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, Smith, Tomblin, President Troglio – 4; Absent: Nichting -1.

Others present: Mr. Thomas 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, Financial Advisor with Graystone Consulting in Peoria; Attorney James Dobrovolny of Reimer & Dobrovolny; Chief Deputy City Clerk Stefanie Tarr.

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 September 23, 2019, as printed.

Trustee Tomblin moved to approve the Minutes of the Rescheduled Regular Meeting held on September 23, 2019, as printed; seconded by Trustee Smith.

Approved by viva voce vote.

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, and Discussion and Review of the Asset Allocations, with Request to RECEIVE AND FILE Reports or Take Other Action.

A copy of the Performance Update for the period ending September 30, 2019, was distributed to all members of the Board. The Performance Update showed the portfolio valued at $142,183,013.00. Since its inception, the total portfolio performance returned 5.99% versus the custom benchmark of 5.86%.
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>$17,241,372</td>
</tr>
<tr>
<td>Aristotle (Large Cap Equity)</td>
<td>$22,672,061</td>
</tr>
<tr>
<td>iShares S&amp;P Mid Cap Index (Mid Cap Equity)</td>
<td>$5,179,332</td>
</tr>
<tr>
<td>Kayne Anderson (Small Cap Equity)</td>
<td>$7,535,070</td>
</tr>
<tr>
<td>Vanguard FTSE ETF (International Equity)</td>
<td>$18,228,694</td>
</tr>
<tr>
<td>Thornburg International</td>
<td>$18,659,229</td>
</tr>
<tr>
<td>Segall (Fixed Income)</td>
<td>$46,575,935</td>
</tr>
<tr>
<td>Insured Cash Sweep Account – PCB</td>
<td>$4,168,349</td>
</tr>
<tr>
<td>Cash Management Monitor</td>
<td>$1,922,969</td>
</tr>
</tbody>
</table>

Mr. Donnelly reviewed the Board’s actions as of January 1, 2019, with the most recent occurring on September 23, 2019, wherein the Board reallocated $1 million from Kayne Anderson to Segall Bryant and deferred discussions regarding Black Rock for the October meeting. He reviewed the The Asset Class Index Performance reporting US Equity up 20.6% year-to-date; International Equity up 12.1% year-to-date; Emerging Markets up 6.2% year-to-date. He reviewed the Global Fixed Income noting Barclays US Aggregate returned 8.5% year-to-date. He said all markets were doing well.

Mr. Donnelly summarized the Capital Markets Overview: 3Q2019. He reported unemployment had been low; however, the average work week was less than 40 hours. He said the Gross Domestic Product was 2.1% for 2019 and would decrease to 1.7% in 2020. He said corporate profits rose 3.7% quarter over the quarter and 1.3% year-over-year as of the second quarter of 2019. He said corporations were reporting the market had increased over $305/share as of this date. He reported inflation remained low and the US Economy was still strong with trade negotiations moving in the right direction.

Mr. Tom McShane provided an Investment Outlook overview noting Morgan Stanley continued to be cautiously negative with a recession looming behind the trade talks. He said since 2009, the trend of the S&P500 continued upward and was still positive. He reported the S&P 500 forward price to earnings ratio was $18.10. He said the outlook base case earnings per share was $162 at $16.50 per earnings with a valuation of $2,790. He commented that the market was overpriced at 7.9%. He said the trend was still up and the Feds were going to lower rates again next week.

Mr. Donnelly commented the more bearish people were in their investments, the more positive it was for the market. Mr. McShane said the more negative the market, the more buying power for the investor.

Mr. McShane reviewed the IVV iShares Core S&P 500 ETF since 2017 noting that the beginning of 2019 the fund hit $302/share and as of October 28, 2019, hit $305/share. He said the Board had a sell order in at $305/share, which would be executed that day.
Mr. McShane reviewed the Quarterly Performance Report as of September 30, 2019 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>

He said the portfolio was over-allocated in cash, under-allocated in fixed income and slightly over allocated in equity. He said with the current IVV sell, the equity allocation would decrease slightly. He commented that the cash allocation would nearly cover the Fund’s expenses for the next six months until additional Personal Property Replacement Tax was received in May of 2020. He said the current allocation was appropriate and was gaining 2.0% interest at Morton Community Bank.

Mr. McShane reviewed each investment manager, and he commented that the Board previously reallocated funds from Kayne Anderson, a small cap manager, and transferred to a fixed income allocation; he reported emerging market investments were rolled into the international equity manager wherein approximately 20-30% of those allocations was invested in emerging markets.

Mr. McShane reviewed the Fund’s returns reporting a year-to-date return of 13.83% versus the benchmark of 12.30%, approximately 1.5% higher than the benchmark. He commented on the investment managers who impacted the returns, reporting that Kayne Anderson had a year-to-date return of 35.09% versus the benchmark of 14.18%. He reviewed the 10-year returns at 6.63% versus the benchmark of 6.72% and the risk/return analysis since January 2009. He reported the portfolio received a greater return than the benchmark and had taken less risk. He reviewed the risk/return analysis for Kayne Anderson, noting they had significantly outperformed the benchmark with less risk. He reviewed Aristotle reporting the manager returned 13.3% versus the benchmark of 9.31% since its inception.

