

## Illinois Police Officers' Pension Investment Fund

### Board of Trustees Meeting Minutes

Friday, October 13, 2023, at 9:30 A.M.

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was conducted at the Twin Towers Plaza, Suite 420 (Fourth Floor Training Room), located at 456 Fulton Street, Peoria, IL 61602. Members of the public were invited to participate remotely or in person.

#### **Attendees:**

##### **Board of Trustees:**

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Lee Catavu, Secretary
- Mark Poulos, Treasurer
- Brad Cole
- Elizabeth Holleb (Zoom)
- Michael Inman

##### **IPOPPIF Staff:**

- Richard White, Executive Director
- Kent Custer, Chief Investment Officer
- Regina Tuczak, Chief Financial Officer/ Assistant Executive Director
- Amy Zick, Senior Accountant
- Kate Cobb, Administrative Analyst
- Samantha Lambert, Administrative Analyst
- Barb Meyer, Investment Officer
- Steve Yoon, Investment Officer
- Joe Miller, Information Technologist
- Sean Zear, Communications Specialist

##### **Others Present:**

- Rick Reimer, General Legal Counsel, Reimer, Dobrovlny & Labardi PC

- Kim Shepherd, Shepherd Communications (Zoom)
- Taylor Muzzy, Fiduciary Legal Counsel, Jacobs, Burns, Orlove, & Hernandez, LLP
- Bukola Bello, Governmental Liaison, Vision MAI Consulting
- Scott Whalen, Investment Consultant, Verus (Zoom)
- Members of the Public (Zoom)

## **Agenda**

All members of the Board of Trustees, staff, legal counsel, and the public were provided with a copy of the agenda. The agenda was also posted on the website, office door, and door of the meeting room.

### **Call to Order (9:30 AM)**

The meeting was called to order by Chairperson Suess at 9:30 AM.

## **Roll Call**

### 2.1- Roll Call:

A roll call was conducted. 6 Trustees were present, 1 was attending remotely on Zoom, 1 Trustee was absent, and 1 Trustee position was vacant. A quorum was established with the 6 required number of Trustees present.

Board of Trustees Present:

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Lee Catavu, Secretary
- Mark Poulos, Treasurer
- Brad Cole
- Michael Inman

Trustee Elizabeth Holleb was attending remotely on Zoom.

Trustee Daniel Hopkins was absent.

1 Trustee position was vacant.

All individuals present are reflected in the list of attendees.

A motion was made by Trustee Inman and seconded by Trustee Cole to allow Trustee Holleb to participate remotely via Zoom for the Board of Trustees Meeting because she was prevented from physically attending due to unexpected business obligations.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Cole, Poulos, Inman

Nayes- None

Absent- Trustee Hopkins

Abstain- Trustee Holleb

Vacant- 1

## **Investments**

### 3.1- Investment Update:

CIO Custer provided an Investment Update to the Board of Trustees, including asset allocation, rebalancing, performance, the status of investment initiatives, and forward planning. He reviewed the rebalancing transactions conducted in September and noted that additional transactions were expected to bring the asset allocation close to target by the end of 2023.

Noting the potential for a large number of investment manager interviews in December, Trustee Suess suggested moving the Bank Loan interviews to January of 2024. CIO Custer stated that he would take that into consideration during the process.

### 3.2a- Global/International Small Cap Manager Search Update:

CIO Custer provided an update regarding the International Small-Cap search and answered questions. He noted that the search process was approximately two weeks behind the original schedule due to the large number of quality firms to be considered. The evaluation team identified the 15 highest-caliber candidates, and these were invited to submit proposals. Fourteen of the highest caliber candidates submitted proposals, and one declined due to concerns about MWDBE brokerage goals. Twenty-eight additional proposals were received, which included submissions by Emerging Managers and MWDBE Managers. No proposals were received from Veteran-owned candidates. The evaluation team has completed interviews with the nine highest-caliber candidates and are now in the final evaluation process. Staff is leaning toward a core/satellite approach with three active

managers: core, value, and growth. A final recommendation is planned for the December 15, 2023, Board meeting, including Board interviews of the top two managers for each role.

