



FIREFIGHTERS' PENSION INVESTMENT FUND
1919 S. HIGHLAND AVE. • BUILDING A, SUITE 237 • LOMBARD, IL 60148

**MINUTES OF A REGULAR MEETING OF THE
FIREFIGHTERS' PENSION INVESTMENT FUND
AUDIT & COMPLIANCE COMMITTEE
JUNE 11, 2021**

A regular meeting of the Firefighters' Pension Investment Fund of Illinois Audit and Compliance Committee was held on Friday, June 11, 2021 at 2:00 p.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 Kink called the meeting to order at 2:00 p.m.

II. Taking of the Roll

Robina Amato took the roll. Chairman Matt Kink, Vice Chairman Brad Cole and Trustee Greg Knoll were present; there were no absences.

Also present: Executive Director William Atwood, CFO David Zaloga, COO Steve Zahn, Portfolio Officer Mitchell Green, Member Services Officer Robina Amato, Trustee George Schick, Kevin Bramwell, and Herb Roach, FPIF Staff/Board of Trustees; Courtney Murray, Ernst & Young, LLP (E&Y); Mike Piotrowski and Doug Oest, Marquette Associates; Craig Goesel, Alliant Insurance Services, Inc.

III. Approval of the April 21, 2021 Meeting Minutes

The Committee reviewed the April 21, 2021 audit and compliance committee meeting minutes. A motion was made by Trustee Knoll and seconded by Vice Chairman Cole to approve the April 21, 2021 meeting minutes as written. Motion carried by roll call vote.

AYES: Trustee Knoll, Vice Chairman Cole and Chairman Kink

NAYS: None

ABSENT: None

IV. Presentation of FY22 Budget

David Zaloga presented the FY2021 budget vs. actual financial projection to the Committee and noted that FY21 expenses are all forecasted in total to 29.9% under plan. Mr. Zaloga continued to present the draft FY22 budget to the Committee and provided details to the major categories of Personnel, Professional Services and Operations.

Vice Chairman Cole requested clarification to multiple line items within the proposed FY22 budget including D&O Insurance, Elections Services, and Custody Fees; Mr. Zaloga answered all questions related to the proposed FY22 budget.

The Committee requested that FPIF staff work with the Audit and Compliance Committee to prepare a revised budget to reflect more accurate projections based on current project quotes. Further consideration will be held at the next scheduled meeting.

V. Review and Approval – FPIF Financial Statements

Mr. Zaloga presented the March 31, 2021 Monthly Financial Reports to the Committee. Mr. Zaloga reviewed the statement of net position for March 31, 2021 showing a negative position of (\$1,364,692.34), the nine-month expense report as of March 31, 2021 totaling \$1,080,593.01 and the Vendor Check Report for the period March 1, 2021 through March 31, 2021 for a total disbursement of \$42,551.49.

Mr. Zaloga also presented the April 30, 2021 Monthly Financial Reports to the Committee. Mr. Zaloga reviewed the statement of net position for April 30, 2021 showing a negative position of (\$1,460,347.43), the ten-month expense report as of April 30, 2021 totaling \$1,176,248.10 and the Vendor Check Report for the period April 1, 2021 through April 30, 2021 for a total disbursement of \$28,537.69.

A motion was made by Trustee Knoll and seconded by Trustee Cole to accept the March 31, 2021 and April 30, 2021 Monthly Financial Reports as presented. Motion carried by roll call vote.

AYES: Trustee Knoll, Vice Chairman Cole and Chairman Kink

NAYS: None

ABSENT: None

VI. FPIF Transition Status Update – Ernst & Young

Mr. Zaloga apprised the committee that he and remaining FPIF Staff are pleased with the work that has been completed with EY to date on the overall transition and that NT has been fully integrated into the transition and planning process.

Ms. Murray presented a status update to the committee including all key accomplishments at this point in the transition process and ongoing key components such as member fund readiness, determination and refinement of NAV methodology, regulatory requirements, implementation of custodian and G/L, certified asset list auditor selection, actuarial needs and fund structure. Ms. Murray also presented the certified asset list RFP approach and RFP evaluation components for approval by the committee.

VII. Consideration and Approval – Certified Investment Asset List Auditor(s)

Mr. Zaloga then presented a memorandum of recommendation to the committee and provided a summary and background of the certified investment asset list RFP process. Also included in the memorandum was an FPIF Staff review of the RFP responses received from Baker Tilly US, LLP, Sikich, LLP, Lauterbach & Amen, LLP and Kerber, Eck and Braeckel, LLP (KEB). Mr. Zaloga provided a preliminary analysis detailing four different scenarios of coverage for preparation of certified asset lists per vendor and total project cost based on each scenario. Finally, Mr. Zaloga presented the FPIF Staff recommendation of a modified scenario utilizing Sikich, LLP as a Strategic Consultant, retaining Baker Tilly US, LLP, Lauterbach & Amen, LLP and KEB as the core Certified Investment Asset List vendors and the Illinois Department of Insurance to perform the work for all funds with a total value under \$2.5 million.

Vice Chairman Cole inquired to the coverage scenarios outlined in the staff recommendation and the methodology used to create the modified strategic consultant recommendation including the proposed fees; Mr. Zaloga and Ms. Murray answered all questions.

A motion was made by Vice Chairman Cole and seconded by Trustee Knoll to approve for recommendation to the FPIF Board of Trustees the selection of Baker Tilly US, LLP, Lauterbach & Amen, LLP and KEB as Certified Asset List Auditors related to the RFP and to authorize the Executive Director to negotiate an Agreed Upon Procedures engagement with the aforementioned CPA firms. FPIF Staff will be authorized to utilize these firms as needed to perform the Certified Investment Asset Lists. Motion carried by roll call vote.

AYES: Trustee Knoll, Vice Chairman Cole and Chairman Kink
NAYS: None
ABSENT: None

A motion was made by Trustee Knoll and seconded by Chairman Kink to authorize the Executive Director to negotiate a separate engagement with Sikich, LLP as a Strategic Advisor related to the Certified Investment Asset List RFP and if needed, can provide a limited number of Certified Investment Asset List audits, provided the fee associated with any such CAL is less than or equal to the fee proposed by Baker Tilly US, LLP. This recommendation is subject to final approval by the FPIF Board of Trustees. Motion carried by roll call vote.

AYES: Trustee Knoll and Chairman Kink
NAYS: Vice Chairman Cole
ABSENT: None

VIII. Consideration and Approval – D&O Insurance Renewal

Mr. Goesel with Alliant Insurance Services, Inc. provided a brief overview of Alliant and presented the current insurance policy and renewal options with the Committee. A motion was made by Vice Chairman Cole and seconded by Knoll to approve and recommend for consideration by the FPIF Board of Trustee renewal of the Fiduciary Liability Insurance in the amount of \$54,088 and to solicit premiums related to an increase in fiduciary liability for the remaining 6 months beginning January 1, 2022 through June 30, 2022. Motion carried by roll call vote.

AYES: Trustee Knoll, Vice Chairman Cole and Chairman Kink
NAYS: None
ABSENT: None

IX. Public Comment

There was no public comment.

X. Adjournment

A motion was made by Vice Chairman Cole and seconded by Trustee Knoll to adjourn the meeting at 4:13 p.m. Motion carried by roll call vote.

AYES: Trustee Knoll, Vice Chairman Cole and Chairman Kink
NAYS: None
ABSENT: None