



FIREFIGHTERS' PENSION INVESTMENT FUND

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**MINUTES OF A REGULAR MEETING OF THE
FIREFIGHTERS' PENSION INVESTMENT FUND
INVESTMENTS AND OPERATIONS COMMITTEE
MAY 12, 2021**

A regular meeting of the Firefighters' Pension Investment Fund of Illinois Investments and Operations Committee was held on Wednesday, May 12, 2021 at 10:00 a.m. at the FPIF Headquarters located at 1919 S. Highland Avenue – Building A, Suite 237, Lombard, Illinois 60148 and via videoconference in accordance with Public Act 101-0640, pursuant to notice.

I. Call to Order

Chairman Bramwell called the meeting to order at 10:00 a.m.

II. Taking of the Roll

Robina Amato from Lauterbach & Amen, LLP took the roll. Chairman Kevin Bramwell, Trustees George Schick and Herb Roach were present, there were no absences.

Also present: Executive Director William Atwood, Chief Financial Officer David Zaloga, Portfolio Officer Mitchell Green, COO Steve Zahn, Trustees Jeff Rowitz and Greg Knoll, FPIF Staff/Board of Trustees; Doug Oest and Mike Piotrowski, Marquette Associates; Courtney Murray, Ernst & Young, LLP; Robina Amato and Laura Wolf, Lauterbach & Amen, LLP; Lori Heinel and Joseph Caticchio, State Street Global Advisors (SSGA); Denise D'Entremont, Alex Ryer and Julie Lind, Rhumblin Institutional Index Management; Jason Franken, Heidi Andorfer and Brad Heinrichs, Foster and Foster; Lance Weiss, Judith Kermans and James Sparks, GRS

III. Approval of the April 14, 2021 Meeting Minutes

The Committee reviewed the April 14, 2021 meeting minutes. A motion was made by Trustee Roach and seconded by Trustee Schick to approve the April 14, 2021 meeting minutes as written. Motion carried by roll call vote.

AYES: Chairman Bramwell, Trustees Schick and Roach

NAYS: None

ABSENT: None

Joseph Cattichio joined the meeting at 10:06 a.m.

IV. Presentation of Investment Policy

Mike Piotrowski with Marquette Associates reviewed the FPIF Asset Allocation presentation to the Committee. Marquette Associates described the simulated asset class characteristics, reviewed the interim asset allocation, portfolio statistics and asset allocation assumptions with the Committee.

Trustee Schick inquired to the fixed income allocation presented by Marquette and the comparison to current allocation guidelines mandated by statute.

Director Atwood commented on the liquidity and cash needs necessary of the member funds and how that relates to the recommended allocation.

Trustee Roach inquired about the average investment return currently achieved by the 296 member funds and the time in which the consolidated fund may begin to improve on that rate of return.

Director Atwood recommended that FPIF staff and Marquette prepare an additional portfolio example with fixed income as low as 25% and what expected rates of return and volatility would be estimated as a result. Trustee Roach requested that the overall comparison to costs and expenses between the different portfolio examples.

Lori Heinel joined the meeting at 10:18 a.m.

Trustee Rowitz inquired to the comparison between IMRF and the portfolio examples presented by Marquette Associates. Director Atwood suggested providing a comparison between selected Illinois State pension plans and how they compare to the proposed allocation for the FPIF.

Trustee Rowitz inquired to the frequency proposed for rebalancing the portfolio; Mitchell Green informed the Committee instead of a formalized process to rebalance to within perfect alignment, FPIF is proposing allocation ranges. In the event the target allocation range is breached, a rebalancing event would be triggered and are not expected to be frequent.

Mr. Green presented the draft Investment Policy Statement to the Committee and provided detail to all the investment objectives, philosophy, risk management, statutory requirements, diversity, procurement, corporate governance, transition management and reporting.

V. **Presentation of Passive Investment Manager RFP Finalists**

Mitchell Green reviewed the RFP process for Passive Investment Managers that will invest in passive index funds for the FPIF. 13 proposals were received with State Street Global Advisors and Rhumblin Institutional Index Management being invited as finalists to present today to the Committee.