## **Board of Trustees**

### 4.1- Strategic Goals and Objectives:

Executive Director White briefed the Board about the recent Strategic Plan process that included the Board of Trustees approving a Mission Statement, Vision Statement, Core Values and Goals at the last meeting. The next step is reviewing and approving specific objectives tied to each of the approved organizational goals. The objectives are generalized for the purpose of approving the objective and the next steps in the planning process will be the development and approval of individual action plans for each objective that will drill even further down into the tasks, timelines, milestones, and performance metrics that are required to achieve these objectives.

Based on today's discussion, the objectives will be presented again at the December Board of Trustees meeting, along with an anticipated timeline of how goals and objectives will be reached as well as the development of action plans.

Trustee Holleb requested that a timeline be provided, along with a plan, to detail how goals and objectives would be reached.

A motion was made by Trustee Poulos and seconded by Trustee Swanlund to approve the strategic plan objectives.

Motion carried by roll call vote.

Ayes-Trustees Suess, Swanlund, Catavu, Poulos, Inman, Cole

Nayes-Trustee Holleb

Absent-Trustee Hopkins

Vacant- 1

### 4.2- Meeting Calendar for 2024:

Executive Director White briefed the Board of Trustees on the proposed meeting calendar for 2024. This calendar contains eight (8) Board of Trustees Meetings and three (3) Committee Meeting dates with the possibility of a fourth. Executive Director White answered all questions.

A motion was made by Trustee Cole and seconded by Trustee Inman to approve the 2024 Meeting Calendar as presented.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Hopkins

Vacant- 1

#### 4.3- Regional Stakeholder Meeting Calendar for 2024:

Executive Director White briefed the Board of Trustees on the proposed Regional Stakeholder Meeting calendar for 2024. He explained the purpose and goals of each meeting, as well as the key players involved in speaking at each event. In 2024 there are four (4) meetings scheduled in various locations in Illinois for participants and retirees to attend. The schedule is subject to change, as necessary. Executive Director White answered all questions.

A motion was made by Trustee Catavu and seconded by Trustee Swanlund to approve the 2024 Regional Stakeholder Meeting Calendar as presented.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Hopkins

Vacant- 1

#### 4.4- Transition of Assets- Transition Report:

Chief Financial Officer Tuczak discussed the Transition of Assets Report with the Board of Trustees and answered all questions. This report is presented to summarize the transition of assets for the period of January 1, 2020, to December 31, 2022. Chief Financial Officer Tuczak explained to the Board of Trustees the progression of the 13 tranches and the total number of funds that had transitioned as of August 2023. 333 funds have successfully transitioned to the IPOPIF fund.

In response to a question about the financial information in the report, Chief Financial Officer Tuczak stated that the financial information in the report is through the most recent audited financial statements as of and for the year ending June 30, 2022. Ms. Tuczak indicated that

more recent information as of and for the year ending June 30, 2023, is currently under audit, and she recommended that financial information pertaining to more current time periods not be included until the fiscal year 2023 audit is finalized. The Board discussed the end-date of the report and requested that the Chief Financial Officer consider providing more current financial information with appropriate notes for the reader.

Trustee Cole requested information as to who this report is being generated for and how it will be presented to the public, the General Assembly, or anyone outside IPOPIF. Executive Director White explained how he would create a presentation for each individual fund to receive a report, as well as a general report to be posted to the website. Chair Sues requested that the report provide more detail. Chair Sues requested to revisit this topic at the December Board meeting.

The Board of Trustees tabled this agenda item to the December Board of Trustees' meeting.

#### 4.5- Governance Policies:

Executive Director White presented the Executive Director Job Description policy (PP-2020-02), the Chief Investment Officer Job Description Policy (PP-2020-12), Chief Financial Officer/Assistant Executive Director Job Description Policy (PP-2021-06), Investment Officer Job Description Policy (PP-2021-02), Investment Analyst Job Description (PP-2021-03), Audit and Budget Committee Policy (PP-2020-09), Legislative Committee Policy (PP-2020-08), Governance Committee Policy (PP-2020-13), Procurement of Investment Services Policy (PP-2021-07), Budget Administration Policy (PP-2021-01), Account Payable Policy (PP-2020-04), Cash Reserve Policy (PP-2021-09), Ethics Policy (PP-2020-07), Travel Policy (PP-2023-01), Education and Training Policy (PP-2023-05), Chief Financial Officer Job Description Policy (PP-2020-05) and noted that these policies were all reviewed and approved by their respective Committees at the September 14, 2023 Committee Meetings. Any recommendations or revisions were made, and all are being recommended for approval by the Board of Trustees.

