



**MINUTES
VILLAGE OF GLENCOE
POLICE PENSION FUND BOARD**

Village Hall Conference Room
675 Village Court
Tuesday, November 19, 2019 – 7:00 a.m.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:01 a.m.

2. ROLL CALL

The following were present:

Michael Neimark, President
Eric Birkenstein, Trustee
Hubert Dziekan, Trustee
James Franke, Trustee
Peter Neville, Trustee

The following were also present:

Nikki Larson, Finance Director
Margie Ziegler, Management Analyst

The following were not present:

None

3. PUBLIC COMMENT

There were no public comments.

4. INTERVIEWS OF INVESTMENT ADVISING AND CUSTODIAL SERVICES FIRMS

GREAT LAKES ADVISORS | Start 7:02 a.m.; End 7:40 a.m.

Presentation Team

- Bruce Ebel, Client Portfolio Manager
- Kelly Weller, Managing Director, Client Service
- Georgia Michaels Kyriacou, Vice President and Trust Officer of The Chicago Trust Company

The presentation began with Mr. Weller explaining the hand-out materials provided and introducing his team. Mr. Weller then explained his firm's structure and presented their client list. Next, he introduced their investment team highlighting their credentials. He noted that no one product set

drives their business, it is diversified. Trustee Franke inquired regarding fundamental, quantitative and disciplined equity investment which was discussed by the team. President Neimark asked about team turnover. Mr. Kelly acknowledged recent retirements. He also noted the firm's succession planning and stated that their staff is compensated in a manner which encourages longevity with the organization.

Next, Mr. Ebel discussed investment philosophy, noting his organization's goal-based approach in which they work with their partners to establish goals that they then seek to meet or exceed. He explained their risk-based asset allocation approach and discussed investment diversification as a method to control risk. He also discussed potential modifications for their investment proposal including global infrastructure. Lastly, Mr. Ebel reviewed his firm's investment selection approach.

Mr. Weller reviewed two case studies, noting that all plans exceeded actuarial expectations. Trustee Birkenstein inquired about fees. Mr. Weller detailed the fees and fee structure that were included in the proposal. President Neimark inquired about the impact of new pension fund consolidation legislation in regards to transition costs. The Great Lakes team noted their fiduciary responsibility as well as their desire to further research this topic. Mr. Ebel highlighted their longevity with the Glencoe Police Pension Fund and thanked the Board. President Neimark thanked the Great Lakes team for their presentation.

After the Great Lakes team exited the conference room, the Board and Finance Director Larson discussed the presentation and materials provided.

MESIROW FINANCIAL | Start 7:52 a.m.; End 8:35 a.m.

Presentation Team

- Jeffrey Condren, Vice President, Wealth Advisor
- Marc Leibson, Senior Managing Director, Wealth Advisor
- Cheryl Lundquist Cabanski, Client Service Manager
- Melissa Bean, President and CEO of Wealth Advisors

Mr. Condren introduced his presentation team and provided an overview of his firm. He noted that Mesirow does not maintain proprietary products and that the company is one-hundred percent employee owned. He discussed his organization's fiduciary responsibility and his team's longevity. Next, Ms. Bean discussed her professional background and congressional experience. She highlighted her firm's history, longevity with many clients and high-touch approach.

Mr. Condren and Ms. Cabanski reviewed the team's proposed transition plan including timeline and key steps. Ms. Cabanski noted that she would be the dedicated service manager with middle and back office support. Next, Mr. Condren and Mr. Leibson reviewed their case study including sample recommendations, investment strategy and proposed portfolio. The Mesirow team and Board discussed the case study. Concluding the formal presentation, Mr. Condren reviewed the sample reports provided.

The Mesirow team asked if there were any questions from the Board. Trustee Franke inquired regarding hybrid reports which Mr. Condren and Mr. Leibson said they could provide. Mr. Leibson noted that they often assist clients in fine tuning their investment strategy. President Neimark stated that the Glencoe Police Pension Fund is regulated by the state. Mr. Leibson noted Mesirow's strategic use of specific ratings companies. Trustee Franke asked about their bond portfolio management, bond strategy, fees, commissions and the team's number of clients. Mr. Condren and Mr. Leibson replied to

all inquiries. President Neimark noted that the request for proposal listed a five-year timeframe but with new state pension fund consolidation legislation the timeframe may be shorter. He asked if there will be any imbedded fees if investments need to be liquidated to which Mr. Condren replied no.

Trustee Franke asked what differentiates Mesirow from its competitors. Ms. Bean explained that Mesirow's conservative approach to the market is a key point of difference. She noted that they are trusted advisors with Ms. Cabanski as the center of a high-touch, responsive support team. Additionally, her firm understands connecting and supporting the community. She also noted that they have a history of maintaining both clients and employees. President Neimark asked if they could build a customized benchmark to which Mr. Condren replied yes. Ms. Bean stated that an entire investment team supports their client team.

After the Mesirow team exited the conference room, the Board and Finance Director Larson discussed the presentation and materials provided.

