinois Domestic Relations Order and Consent for and Issuance for Lisa K. Haywood, previously married to Firefighter Roger D. Haywood; seconded by Trustee Nichting.

Approved by viva voce vote.

ITEM NO. 11 DISCUSSION Regarding Utilizing ULLICO INSURANCE for Court Cases Involving MICHAEL BROOKS and ANGELA ALLEN, with Request to RECEIVE AND FILE or TAKE OTHER ACTION.

Discussions were held regarding Ullico Insurance to cover the appeals in the Michael Brooks and Angela Allen matters. Trustee Nichting said the Board needed to direct the Board's Attorney to bill Ullico accordingly in order for the Fund to be reimbursed.

Trustee Nichting explained Ullico's fiduciary insurance. He said in these matters the City challenged the opinion of the Board and now the Board was in a defensive position. He said in such situations, Ullico would pay to defend the Board's position. He said the Board would need to renew its fiduciary insurance at the September meeting.
Trustee Ball moved to direct Attorney Rick Reimer to send all invoices to Ullico Insurance for court cases involving Michael Brooks and Angela Allen; seconded by Trustee Smith.

Approved by viva voce vote.

**ITEM NO. 12 DISCUSSION Regarding INVESTMENT CONSULTANT REQUEST FOR PROPOSAL (RFP) and a List of Consultants that will Receive the RFP, with Request to APPROVE.**

Discussions were held regarding the Request for Proposal, and Trustee Nichting said he had used the same language as what was used previously with the distinction that the consultant responding must have Article 3 and Article 4 experience. He said once he received the responses he would compile them for Board review.

Trustee Ball reviewed the list of consultants provided by the IPPFA. She said the RFP would be sent to those on the list.

Discussions were held regarding the due date, and it was determined that the due date would be December 31, 2019, and the responses should be in hard copy form with two copies provided. It was noted that a consultant search needed to be conducted every five years.

Trustee Smith moved to issue a Request for Proposal to the consultants listed by the IPPFA, and any other requestors, with a response due date of December 31, 2019, with the request for two hard copies to be supplied to the Board; seconded by Trustee Tomblin.

Approved by viva voce vote.

**UNFINISHED BUSINESS**

**ITEM NO. 13 DISCUSSION and UPDATE Regarding the Lauterbach & Amen FINANCIAL ANALYSIS of the Fire Pension Board with Request to RECEIVE and FILE or Take Other Action Deemed Necessary.**

President Troglio said he had not heard anything from Lauterbach & Amen and he recommended deferring to the September Fire Pension Board meeting.

Trustee Ball moved to defer this item to the September 23, 2019, Fire Pension meeting; seconded by Trustee Smith.

Motion to defer to the September 23, 2019, Fire Pension meeting was approved by viva voce vote.

**ITEM NO. 14 DISCUSSION and UPDATE Regarding a Change in the MEETING DATE for the Fire Pension Board in Order to Coordinate with the Police Pension Board, with Request to RECEIVE and FILE or Take Other Action Deemed Necessary.**

President Troglio recommended withdrawing this item.
Trustee Ball moved to withdraw from this agenda and future agendas, the discussion and update regarding a change in the meeting date for the Fire Pension Board in order to coordinate with the Police Pension Board; seconded by Trustee Smith.

Motion to withdraw was approved by viva voce vote.

**ITEM NO. 15  STATUS UPDATES Regarding the DISABILITY APPLICATIONS for GARY STAUTHAMMER and ALDO GREGORY SCOTT.**

Trustee Ball provided an update noting she only received one report for the Gary Stauthammer disability and that she was expecting two more reports. As of this date, she said she had not heard anything regarding the Greg Scott disability. President Troglio said all reports had been received for Greg Scott; however, he said the intent was to schedule both matters on the same day.

Trustee Nichting inquired as to the status of Joey Camp, and Trustee Ball said she would follow-up with the Board’s attorney to determine the status.

Trustee Ball moved to defer this matter to the September 23, 2019, Fire Pension meeting; seconded by Trustee Smith.

Motion to defer to the September 23, 2019, Fire Pension meeting was approved by viva voce vote.

**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 who wished to address the Board of Trustees.

Mr. Donnelly left the meeting at 11:22 A.M.

**EXECUTIVE SESSION**

Trustee Nichting moved to go into Executive Session pursuant to 2(c)(21) Discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated by Section 2.06; seconded by Trustee Tomblin.

Approved by roll call vote.

Yeas: Ball, Nichting, Smith, Tomblin, President Troglio - 5;
Nays: None.

The Board adjourned into Executive Session at 11:25 A.M.
RECONVENING OF THE BOARD OF TRUSTEES

The Board Meeting reconvened at 11:27 A.M.

Roll Call showed the following Board Members physically present: Ball, Nichting, Smith, Tomblin, President Troglio – 5. Absent: None.

Others present: Chief Deputy City Clerk Stefanie Tarr.

ADJOURNMENT

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

Approved by viva voce vote.

The meeting adjourned at 11:28 A.M.

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

/st