Trustee Cole requested that the revised policies be provided to the Trustees.

A motion was made by Trustee Cole and seconded by Trustee Poulos to approve the Executive Director Job Description policy (PP-2020-02), the Chief Investment Officer Job Description Policy (PP-2020-12), Chief Financial Officer/Assistant Executive Director Job Description Policy (PP-2021-06), Investment Officer Job Description Policy (PP-2021-02), Investment Analyst Job Description (PP-2021-03), Audit and Budget Committee Policy (PP-

2020-09), Legislative Committee Policy (PP-2020-08), Governance Committee Policy (PP-2020-13), Procurement of Investment Services Policy (PP-2021-07), Budget Administration Policy (PP-2021-01), Account Payable Policy (PP-2020-04), Cash Reserve Policy (PP-2021-09), Ethics Policy (PP-2020-07), Travel Policy (PP-2023-01), Education and Training Policy (PP-2023-05), Chief Financial Officer Job Description Policy (PP-2020-05).

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Hopkins

Vacant- 1

## **Governmental Liaison**

### 5.1- Governmental Liaison Report:

Bukola Bello, Vision MAI, briefed the Board of Trustees and answered all questions. Ms. Bello briefed the Board of Trustees on September 28, 2023, House Personnel and Pensions Committee hearing on Police/Fire/Public Safety positions update and review. Executive Director White testified on IPOPIF's behalf and provided a status update of the Fund regarding the consolidation of assets, the investment portfolio, and the litigation.

Ms. Bello discussed two House Bills (HB 4098 and HB 4099) which would make changes to Tier 2 benefits for members or participants under the 5 state-funded retirement systems and the Chicago Teachers' Pension Fund. HB 4099 would introduce amendments to the Pension Code, including the General articles, the downstate police and fire articles, and the state employee articles.

Liaison Bello noted that there has been additional discussion regarding the Open Meetings Act (OMA) to try and pass an option for those who are unable to attend in person. She referenced a newly introduced bill HB 4162 (West) in this regard. Trustee Cole noted that the IML was of the opinion that it is an ongoing discussion and noted that the Attorney General did not oppose the bill. Trustee Suess asked if the bill would address the ability to hold committee meetings remotely and Liaison Bello noted that she could follow up on this.

Ms. Bello also covered the dates for the two upcoming fall veto sessions. October 24-October 26, 2023, is the first session and the second is November 7- November 9, 2023.

Ms. Bello answered all questions.

## **Finance**

### 6.1- Monthly Financial Statement- August 2023:

Chief Financial Officer Tuczak briefed the Board of Trustees on the August Monthly Financial Statement. The Statements of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position now display a comparative format that includes prior year information which provides an additional point of reference and enables the user to compare current activity to the previous year. Per the requirements of the Budget Administration Policy, Chief Financial Officer Tuczak addressed the costs associated with the Trustee election which have been incurred but were not included in the fiscal year budget. These costs pertain to the vacant trustee position, noting total costs are estimated to be approximately \$19K. Ms. Tuczak also noted that the last three pages of the monthly financials include comparative information of actual versus budgeted expenses. Chief Financial Officer Tuczak answered all questions.

A motion was made by Trustee Inman and seconded by Trustee Poulos to approve the monthly financial statement for August 2023.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Hopkins

Vacant- 1

### 6.2- Warrant #2024-04:

Finance Director Tuczak briefed the Board of Trustees on Warrant #2024-04 and answered all questions.

A motion was made by Trustee Poulos and seconded by Trustee Swanlund to ratify Warrant #2024-04.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Hopkins

Vacant- 1



### 6.3- Agreed Upon Procedures:

At the July 21, 2023, meeting, the Board considered two options to conduct examinations, pursuant to 40 ILCS 5/1A-104, of each participating police pension fund established under Article 3 of the Illinois Pension Code. The Board directed Fund staff to prepare a Request for Proposals for Independent Certified Public Accounting firms to perform these procedures. A draft Request for Proposals (RFP) was prepared and submitted to the Audit and Budget Committee at their meeting on September 14, 2023. The Audit and Budget Committee recommended that the RFP be submitted to the Board for approval.

