



FIREFIGHTERS' PENSION INVESTMENT FUND

1919 S. HIGHLAND AVE • BUILDING A, SUITE 237 • LOMBARD, IL 60148

Firefighters' Pension Investment Fund
Board of Trustees

MEETING MINUTES

Friday, August 26, 2022
9:00 a.m.

Videoconference:

<https://us02web.zoom.us/j/87454168180?pwd=NXc4VUZPR0YvczE3NIRLWVBNMjRhZz09>

Meeting ID: 874 5416 8180

Password: 380307

Audio Only:

Dial In: 1 (312) 626 6799

Meeting ID: 847 5416 8180

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. and noted that in accordance Section 7(e) of the Illinois Open Meetings Act and guidance issued by the Illinois Attorney General's Office, the meeting was conducted in person as well as via teleconference and videoconference, 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 Cole, Trustees George Schick, Kevin Bramwell, Herb Roach, Gregory Knoll, Tom Dailly and John Perry were present, Trustee Kink was absent.

Also present: Executive Director William Atwood, COO Steve Zahn, CFO David Zaloga, Portfolio Officer Mitchell Green and Member Services Officer Robina Amato, FPIF Staff; Heather Weiner, Mayer Brown; Bruno Amici, Alliant Insurance Services, Inc.; Courtney Murray, Ernst & Young

III. Approval of the June 17, 2022 Meeting Minutes

The Board reviewed the June 17, 2022 regular meeting minutes. A motion was made by Vice Chair Cole and seconded by Trustee Bramwell to approve the June 17, 2022 regular meeting minutes as written. Motion carried by roll call vote.

AYES: Trustees Bramwell, Dailly, Knoll, Perry, Roach, Schick, Vice Chairman Cole and Chairman Sullivan
NAYS: None
ABSENT: Trustee Kink

IV. Report of the Chairperson

Resolution 2022-23 – Audit and Compliance Committee Member Appointment: Chairperson Sullivan noted that Trustee Bramwell will be appointed to the Audit & Compliance Committee. A motion was made by Trustee Dailly and seconded by Trustee Roach to appoint Trustee Bramwell to the Audit & Compliance Committee. Motion carried by roll call vote.

AYES: Trustees Bramwell, Dailly, Knoll, Perry, Roach, Schick, Vice Chairman Cole and Chairman Sullivan
NAYS: None
ABSENT: Trustee Kink

V. Report of the Executive Director

Director Atwood apprised the Board that upon conclusion of the 10th tranche of investment assets on July 14, 2022 the FPIF staff continue to pivot to a business as usual environment. Current focuses include the statutory audit of the transition, fiscal year 2022 audit, and RFPs for both the audit of Article 4 funds and core and core plus fixed income managers. In addition, FPIF has begun issuing actuarial valuations and will also issue an RFP for legal services.

VI. Report of the Audit and Compliance Committee

Trustee Knoll provided an update to the Board regarding the August 16, 2022 and August 25, 2022 Audit and Compliance Committee Meetings and reported that all fiscal year 2022 expenditures were 5.4% under budget in all major categories. The Audit and Compliance Committee approved April and May 2022 Financial statements, reviewed the RFP process for Article 4 audit providers, received a status of the fiscal year and transition audit and reviewed a draft resolution for repayment of the IFA Loan to be reviewed and approved today by the Board of Trustees. A motion was made by Trustee Bramwell and seconded by Trustee Schick to accept the report of the Audit & Compliance Committee. Motion carried by roll call vote.

AYES: Trustees Bramwell, Dailly, Knoll, Perry, Roach, Schick, Vice Chairman Cole and Chairman Sullivan
NAYS: None
ABSENT: Trustee Kink

Resolution 2022-11 – Adoption of FPIF Actuarial Rate of Return Assumption for Pension Funds Without Investment Assets: Mr. Zahn noted on June 7, 2022 the Audit & Compliance Committee reviewed the recommended actuarial return assumption for pension funds without investment assets. The recommended assumption by Foster and Foster is 1.9% based on the Horizon Actuarial Services Survey of Capital Market Assumptions and Marquette Associates Long Term Assumption on Cash equivalents. A motion was made by Trustee Knoll and seconded by Trustee

Bramwell to approve Resolution 222-11 – Adoption of FPIF Actuarial Rate of Return Assumption for Pension Funds without Investment Assets. Motion carried by roll call vote.