Mr. McShane distributed information for BlackRock – Event Driven Equity Fund. He said the goal was to provide fixed income-like returns of 5-6%, noting BlackRock had risk similar to fixed income portfolios. He reviewed the uncorrelated returns, which were proven to protect in down markets. He said BlackRock was diversified across 68 investment situations and would provide returns less correlated with the market. He recommended Black Rock due to the diversification of investments. He said the manager would provide protection on the downside and was considered an equity holding. He recommended, in light of the recent IVV sale, taking
money from the cash allocation, in the amount of $1.5 million, and reallocate into BlackRock Event Driven Equity Fund.

Trustee Tomblin moved to reallocate $1.5 million from Morton Community Bank into BlackRock Event Driven Equity Fund (BILPX); seconded by Trustee Smith.

Approved by roll call vote.
Yeas: Ball, Smith, Tomblin, President Troglio – 4
Nays: None.

President Troglio requested an update on the fee structure for each manager at the next Fire Pension Board meeting.

Trustee Tomblin moved to receive and file the Performance Update Report for period ending September 30, 2019; seconded by Trustee Smith.

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 SEPTEMBER 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>August 21, 2019 – September 5, 2019</td>
<td>September 16, 2019</td>
<td>$65,102.97</td>
</tr>
<tr>
<td>September 6, 2019 – September 20, 2019</td>
<td>September 30, 2019</td>
<td>$65,315.29</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$130,418.26</td>
</tr>
</tbody>
</table>

Trustee Ball moved to concur and place on file the Fire Marshal’s Report for September 2019; seconded by Trustee Smith.

Approved by viva voce vote.

ITEM NO. 3 Request to APPROVE the following BILLS:

Pensions for October 2019 (dated October 31, 2019) ................. $1,278,861.90
Lauterbach & Amen, LLP – Professional Services May 2019 .......... 3,345.00
Lauterbach & Amen, LLP – Professional Services September 2019 .... 3,345.00
Reimer & Dobrovolny – Legal Services Rendered ...................... 8,587.14
INSPE Associate, LTD – Gary Stauthammer Disability Claim ........ 1,800.00
City of Peoria – 2\textsuperscript{nd} and 3\textsuperscript{rd} Qtr 2019 Postage ........................................ 150.88
Patrick Nichting – IPPFA Midwest Conference Attendance ........... 8.68
Kent Tomblin – IPPFA Midwest Conference Attendance ............... 8.68
Joe Troglio – Overpayment for IPPFA Conference Attendance ....... (70.66)

SUBTOTAL FOR OCTOBER 2019 ........................................ $1,296,036.62

GRAND TOTAL FOR OCTOBER 2019 ................................... $1,296,036.62
Trustee Smith moved to approve the bills for October 2019, in the amount of $1,296,036.62; seconded by Trustee Tomblin.

Approved by roll call vote.
Yeas: Ball, Smith, Tomblin, President Troglio - 4;
Nays: None.

**ITEM NO. 4** APPLICATION for REGULAR RETIREMENT PENSION for FIRE ENGINEER BRIAN R. CLINE to become effective October 28, 2019, (last day paid by the City October 27, 2019) based on 55.6250% of his Annual Salary of $91,955.43 (which includes longevity). Pension to be paid for the remaining 4 days of October, in the Amount of $550.00 and $4,262.52 for every month thereafter with recommendation for the Board to Approve.

After a brief discussion verifying the retiree's age and whether Lauterbach & Amen would need to be notified once the applicant reached the age of 55, Trustee Ball moved to approve the Application for Regular Retirement pension for Fire Engineer Brian R. Cline to become effective October 28, 2019, (last day paid by the City October 27, 2019) based on 55.6250% of his annual salary of $91,955.43 (which includes longevity) with pension to be paid for the remaining 4 days of October, in the amount of $550.00 and $4,262.52 for every month thereafter; seconded by Trustee Tomblin.

Approved by roll call vote.
Yeas: Ball, Smith, Tomblin, President Troglio - 4;
Nays: None.

**ITEM NO. 5** MONTHLY FINANCIAL REPORTS from LAUTERBACH & AMEN, LLP for the Month of SEPTEMBER 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 September 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, Smith, Tomblin, President Troglio - 4;
Nays: None.

**ITEM NO. 6** 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 Smith 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 Tomblin.

Approved by roll call vote.
Yea: Ball, Smith, Tomblin, President Troglio - 4;
Nay: None.

ITEM NO. 7 DISCUSSION Regarding the Options Provided by ULLICO for FIDUCIARY INSURANCE, with Possible Action.

