

BOARD OF TRUSTEES
OF THE

Firemen's Pension Fund

Special Meeting
Held Jointly With Police & Fire Pension Boards
August 29, 2018

The Special Joint Meeting was called to order by Board President Tad Beddow at 12:07 P.M. The meeting was held at Wolf Creek Golf Club, 2521 Perrysville Road, Danville, Illinois 61834. The purpose of the meeting was to review investments with Financial Consultant Chris Kittell. Roll call was taken as follows:

Present: Tad Beddow, Chad Busick, Matt Kosik and Lisa Monson

Others Present: Danville Policemen's Pension Fund Board of Trustees, Treasurer Stephanie Wilson, Danville City Comptroller Shelly Scott and Pension Board Financial Consultant Chris Kittell

Absent: Board Trustee Ron Candido, Board Attorney James Dobrovolny and Recording Secretary Bobby Lillard

There were no audience comments so Beddow turned the meeting over to Raymond James Financial Consultant Chris Kittell who reviewed the Pension Plan Investment Costs for period 04/01/18 through 06/30/18 for both Funds. The Firemen's Pension Fund Investment Costs totaled a *net fee* of \$1,500.17. According to Kittell, this is the *Quarter* where you receive the rebate from the Mutual Fund Companies that paid the 12B-1 fees. The 12B-1 Rebate totaled \$9,208.67. Motion by Busick, seconded by Kosik, to accept and place on file the Pension Plan Investment Costs for period 04/01/18 through 06/30/18. Roll call vote being:

Ayes: Beddow, Busick, Kosik and Monson

Nays: None

Absent: Candido

Motion carried 4 to 0

The Boards reviewed the Investment Reports from BankChampaign. Kittell briefly discussed the *Secular Markets* report. He stated we are 5 years into a bull market that started in 2013. The economy and stock market is strong. He suggested staying at 54% equity levels and not dial-back the risk. According to Kittell, anything could happen, but an imminent end to the current Bull Run would be a clear departure from market history. Also, the stock market was up 22% in 2017 and declined 3%. A 3% decline generally doesn't happen. There will be volatility in the market that will pickup in the future.

The Danville Firemen's Pension Combined Bond and Equity Accounts began on 12/31/17 with \$9,024,894.60 and ended 06/30/18 with \$9,015,408.62. Kittell stated Total Account Return was \$89,043.08. An additional Performance Report showed the last 5 years from June 2013 to June 2018. Beginning market value was \$10,112,251.48 and ending market value was \$9,015,408.62. This showed a performance of 5.97% with a composite index of 6.33% and a total return of \$2,733.866.64. According to Kittell, the average annual Account Return *since inception* has shown an 11.52% growth.

Motion by Monson, seconded by Busick to accept and place on file Investment Reports from BankChampaign for 2nd Quarter ending 06/30/18. Roll call vote being:

Ayes: Beddow, Busick, Kosik and Monson

Nays: None

Absent: Candido

Motion carried: 4 to 0

Kittell reviewed the investments and presented his recommendations. Kittell stated software used to evaluate the performance of Mutual Funds shows JPMorgan US Large Cap Core Plus I should be put on the *watch list*. The fund is not underperforming. JPMorgan's fund expenses, management and the risk they are taking to achieve their returns are the reason for being on the *watch list*. Also, last year American Funds American Mutual F2 and Principle MidCap Value I Inst were placed on the *watch list* for underperforming. Kittell stated their numbers have improved and have been removed from the *watch list*. Kittell gave an Eagle Asset Management Bond Portfolio update from Raymond James. He stated performance was still good. Trailing Returns - Gross shows 3.33% for a 10-year period that outperformed the Best Index at 3.08%.

Kittell's investment recommendation is to reach a strategic target percentage on all Fire Equities. A lot of this will be done with cash. Any new cash that becomes available will be used to *Rebalance Trade*. All the funds are working. These are just changes to get the cash invested and to be more strategic for the future.

<u>Asset</u>	<u>Current%</u>	<u>Target%</u>
US Large Cap Blend	21.82%	34.00%
US Large Cap Growth	10.46%	10.00%
US Large Cap Value	23.58%	10.00%
US Mid Cap Equity	11.73%	10.00%
Us Small Cap Equity	6.77%	6.00%
Non-US Developed Market Equity	13.39%	28.00%
Non-US Emerging Market Equity	2.85%	0.00%
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Cash	0.30% - \$16,783.73	
	<u>9.10%</u> - \$514,115.08	
	9.40%	2.00%

Busick moved to accept Kittell's Investment recommendations, Monson seconded. Roll call vote being:

Ayes: Beddow, Busick, Kosik and Monson

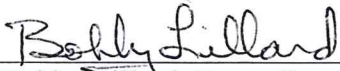
Nays: None

Absent: Candido

Motion carried 4 to 0

With no further business for the Board to consider Busick moved to adjourn and Kosik seconded. Motion carried on voice vote and meeting adjourned at 12:05 P.M.

Date Approved: 10-9-18


 Bobby Lillard, Recording Secretary