AYES: Trustees Bramwell, Dailly, Knoll, Perry, Roach, Schick, Vice Chairman Cole and Chairman Sullivan

NAYS: None

ABSENT: Trustee Kink

Resolution 2022-24 – Approving IFA Loan Repayment and Discussions with the Illinois Finance Authority: Director Atwood reviewed the resolution approving FPIF to begin repayment of the IFA loan consistent with the loan agreement and authorizing Director Atwood to enter into discussions regarding payment of the IFA’s legal fees related to ongoing litigation. A motion was made by Vice Chair Cole and seconded by Trustee Perry to approve and adopt Resolution 2022-24 – Approving IFA Loan Repayment and Discussions with the Illinois Finance Authority. Motion carried by roll call vote.

AYES: Trustees Bramwell, Dailly, Knoll, Perry, Roach, Schick, Vice Chairman Cole and Chairman Sullivan

NAYS: None

ABSENT: Trustee Kink

VII. Report of the Investments and Operations Committee

Trustee Bramwell noted the Investments and Operations Committee met on August 16, 2022 and received a market update and performance report from Portfolio Officer Mitchell Green and Marquette Associates. The Committee received updates to the fixed income RFP, nontransferable assets, legal services RFP and future updates to job descriptions. A motion was made by Trustee Roach and seconded by Trustee Dailly to accept the Investments and Operations Committee report as presented. Motion carried by roll call vote.

AYES: Trustees Bramwell, Dailly, Knoll, Perry, Roach, Schick, Vice Chairman Cole and Chairman Sullivan

NAYS: None

ABSENT: Trustee Kink

VIII. Investment Report

Portfolio Officer – Mr. Green apprised the Board the last few tranches have totaled \$665 million in new contributions to the FPIF portfolio. In June 2022, mutual funds made up \$206 million of those assets with a weighted average fee of 34 basis points. FPIF’s investment management fees have reduced those fees to the local funds over 90%. In July 2022, \$37 million in mutual funds were transferred to FPIF with a weighted average fee of 42 basis points; FPIF’s fee represented a reduction of 92%. Mr. Green also provided a performance update to the Board and provided an update to the current fixed income RFP. Responses have been received from 63 firms and are currently being reviewed by legal counsel. Further updates will be provided to the Board as they become available.

Marquette Associates – Quarterly Performance Report – Mr. Piotrowski commented further on current market conditions and provided the June 30, 2022 monthly performance report for the Board. As of June 30, 2022, the FPIF’s assets were invested in: 30.4% fixed income, 63.6%

equities, and 5.2% real estate. The total market value as of June 30, 2022 was \$6,878,861,209 with a one-month return of -6.2% versus the policy benchmark of -6.2%.

IX. Status Update – FPIF Asset Transition

Director Atwood noted to date all but 5 of the 296 Article 4 funds have transitioned investment assets to the FPIF portfolio. Mr. Green noted data has been collected on mutual funds with assistance from Northern Trust transition management, 2020 expense data from the Illinois Department of Insurance, estimated annuity fees with assistance from Marquette Associates, and received expense ratios paid by Article 4 funds to Principal. FPIF has taken a highly conservative approach to calculating fee savings as a result of the consolidation of investment assets. Pension funds paid at least \$17.1 million in mutual funds fees, \$14.6 million in investment advisory fees, \$2.7 million to Principal and a minimum of \$2.3 million to annuity providers. Comparing FPIF's total fees of \$2.56 million dollars, the consolidated portfolio generates an annual fee savings of \$34 million.

X. Resolution 2022-25 – Election Panel Member Appointment

Chairperson Sullivan reviewed the resolution recommending the appointment of Kurt Snow to the FPIF Election Panel. A motion was made by Trustee Bramwell and seconded by Trustee Schick to adopt Resolution 2022-25 – Approval of Election Panel Appointment. Motion carried by roll call vote.

AYES: Trustees Bramwell, Dailly, Knoll, Perry, Roach, Schick, Vice Chairman Cole and Chairman Sullivan

NAYS: None

ABSENT: Trustee Kink

XI. Other Business

The Board noted the next regular meeting of the FPIF Board of Trustees will be held Friday, October 28, 2022 at 9:00 a.m.

XII. Public Comment

There was no public comment.

XIII. Adjournment

A motion was made by Vice Chair Cole and seconded by Trustee Perry to adjourn the meeting at 9:48 a.m. Motion carried by roll call vote.

AYES: Trustees Bramwell, Dailly, Knoll, Perry, Roach, Schick, Vice Chairman Cole and Chairman Sullivan

NAYS: None

ABSENT: Trustee Kink