Trustee Ball said the Board received two options for fiduciary insurance from Ullico as follows: $10,000.00 deductible at a cost of $7,952.00, or a zero deductible at a cost of $8,434.00. Discussions were held regarding the deductibles offered, and it was determined that the zero deductible would be in the best interest of the Board.

Trustee Ball moved to approve fiduciary insurance from Ullico for 2019-2020 with zero deductible at the cost of $8,434.00; seconded by Trustee Smith.

Approved by roll call vote.
Yea: Ball, Smith, Tomblin, President Troglio - 4;
Nay: None.

Trustee Ball said the Fund was reimbursed for two disability litigations in the last month from Ullico. President Troglio requested those reimbursements be reflected on the Board's bills for the November meeting.

ITEM NO. 8 REQUEST for the Approval to CHANGE the DATE of the NOVEMBER 25, 2019, REGULAR BOARD MEETING to Conduct Regular Firemen's Pension Fund Business and TO SET a DATE, TIME, and PLACE for a RESCHEDULED REGULAR BOARD MEETING for MONDAY, NOVEMBER 18, 2019, at 9:30 A.M.

Discussions were held regarding the proposed date for November, and at the conclusion of the discussion, Trustee Tomblin moved to change the date of the November 25, 2019, Regular Board Meeting to conduct Regular Firemen's Pension Fund Business to be rescheduled for Tuesday, November 19, 2019, at 9:30 A.M.; seconded by Trustee Ball.

Approved by roll call vote.
Yea: Ball, Smith, Tomblin, President Troglio - 4;
Nay: None.

ITEM NO. 9 DISCUSSION Regarding Setting a Date or Cancellation for the DECEMBER REGULAR BOARD MEETING, Due to the Holidays. Recommendation: Take Action Deemed Appropriate.

After a brief discussion, Trustee Ball moved to defer this matter to the November 19, 2019, Fire Pension meeting; seconded by Trustee Smith.

Approved by viva voce vote.
UNFINISHED BUSINESS

ITEM NO. 10 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.

At the request of President Troglio, this matter was deferred to the November 19, 2019, Fire Pension meeting; seconded by Trustee Smith.

Approved by viva voce vote.

NEW BUSINESS

A copy of R & D Legal and Legislative Update was distributed to the Board.

Consolidation Bill
Attorney Dobrovolny provided an update on recent legislation to combine all the downstate Police and Fire Pension Funds. He remarked on the individuals and groups who were in favor and against the legislation. He reported on some of the issues communities would face upon passing of the legislation and how it would affect benefits. He said should some form of legislation pass, there would be the potential for lawsuits on behalf of several communities.

Attorney Dobrovolny mentioned the Tier II employees, and President Troglio commented that there was concern that Tier II did not meet Social Security requirements.

Discussions were held regarding the consolidation legislation and the impact it would have on the administrative costs of the Pension Fund.

Gatz v. Board of Trustees of the Village of Maywood Police Pension Fund
Attorney Dobrovolny reviewed the above-captioned case noting it closely paralleled a disability the Board would be reviewing. He said the Board in the Gatz matter denied the surviving spouse’s claim for “act of duty” death benefit stating the death was not the result of sickness, accident, or injury incurred in or resulting from the performance of an “act of duty.”

Kelly v. Village of Kenilworth, et. al.
Attorney Dobrovolny reported on a Freedom of Information Request seeking records relating to an ongoing murder investigation dating back to 1966. He said the Appellate Court held that police agencies must prove on a case-by-case basis how an investigation could be compromised if a document was disclosed. However, in this matter, he said the public bodies failed to cite FOIA Section 3(g) exemption as it related to voluminous records, and as such, the Court remanded the case to allow the public bodies the opportunity to establish a 3(g) exemption or make the extensive redactions required by section 7(1)(d) of FOIA.

New Changes to the Exemption Section 7 of the Freedom of Information Act: Addition of Part (kk)
Attorney Dobrovolny reviewed the addition of part (kk) to the FOIA Law as it related to the disclosure of information that could result in identity theft or impression or defrauding of a governmental entity or a person.
Firefighter Secondary Employment Reporting Bill Passed
Attorney Dobrovolny provided an overview of Senate Bill 37 pertaining to secondary employment for Firefighters. He said the Bill created new reporting requirements for Fire Chiefs, Municipalities, and Fire Districts, but did not require the Pension Fund to perform any new act.

Comptroller Intercept Claim Made for East St. Louis Fire
Attorney Dobrovolny reported the East St. Louis Firefighters' Pension Board made an intercept claim with the Illinois Comptroller's Officer seeking to have approximately $2.2 million diverted to the Pension Fund. He said the City did not dispute the delinquent amount due, noting the Pension Fund was currently 11% funded.

CITIZENS' OPPORTUNITY TO ADDRESS THE BOARD OF TRUSTEES

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

EXECUTIVE SESSION

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

ADJOURNMENT

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

Approved by viva voce vote.

The meeting adjourned at 10:40 A.M.

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

/st