Joseph Caticchio introduced himself and Lori Heinel and provided a brief overview of State Street Global Advisors to the Committee. Mr. Caticchio also presented the SSGA goals and objectives, full beta partnership with one tiered fee structure, commitment to diversity, ASG and asset stewardship and the history of broker diversity within SSGA.

Lori reviewed the overall indexing capabilities of SSGA, a range of assets within index capabilities, the value added through reduced costs and risk management.

Lori Heinel and Joseph Caticchio left the meeting at 11:09 a.m.

Denise D'Entremont, Alex Ryer and Julie Lind joined the meeting at 11:10 a.m.

Denise D'Entremont presented Rhumbline Institutional Index Management's current profile, history, staff organization chart, assets under management and current products with the Committee.

Julie Lind provided an overview of the investment process and index strategies RhumbLine can provide along with the RhumbLine trading approach.

Alex Ryer reviewed RhumbLine's best execution approach including a hierarchy of trading, internal crossing, smart order routing and transaction cost analysis while Denise D'Entremont closed with a review of RhumbLine's strategic advantages.

Denise D'Entremont, Alex Ryer and Julie Lind left the meeting at 11:27 a.m.

VI. Presentation of Actuary RFP Finalists

Jason Franken, Heidi Andorfer and Brad Heinrichs joined the meeting at 11:26 a.m.

Mr. Zahn reviewed the Actuary RFP process with six proposals being received by FPIF Staff. Both Foster and Foster and GRS were invited as finalists to present to the Committee.

Jason Franken, Brad Heinrichs and Heidi Andorfer reviewed Foster and Foster's experience with Article 4 pension plans, the firm's advocacy for pension plans, client to actuary ratio, team credentials, sample dynamic modular and experience specifically with the Arizona State Safety Personnel Retirement System that has a large similarity with the FPIF structure.

Trustee Schick inquired as to what steps Foster and Foster has taken to ensure Article 4 funds are able to fulfill their future benefit payments? Mr. Franken noted that an accurate valuation along with education for Article 4 Trustees is critical to the success of any pension plan.

Jason Franken, Heidi Andorfer and Brad Heinrichs left the meeting at 11:48 a.m.

Lance Weiss, James Sparks and Judith Kermans joined the meeting at 11:50 a.m.

Lance Weiss introduced the proposed GRS team that would be assigned to the FPIF, reviewed the current actuarial services being provided to Article 3 and Article 4 pension plans through the Illinois Department of Insurance. Mr. Weiss also presented the benefits associated with the GRS team approach, public sector expertise, and both the national and Illinois client base.

Mr. Sparks reviewed the proposed methodology and approach to plan and review return assumptions with the FPIF.

Finally, Judith Kermans reviewed differentiators of GRS including client review, public sector experience, data security, community involvement and a culture that promotes diversity and inclusiveness.

Trustee Knoll inquired if GRS has provided actuarial valuations to any employers or Article 4 funds prior to the current IDOI engagement; Mr. Weiss confirmed there were a select number of prior engagements that were resigned due to the conflict of interest when engaged for the IDOI.

Trustee Schick asked what GRS has implemented to ensure Article 4 funds are provided an accurate valuation. Mr. Weiss commented the quality control procedures in place to ensure an accurate valuation is provided to the funds along with education sessions.

Lance Weiss, James Sparks and Judith Kermans left the meeting at 12:08 a.m.

VII. Schedule of Upcoming Meetings

The next scheduled meeting of the FPIF Investments and Operations Committee is June 2, 2021 at 10:00 a.m.

Director Atwood thanked the Committee for a productive meeting to review both Passive Investment and Actuarial finalists.

Director Atwood also shared that from now through the end of June, FPIF Staff will be considering critical questions and processes to the overall success of the transition of assets and wanted to ensure the Committee and Board members are aware of this critical period.

Finally, Director Atwood informed the Board that in the event the standing Gubernatorial Disaster Proclamation is not renewed at the end of May 2020 by Governor Pritzker, the Committee and Board members should prepare to begin meeting in person in accordance with the Illinois Open Meetings Act.

VIII. Public Comment

There was no public comment.

IX. Adjournment

A motion was made by Trustee Schick and seconded by Trustee Roach to adjourn the meeting at 12:13 p.m. Motion carried by roll call vote.

AYES: Chairman Bramwell, Trustees Schick and Roach

NAYS: None

ABSENT: None