



1919 S. HIGHLAND AVE. • BUILDING A, SUITE 237 • LOMBARD, IL 601

Firefighters' Pension Investment Fund
Board of Trustees

MINUTES OF MEETING

Monday, August 31, 2020
9:00 a.m.

Videoconference

<https://lauterbachamen.zoom.us/j/81908205171?pwd=cGIJV0VmZHoxNEhqQUdXWIRDeVcwUT09>

Meeting ID: 819 0820 5171
Password: 267936

Audio Only:

Dial In: 1 (312) 626 6799
Meeting ID: 819 0820 5171

In-Person Meeting Location

1919 S. Highland Avenue
Building A, Suite 237
Lombard, IL 60148

I. Call to Order

Chairman Sullivan called the meeting to order at 9:00 a.m. He noted that in accordance with Executive Orders 2020-07, 2020-10 and 2020-33 issued by Governor Pritzker, guidance issued by the Illinois Attorney General's Office, and Public Act 101-0640, the meeting was conducted in person as well as via teleconference and Zoom, and that to facilitate public comments, written submission of public comments would be accepted by e-mail, and any such submitted comments would be addressed later in the meeting.

II. Taking of the Roll

At the request of Chairman Sullivan, Heather Weiner from Mayer Brown took the roll of Trustees in attendance. Chairman Chuck Sullivan, Vice Chairman Brad Cole, Trustees Russ Hunt, George Schick, Jeff Rowitz, Patrick Nichting, Matthew Kink, Kevin Bramwell and Steven Chirico were present. No Trustees were absent and a quorum was present.

Also present: Director Bill Atwood, COO Steve Zahn, CFO David Zaloga and Portfolio Officer Mitchell Green, FPIF Staff; Heather Weiner and Mitchell Holzrichter, Mayer Brown; Robina Amato, Lauterbach & Amen, LLP

III. Approval of July 27, 2020 Meeting Minutes

Chairman Sullivan presented the minutes of the Board meeting held on July 27, 2020. Chairman Sullivan asked for any edits, additions, or corrections to the minutes. A motion was made by Trustee Chirico and seconded by Trustee Bramwell to approve the meeting minutes as written. Motion carried by roll call vote.

AYES: Chairman Sullivan, Vice Chairman Cole, Trustees Hunt, Schick, Bramwell,
Nighting, Kink, Rowitz and Chirico
NAYS: None
ABSENT: None

IV. Amendment to Resolution 2020-24 – Approving a Provider for Retirement Benefits

Chairman Sullivan informed the Board that although the minutes of the July 27, 2020 meeting accurately reflect the action taken in approving a provider for retirement benefits, an amendment is necessary for the record. The FPIF staff reviewed multiple proposals for a 457 plan and recommended the Newport Group be engaged. A motion was made by Chairman Sullivan and seconded by Vice Chairman Cole to amend Resolution 2020-24 to account for the fact that the Executive Director is authorized to negotiate and execute a contract with the Newport Group for the administration of a 457 plan instead of Vanguard Group for administration of a 401k plan as FPIF is a public employer. Motion carried by roll call vote.

AYES: Chairman Sullivan, Vice Chairman Cole, Trustees Hunt, Schick, Bramwell,
Nighting, Kink, Rowitz and Chirico
NAYS: None
ABSENT: None

V. Report of the Chairperson

There was no report of the Chairperson presented.

VI. Report of the Elections Committee

Trustee Schick provided a summary of actions taken by the Elections Committee during the August 21, 2020 regular meeting that included reading the recommendations for the Elections Panel into the record, receiving a status report from Survey and Ballot Systems on progress with the 2020 FPIF Trustee Election and lastly, received an update from Lauterbach & Amen, LLP on the voter file progress.

Trustee Schick elaborated on the presentation given by Survey and Ballot systems and the discussion the Committee had regarding mailing dates for all ballots. The Committee took action to amend the mailing date to account for potential delays with the United States Postal Service and amended both the election rules and election schedule to reflect a mailing date of October 26, 2020 instead of October 30, 2020 with no change to the ballot return date. Trustee Schick informed the Board that Lauterbach & Amen, LLP reported there are twelve remaining funds to complete the request for member data. Progress continues to be made on the voter file and since the Elections Committee meeting Lauterbach & Amen, LLP has reduced that number to five outstanding funds. The project is expected to be completed on or before the September 16, 2020 due date. Trustee Schick informed the Board there are two resolutions before the Board for approval today; to appoint the Elections Panel and to make the aforementioned changes to the election rules and schedule.

