

HOFFMAN ESTATE FIREFIGHTERS PENSION BOARD

Station 24
5775 Beacon Point
Hoffman Estates, Illinois 60192
847-695-8502

SPECIAL MEETING MINUTES August 29, 2019 at 9:30 AM

- I. **Call to Order.** Meeting called to order at 9:32 am.
- II. **Roll Call/Acknowledgement of Guests.** Present: Matthew Fijalkowski, Bob Orr, Matt Collins, Patrick Seeger, Rachel Musiala.

Also Present: Stan Helgerson, Village Treasurer; Thomas McShane, Patrick Donnelly, Graystone Consulting/Morgan Stanley.
- III. **Business at Issue**
 1. **Review Transition of Assets.** Received assets from Schaub, T. Rowe Price Health Science and T. Rowe Small Cap remain where they are. Blair fixed income account and MVT Bond accounts were terminated. The assets were combined into a new account to be managed by Weaver Barksdale. Cash account established, \$100,000 from Fixed Income moved to the cash account. Graystone's fee would be taken from this cash account when billed.
 2. **Current Asset Allocation of Hoffman Estates Fire Pension Fund versus the target allocation.** Real Estate account not currently managed. Total fixed income currently \$32.7 million, Weaver is currently holding bonds from Mitchell Vaught & Taylor and William Blair. This will be discussed further at the next meeting.
 - i. Cash account at Morgan Stanley
 - ii. Cash account held at IMET
 3. **Review Investment managers versus peers**
 - i. **Large Cap equity manager search and selection.** Aristotle Value Equity, iShare Russell 3000 ETF (currently owned), Madison Large Cap Core (extremely concentrated), Rothschild Large Cap Value (previous manager), T. Rowe New American and Vanguard Growth Index. Aristotle and Madison separately managed account, all stocks would be owned by fire pension fund and adhere by the Pension Fund's investment policy as opposed to mutual fund where the Board would adhere to their investment policy. Standard deviation and Up Capture and Down Capture (the manager's performance relative to the benchmark going up or down) reviewed across all managers. Recommendations is to keep both T. Rowe managers, sell Vanguard, sell \$4.3 million of iShare Russell 3000, terminate Rotschild and with all proceeds 65% will go to Aristotle and 35% to Madison. More comfortable with Aristotle based on the size of the portfolio.

Motion to keep T. Rowe Price Health, keep T. Rowe New Growth, keep iShares 3000 at \$13.5 million level, remaining funds to be divided to Aristotle at 65% and Madison at 35% by Bob Orr, second by Matt Fijalkowski. Roll Call Vote: Bob Orr, aye, Matt Fijalkowski, aye, Patrick Seeger, aye, Matt Collins, aye, Rachel Musiala, aye.

- ii. **Mid-Cap equity manager search and selection.** Baird Mid Cap, Diamond Hill SMID I, Champlain Mid Cap, Columbia Acorn, Parnassus Mid Cap, Principal Mid Cap reviewed. Based on the numbers the Board likes Champlain but they have Large Cap as well which may be affecting the numbers. Recommendation is Champlain based on consistency of return and the manager has been there a long time

Motion to invest mid cap sector into Champlain Mid Cap fund made by Bob Orr, second by Matt Collins. Roll Call Vote: Bob Orr, aye, Matt Fijalkowski, aye, Patrick Seeger, aye, Matt Collins, aye, Rachel Musiala, aye.

- iii. **International Equity mutual fund search and selection.** To be discussed and next meeting.

- iv. **Real Estate mutual fund review and selection.** Cohen & Steers Real Estate, DWS Real Estate, Invesco Real Estate, Principal Real Estate, and Voya Real Estate reviewed. Adelante will not be utilized going forward. Recommends taking one manager and not two. Cohen & Steers and Principal are the top two based on the numbers. Cohen & Steers only deals with real estate. Recommendation is Cohen & Steers.

Motion to put real estate allocation into Cohen & Steers Real Estate Securities made by Bob Orr, second by Patrick Seeger. Roll Call Vote: Bob Orr, aye, Matt Fijalkowski, aye, Patrick Seeger, aye, Matt Collins, aye, Rachel Musiala, aye.

4. Manager reviews for future discussion information will be presented on regarding

- i. Small Cap Equity Manager
- ii. Emerging Market Equity Manager

Graystone will send performance reports by email, when there is a 1% gain or drop in the market an e mail will be sent, quarterly meeting books to be sent beforehand via email and hard copy brought to the meeting as well. All contracts will be sent to Laura Goodloe to review then sent to Board to sign.

- IV. **Adjournment.** Meeting adjourned at 11:55 am by Rachel Musiala, second by Bob Orr, All in favor, aye.

Next special meeting scheduled for **September 26 at 9:00 am.**

Next regular meeting Scheduled for **October 14, 2019 at 9:30 am.**