NATIONAL INVESTMENT SERVICES | Start 8:42 a.m.; End 9:20 a.m.

Presentation Team

- Mark Anderson, Chief Strategy Officer
- Matt Brooks, Assistant Director, Institutional Sales

Mr. Brooks introduced himself and his team and provided an overview of his firm. He explained their balanced portfolio custom to police and fire pension funds. He stated that National Investment Services maintains a mix of both old and new clients and has eighteen years of police and fire pension experience. Next, Mr. Brooks introduced his investment team and highlighted their open trading floor structure which facilitates the sharing of research and ideas.

Mr. Anderson reviewed the firm's investment philosophy and process, stating that they work closely with boards and their custodial banks. He also noted that they have worked with Illinois' investment constraints for a long period of time. In regards to investments, they tend to err on the side of caution, avoiding significant risks. Mr. Anderson reviewed the team's proposed transition plan timeline. Next, he discussed investment objectives and strategies including balanced portfolio structure and allocation, asset class review and their mix of active and passive investment management. Upon Trustee Franke's inquiry, Mr. Anderson confirmed their firm was employee-owned. The National Investment Service team and the Board discussed investments, custodial banks and fees included in their proposal. President Neimark asked if there would be additional fees if investments need to be moved to the state given new pension fund consolidation legislation. Mr. Anderson replied that there would be no additional fees.

Mr. Anderson stated that Mr. Brooks would be the Board's primary customer service contact in Chicago and that he would serve as their contact in Milwaukee. Upon President Neimark's inquiry, Mr. Brooks stated that a team from their firm would be available to attend quarterly Board meetings. President Neimark asked if they could build a customized benchmark for pension fund's portfolio to which Mr. Anderson replied yes.

After the National Investment Services team exited the conference room, the Board and Finance Director Larson discussed the presentation and materials provided.

Presentation Team

- John Falduto, Managing Partner, Relationship Management and Business Development
- Ed Lavin, Chief Investment Officer

The presentation began with Mr. Falduto introducing his team and providing an overview of the hand-out materials and presentation structure. Next, he introduced their extended team and detailed the firm's history, including the number of funds managed and their one-hundred percent police and fire pension fund client retention rate. He noted that Sawyer Falduto is a completely independent firm with their only compensation sourced from the fees charged to their clients.

Mr. Falduto reviewed the firm's investment management process. Regarding investment policy, he stated that either the fund's or the firm's policy can be used or that a hybrid approach can be developed. Mr. Lavin reviewed the firm's portfolio management approach in terms of people, process and product. Regarding people, he stated that the firm's staff average twenty-five years of experience and therefore have experienced different economic cycles. In terms of process, the firm maintains a foundation built on risk discipline, portfolio construction, security selection and review. In terms of product, they ensure ongoing conversations, accountability, diversification and the highest risk adjusted return possible.

Next, Mr. Falduto reviewed their equity portfolio, equity style and sector ratings. Mr. Lavin reviewed their fixed income management approach and Mr. Falduto reviewed fixed income performance. Trustee Franke inquired regarding their bond portfolio strategy and manager selection on active investments which the group discussed. Mr. Falduto noted the firm's custodial institution used and fees as well as pensioner bill payment and accounting services offered. Upon Trustee Franke's inquiry, Mr. Falduto confirmed both he and Mr. Lavin would attend quarterly Board meeting along with Mr. Sawyer. Mr. Falduto would be the main relationship contact. The team reviewed fees, the proposed account transfer process and report examples. President Neimark asked how often they meet with a new pension fund client to which Mr. Falduto presented several options.

Trustee Franke noted that ninety percent of their business is police and fire pensions. Mr. Falduto explained that this is their core business and that they understand that it presents a risk given recent pension consolidation legislation. He further noted that there will be a timeframe associated with the pending consolidation and that his firm will need to shift their business focus in the future. Trustee Birkenstein asked about additional fees which Mr. Falduto addressed.

After the Sawyer Falduto team exited the conference room, the Board and Finance Director Larson discussed the presentation and materials provided.

5. FIDUCIARY LIABILITY INSURANCE

Finance Director Larson explained that the Village is a member of the Intergovernmental Risk Management Agency (IRMA). IRMA offers fiduciary liability insurance coverage for potential circumstances in which such coverage could be applied. President Neimark noted that Police Pension Fund would pay for the cost of this insurance coverage. President Neimark instructed Finance Director Larson to secure two to three quotes for fiduciary liability insurance. Trustee Birkenstein stated that he will forward Finance Director Larson his thoughts on additional potential contacts to assist in securing insurance quotes.

6. MEETING CONCLUSION

The Board and Finance Director Larson discussed the investment advising firm presentations and selection process, including recommendations, concerns and next steps. President Neimark noted that the next Board meeting is scheduled for January 22, 2020.

7. ADJORNMENT

There being no further business to come before the Police Pension Fund Board, Trustee Birkenstein moved, seconded by Trustee Dziekan, to adjourn the meeting at 10:43 a.m. The motion was approved unanimously.

Approved by:  Date: 22 Jan 20

Trustee Name: Michael Neimark