Appointment of the Elections Panel: Chairman Sullivan reviewed Resolution 2020-32 Appointing Election Panel that states the FPIF Board of Trustees is to appoint an election panel to serve as election judges and assume responsibilities related to the conduct of the Election on or before September 15, 2020. A motion was made by Trustee Kink and seconded by Trustee Hunt to approve Resolution 2020-32 appointing Pat Devaney as the beneficiary representative, Steve Shetsky as the active firefighter representative and Patrick Hayes as the employer representative on the elections panel. Motion carried by roll call vote.

AYES: Chairman Sullivan, Vice Chairman Cole, Trustees Hunt, Schick, Bramwell, Nichting, Kink, Rowitz and Chirico

NAYS: None

ABSENT: None

Changes to the Election Rules: Chairman Sullivan reviewed Resolution 2020-33 Approving Certain Revisions to Election Rules and Schedule to reflect the amended ballot mailing date of October 26, 2020. A motion was made by Vice Chairman Cole and seconded by Trustee Bramwell to approve Resolution 2020-33 as presented. Motion carried by roll call vote.

AYES: Chairman Sullivan, Vice Chairman Cole, Trustees Hunt, Schick, Bramwell, Nichting, Kink, Rowitz and Chirico

NAYS: None

ABSENT: None

Vice Chairman Cole informed the Board that Survey and Ballot Systems (SBS) has also been engaged by the Illinois Police Officers' Pension Investment Fund (IPOPIF) and requested that the FPIF staff provide feedback after their scheduled visit to the SBS office to the IPOPIF Executive Director Richard White. Director Atwood informed the Board that COO Steve Zahn has already visited SBS and Director Atwood and Mr. Zahn will coordinate a meeting with IPOPIF.

VII. Report of the Audit Committee

Trustee Hunt provided a summary of all agenda items reviewed during the August 21, 2020 Audit Committee meeting including an update from CFO David Zaloga regarding the composition and execution of the Sikich engagement letter being reviewed by Reinhart that has since been finalized and approved and Mr. Zaloga's presentation of the FPIF financials that reflected total expenses coming in under budget as of July 31, 2020. Trustee Hunt reviewed the memorandum presented by Mr. Zaloga outlining the expected future audit service requirements of the Firefighters' Pension Investment Fund which includes the annual financial and compliance audit for internal funds, an accounting consultant to advise and assist FPIF in the transition of assets and an external audit of local Article 4 pension funds. Lastly, Trustee Hunt reviewed the memorandum presented by Mr. Zaloga for the issuance of an RFP for a general accounting consultant that states through the process, FPIF intends to select a qualified consultant to assist FPIF in the transition of assets from Article 4 pension funds to the FPIF portfolio and included a proposed timeline for the RFP process. The next meeting of the Audit Committee will be held on October 4, 2020.

VIII. Report of the Ad Hoc Committee on Near Term Operations

Trustee Hunt provided a review of the Ad Hoc Committee on Near Term Operations held on August 25, 2020 including the introduction of FPIF's newly onboarded Portfolio Officer Mitchell Green and the memorandum Mr. Green presented regarding an issuance of an RFP

for a general investment consultant. A summary, scope of service, proposed timelines and quiet period guidelines were all included in the memo and Mr. Green confirmed the RFP is consistent with both the FPIF budget and procurement policy.

Trustee Hunt informed the Board of Director Atwood's recommended changes to the By-laws for the inclusion of the Ethics Officer and to memorialize the change in the Ad Hoc Committee on Near Term Operations to the Investments and Operations Committee. Trustee Hunt also reviewed Vice Chairman Cole's recommendations to include a policy allowing electronic attendance of Trustees in both Committee and Board meetings. Director Atwood supported the recommendations made by Vice Chairman Cole and informed the Board he would direct Mayer Brown to include the additional amendments to the drafted resolution.