Trustee Suess asked if it would be feasible to begin July 1, to coincide with the beginning of the fiscal year. Attorney Reimer offered that beginning the process before the next fiscal year would likely assist the Article 3 funds and may result in the IDOI not charging the annual compliance fee which is assessed at June 30. The Board directed that the proposed schedule was acceptable.

A motion was made by Trustee Poulos and seconded by Trustee Swanlund to approve the Agreed Upon Procedures RFP as submitted.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nays- None

Absent- Trustee Hopkins

Vacant- 1

## **Operations**

### 7.1- Operations Update:

Executive Director White updated the Board on Operations regarding upcoming speaking engagements, the Regional Stakeholder Meeting on October 17, 2023, employee benefits, the upcoming Special Trustee Election, and upcoming Board of Trustees Meetings and Committee Meetings. The monthly investment reports have been posted to the Fund's website for the month of September. Open enrollment occurred in September, and Employee/Employer contributions increased by approximately 9% for BCBS medical plans. This is consistent across all the medical plans. Dental plans also increased, though smaller in comparison. The cost is in effect October 1, 2023. Regarding the Special Trustee Election, on November 3, 2023, the election results will be released, with a challenge period from

November 7, 2023, through November 16, 2023. The newly elected Trustee will be seated at the December 15, 2023, Board of Trustees' Meeting. Executive Director White answered all questions.

## **Minutes**

### 8.1- Minutes:

Executive Director White presented to the Board of Trustees the minutes of the regular Board of Trustees' meeting held on September 15, 2023.

A motion was made by Trustee Inman and seconded by Trustee Cole to approve the minutes of the September 15, 2023, regular Board of Trustees Meeting as presented.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Hopkins

Vacant- 1

## **Fiduciary Legal Counsel**

### 10.0- Fiduciary Legal Counsel:

Fiduciary Counsel Muzzy informed the Board of Trustees that on Wednesday the Plaintiffs-Appellants filed their reply brief with the Supreme Court, which Executive Director White sent to the Litigation Committee.

## **General Legal Counsel**

### 9.0-General Legal Counsel:

General Legal Counsel Reimer noted that he did not have a report for the Board of Trustees.

Public Comment

### 12.0 Public Comment:

An opportunity for public comment was provided at 10:30 AM. No comments were heard, and no discussion was provided.

## **Closed Session (if necessary)**

### 9.1- Closed Session:

A motion was made by Trustee Inman and seconded by Trustee Poulos to enter into closed session at 10:38 AM in accordance with the exceptions under 5 ILCS 120/2(c)(1) to discuss the appointment, employment, compensation, discipline, performance, or dismissal of specific employees and specific individuals.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Hopkins

Vacant- 1

A motion was made by Trustee Inman and seconded by Trustee Swanlund to return to open session at 10:57 AM.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Hopkins

Vacant- 1

## **General Legal Counsel**

### 9.1- General Legal Counsel:

General Legal Counsel Reimer noted that the Board of Trustees met in closed session to discuss matters pertaining to 5 ILCS 120/2 c (1); The appointment, employment, compensation, discipline, performance, or dismissal of specific employees and specific individuals. Attorney Reimer noted that the meeting was recorded and there was no reportable action from the closed session.

## **Adjournment**

### 13.0- Adjournment:

A motion was made by Trustee Swanlund and seconded by Trustee Inman to adjourn the Board of Trustees' meeting at 11:00 AM.

Motion carried by roll call vote.

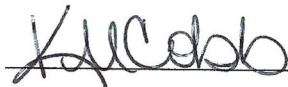
Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Hopkins

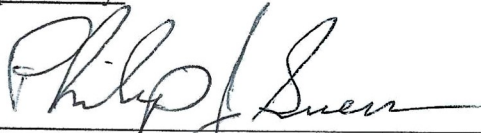
Vacant- 1

Respectfully submitted by:



Kate Cobb, Administrative Analyst

Approved by:



Phil Suess, Chairperson, Board of Trustees



Lee Catavu, Secretary, Board of Trustees

Date Approved by the Board of Trustees: December 15, 2023