



FIREFIGHTERS' PENSION INVESTMENT FUND

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**MINUTES OF A REGULAR MEETING OF THE
FIREFIGHTERS' PENSION INVESTMENT FUND
INVESTMENTS AND OPERATIONS COMMITTEE
JUNE 2, 2021**

A regular meeting of the Firefighters' Pension Investment Fund of Illinois Investments and Operations Committee was held on Wednesday, June 2, 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 took the roll. Trustees George Schick, Herb Roach, and Chairman Bramwell were present, there were no absences.

Also present: Executive Director William Atwood, Chief Financial Officer David Zaloga, Portfolio Officer Mitchell Green, COO Steve Zahn, Member Services Officer Robina Amato, Vice Chairman Cole and Trustee Greg Knoll, FPIF Staff/Board of Trustees; Mike Piotrowski, Marquette Associates; Courtney Murray, Ernst & Young, LLP; Laura Wolf, Lauterbach & Amen, LLP

III. Approval of the May 12, 2021 Meeting Minutes

The Committee reviewed the May 12, 2021 meeting minutes. A motion was made by Trustee Roach and seconded by Trustee Schick to approve the May 12, 2021 meeting minutes as written. Motion carried by roll call vote.

AYES: Trustees Schick, Roach and Chairman Bramwell

NAYS: None

ABSENT: None

IV. Consideration and Approval of FPIF Asset Allocation and Investment Policy

Chairman Bramwell informed the Committee the draft asset allocation and investment policy were reviewed at the previously held Investment and Operations Committee meeting held on May 12, 2021. Feedback was given to Staff and adjustments have been made for presentation today.

Mitchell Green noted a key change made to the asset allocation which included a reduced allocation for fixed income.

Mitchell Green presented a memorandum recommending an interim asset allocation as follows: 65% total equity; 30% total fixed income; and 5% total real assets. The memorandum also recommended a long-term asset allocation as follows: 60% total equity; 30% total fixed income; and 10% total real assets. Mr. Green further presented the investment strategy within the interim portfolio, which included an underweight versus the benchmark to mortgage-backed securities, greater inflation protection, and reduced sensitivity to rising interest rates. Following Mr. Green, the Committee heard from Mike Piotrowski of Marquette Associates, who presented a comparison of the proposed asset allocation to alternate asset allocation options with greater and reduced levels of expected risk and return. Mr. Piotrowski also presented stress tests to demonstrate how the portfolio could perform in different market environments. Additionally, Marquette Associates provided a memorandum that recommended the same interim and long-term asset allocation as presented by Mr. Green.

Trustee Knoll inquired as to whether the investment returns listed in the presentation were net of fees, Mike Piotrowski confirmed they were.

A motion was made by Trustee Schick and seconded by Trustee Roach to approve and recommend for approval by the FPIF Board of Trustees the asset allocation as recommended by FPIF Staff and Marquette Associates. Motion carried by roll call vote.

AYES: Trustees Schick, Roach and Chairman Bramwell

NAYS: None

ABSENT: None

V. Consideration and Approval of Passive Investment Managers

Mitchell Green presented the memorandum of recommendation related to the FPIF Passive Investment Management RFP. A motion was made by Trustee Roach and seconded by Trustee Schick to retain Rhumblin Advisers for large, mid and small cap US equities and State Street Global Advisors for all remaining passive allocations as outlined in the memorandum. Motion carried by roll call vote.

AYES: Trustees Schick, Roach and Chairman Bramwell

NAYS: None

ABSENT: None

VI. Consideration and Approval of Actuary

Mr. Zahn reviewed the memorandum related to FPIF's Actuary RFP and described the RFP process, timeline and scoring developed by FPIF Staff. Mr. Zahn informed the Board it is Staff's recommendation to approve for consideration to the FPIF Board of Trustees that Gabriel, Roeder, Smith & Company be retained to provide the required actuarial services for the FPIF. A motion was made by Trustee Schick and seconded by Trustee Roach to approve the retention of GRS for actuarial services for recommendation to the FPIF Board of Trustees as discussed. Motion carried by roll call vote.

AYES: Trustees Schick, Roach and Chairman Bramwell

NAYS: None

ABSENT: None

VII. Consideration and Approval for 2nd Public Notice – Amendment to Rule 2021-02 Transfer of Assets

Mr. Zahn reviewed public posting timeline for Rule 2021-02 and noted an amendment to the rule which states the Notice of Transfer Date will require a resolution provided by FPIF that includes authorizations necessary for the administration of the transfer of assets and a transferal form required to be executed by each Article 4 pension fund and shared with any entity with fiduciary control of any pension fund assets. The rule includes to determine transfer order, information required on the certified investment asset list, the necessity for a second certified investment asset list and the potential for a non-transferable asset list. A motion was made by Trustee Roach and seconded by Trustee Schick to approve for 2nd public notice Rule 2021-02 Transfer of Assets, as amended. Motion carried by roll call vote.

AYES: Trustees Schick, Roach and Chairman Bramwell
NAYS: None
ABSENT: None

VIII. Consideration and Approval for 2nd Public Notice – Amendment to Cash Management Policy

Mr. Zahn reviewed the amendment to the Cash Management Policy which adds transition cash management procedures to the policy that states Article 4 pension funds keep no less than 60 days of expenses in a local account for payment of benefits and other expenses; FPIF shall not make any transfers to Participating Pension Funds during the 60-day period following the pension fund's transfer date. The amendment also determines that all transfers from FPIF to a Participating Pension Funds are required to be submitted no later than 5:00 p.m. on the 1st of each month to be processed by the 1st of the following month and all funds to be transferred from a Participating Pension Fund to FPIF for investment will take place on the 7th, 14th, 21st and 28th of each month or the business day immediately preceding if the date falls on a weekend or bank holiday. A motion was made by Trustee Schick and seconded by Trustee Roach to approve for 2nd public notice the amendment to the cash management policy. Motion carried by roll call vote.

AYES: Trustees Schick, Roach and Chairman Bramwell
NAYS: None
ABSENT: None

IX. Consideration and Approval for 2nd Public Notice – Rule 2021-04 Calculation of Net Asset Value & Allocation of Cost

Mr. Zahn informed the Committee Rule 2021-04 Calculation of Net Asset Value and Allocation of Cost was draft and posted for 1st public notice of May 19, 2021. This rule determines a Net Asset Value for each Pension Fund and determines the manner in which FPIF operating expenses will be paid both during the transition and upon conclusion of the statutory transition period. Mr. Zahn noted that no public comment has been received on this rule to date. A motion was made by Trustee Roach and seconded by Trustee Schick to approve Rule 2021-04 Calculation of Net Asset Value and Allocation of Cost for 2nd public notice. Motion carried by roll call vote.

AYES: Trustees Schick, Roach and Chairman Bramwell

NAYS: None

ABSENT: None

X. Executive Session – 5 ILCS 120/2 (c)(7)

There was no need for executive session.

XI. Schedule of Upcoming Meetings

The next scheduled meeting of the FPIF Investments and Operations Committee is July 8, 2021 at 10:00 a.m.

XII. Public Comment

There was no public comment.

XIII. Adjournment

A motion was made by Trustee Schick and seconded by Trustee Roach to adjourn the meeting at 10:42 a.m. Motion carried by roll call vote.

AYES: Trustees Schick, Roach and Chairman Bramwell

NAYS: None

ABSENT: None