Changes to the By-Laws: Chairman Sullivan presented Resolution 2020-31 Amending the By-Laws to Create the Investments and Operations Committee and to make other changes outlining that all members of the Ad Hoc Committee on Near Term Operations are appointed to the Investments and Operations Committee, to constitute the Ethics Officer as an elective officer of FPIF and to expand FPIF policies and procedures concerning attendance of members at meetings by audio and video conference.

Trustee Rowitz suggested an amendment to the resolution language to clarify that the Investments and Operations Committee will replace the Ad Hoc Committee on Near Term Operations rather than being an additional committee. Attorney Holzrichter recommended to amend the third "whereas" to state "The Board created an Ad Hoc Committee on Near Term Operations on April 20, 2020, which the Board now desires to *replace* with a standing committee of the Board".

A motion was made by Trustee Chirico and seconded by Trustee Rowitz to approve Resolution 2020-31 as amended. Motion carried by roll call vote.

AYES: Chairman Sullivan, Vice Chairman Cole, Trustees Hunt, Schick, Bramwell, Nichting, Kink, Rowitz and Chirico
NAYS: None
ABSENT: None

IX. Report of the Executive Director

Director Atwood requested COO Steve Zahn provide an update to the Board on the recent visit to SBS and IT updates to the FPIF Website.

Mr. Zahn reported that during his visit to Minneapolis he was able to visit the SBS office to receive a status update of the election process and tour the data center and mail house. Mr. Zahn was impressed overall with the organization's operations and staff knowledge and experience as well as the three-layer security protocols including building entry, production room security and vault access. A courier is used to deliver ballots from the P.O. box to the production room. Mr. Zahn also reviewed his visit with the Flex Central tier 3 data center and described the backup system available to SBS in the event of an outage. Lastly, Mr. Zahn visited the mail house and described the data reliability system that ensures ballots and other election materials are delivered to all members and tracked with 2D barcodes.

Mr. Zahn also informed the Board that the migration from GoDaddy to the new website platform is nearly complete and further updates will be provided to the Board if necessary.

Director Atwood updated the Board on the staff's focus on ensuring infrastructure is in place for the transition of assets. Director Atwood highlighted pertinent dates to the transition including conclusion of the RFP process for a general investment consultant on October 27, 2020, the conclusion of the Trustee election as of December 1, 2020, selection of a custodian, transition manager, adoption of rules and selection of a CPA for the certified asset list to take place January 21, 2021, selection of an actuarial firm by March 26, 2021 and transition of assets to commence on July 1, 2021. Following the transition of assets, a receipt needs to be submitted to each fund and FPIF will assume actuarial and audit responsibilities of the individual assets upon termination of the transition period.

Director Atwood reviewed the decision-making process to transfer assets in one day versus over a short period of time. Director Atwood informed the Board that transferring assets in one day will reduce the audit and accounting complexity but will assume a much higher operational risk. After further discussion with multiple providers such as custodians, accountants and auditors regarding a transition to take place over a short period of time it was determined the ability to assign performance and cost to individual funds would be difficult and would result in an increase to both the audit and accounting complexity. Director Atwood will continue to work with FPIF staff on the best approach to transition assets and provide updates to the Board as they become available.

Director Atwood apprised the Board on the Illinois Government Finance Officers Association (IGFOA) working group that has been developed to help draft rules and processes according to best practice for the transition of assets and was pleased to announce that former IGFOA President and current Trustee Jeff Rowitz will serve on the IGFOA working group.

X. Other Business

There was no other business

XI. Schedule of Upcoming Meetings

Chairman Sullivan noted the next scheduled meetings will be held on October 27, 2020 and December 18, 2020 at 9:00 a.m.

XII. Public Comment

There was no public comment.

XIII. Adjournment

A motion was made by Trustee Hunt and seconded by Trustee Rowitz to adjourn the meeting at 9:35 a.m. Motion carried by roll call vote.

AYES: Chairman Sullivan, Vice Chairman Cole, Trustees Hunt, Schick, Bramwell, Nichting, Kink, Rowitz and Chirico

NAYS: None

ABSENT: None