

**BOARD MEMBERS****Shawn Curry**

Participant Representative  
Peoria, IL

**Lee Catavu**

Participant Representative  
Aurora, IL

**Paul Swanlund**

Participant Representative  
Bloomington, IL

**Daniel Hopkins**

Beneficiary Representative  
Collinsville, IL

**Mark Poulos**

Beneficiary Representative  
Rock Island, IL

**Elizabeth Holleb**

Municipal Representative  
Lake Forest, IL

**Michael Inman**

Municipal Representative  
Macomb, IL

**Phil Suess**

Municipal Representative  
Wheaton, IL

**Brad Cole**

Illinois Municipal League  
Representative  
Carbondale, IL

Notice is hereby given that the Board of Trustees of the Illinois Police Officers' Pension Investment Fund will conduct a regular meeting on **Friday, April 14, 2023, at 10:00 a.m.** at the Peoria Marriott Pere Marquette, Marquette Ballroom: Salon B, located at 501 Main St, Peoria, IL 61602. This meeting will also be held on the Zoom video-conferencing platform in accordance with the Gubernatorial Disaster Proclamation issued on 03-31-23 and Public Act 101-0640. By entering this meeting, participants agree to be audio and video recorded.

**Zoom Invite:**

Dial by your location

+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Germantown)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

**Meeting ID: 865 7523 4144**

**Passcode: 431906**

**<https://zoom.us/join>**

**AGENDA**

*Times are  
Approximate*

10:00 a.m. **1. Call to Order**

10:01 a.m. **2. Roll Call**

10:02 a.m. **3. Investments**

a. Investment Update

b. Investment Policy Statement: Approve Asset Allocation Recommendation <sup>1,3</sup>

c. Approve Investment Officer Recruitment <sup>1</sup>

10:45 a.m. **4. Governmental Liaison's Report**

a. Monthly Report: April 2023

b. Review IPOPIF Legislative Items

11:00 a.m. **5. Administration and Operations**

a. Actuarial

i. Review changes to the 2023 Actuarial Valuation Reporting Template

11:15 a.m. b. Human Resources

i. Approve Communications Specialist Job Description & Salary Range <sup>1</sup>

ii. Approve Information Technologist Job Description & Salary Range <sup>1</sup>

11:30 a.m. c. Finance

i. Approve Monthly Financial Reports: December 2022, January 2023, and February 2023 <sup>1</sup>

ii. Ratify Warrants #62 and 63 <sup>1</sup>

iii. Status of Illinois Finance Authority (IFA) Loan Balance

iv. Approve Resolution Designating Authorized Signers for Lake Forest Bank & Trust Account <sup>1</sup>

Message from Board Chairperson:

*"As Chairperson of the IPOPIF, I find that in-person committee and board meetings are not practical or prudent due to the current pandemic. In addition, I find that I do not have to physically be present at the IPOPIF office because it is not feasible due to the Governor's March 31, 2023 disaster proclamation. These findings shall remain in effect until April 29, 2023. – Phil Suess*

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- v. Approve Resolution Amending the Fiscal Year 2023 Budget <sup>1</sup>
- vi. Review Fiscal Year 2024 Budget
- vii. Approve Agreed-Upon Procedures, Fees, and Statement of Work for Post-Transition Audit <sup>1</sup>

12:30 p.m. **6. Board Recess**

1:00 p.m. **7. Resume Open Session: Administration and Operations Continued**

- d. Governance
  - i. Approve Revisions to Bylaws <sup>1,3</sup>
  - ii. Approve Revisions to Cash Management Policy <sup>1</sup>

1:20 p.m. e. Administrative Status Update

1:30 p.m. **8. Meeting Minutes**

- a. Approve Board Meeting Minutes <sup>1</sup>
  - i. February 10, 2023 Special Board Meeting and Closed Sessions <sup>2</sup>
  - ii. March 17, 2023 Regular Board Meeting
- b. Accept Approved Committee Meeting Minutes <sup>1</sup>
  - i. Audit & Budget Committee: January 19 and March 2, 2023
    - 1. Closed Session: March 2, 2023
  - ii. Contract Committee: January 23, February 24, and March 6, 2023
    - 1. Closed Sessions: February 24 and March 6, 2023
  - iii. Election Committee: September 1, 2022
  - iv. Governance Committee: January 10, 2023

1:40 p.m. **9. Legal Updates**

- a. Fiduciary Legal Counsel's Report
  - i. IFA Request for Indemnification

2:15 p.m. b. General Legal Counsel's Report

- i. Approve Employment Agreement: Chief Investment Officer <sup>1,2,3</sup>

2:16 p.m. **10. Closed Session (if necessary)**

3:25 p.m. **11. Public Comment (press \*6 to unmute)**

3:30 p.m. **12. Adjournment** <sup>1</sup>

<sup>1</sup> Action Item

<sup>2</sup> Closed Session Items:

**8(a)(i):** In accordance with 5 ILCS 120/2(c)(21) closed session exception: Discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated by Section 2.06.

**9(b)(i):** In accordance with 5 ILCS 120/2(c)(1) closed session exception: The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity.

<sup>3</sup> In accordance with 40 ILCS 5/22B-117(c): All actions taken by the transition board and the permanent board shall require a vote of at least 5 trustees, except that the following shall require a vote of at least 6 trustees: the adoption of actuarial assumptions; the selection of the chief investment officer, fiduciary counsel, or a consultant as defined under Section 1-101.5 of this Code; the adoption of rules for the conduct of election of trustees; and the adoption of asset allocation policies and investment policies.

## Investment Update

As of April 7, 2023

# Transfer Status

- 324 funds fully transferred and reconciled
- 4 funds still in process from 2022
  - One fund – Transfer expected soon
  - Two funds – Received most assets but waiting on residual assets
  - One fund – Received all assets, reconciliation is in process
- 4 funds (~\$38M) scheduled to transfer 5/1/23
  - Initial documentation complete
  - Received asset lists for all funds
  - Asset certification to begin 4/10/23
- 15 litigant funds (~\$1.2B)
- 10 funds (~\$74M) did not transfer assets to IPOPIF

# Asset Allocation 4/6/23

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
<b>Growth</b>	<b>4,473</b>	<b>49.8%</b>	<b>4,495</b>	<b>50.0%</b>	<b>(22)</b>	<b>-0.2%</b>
RHUMBLINE US LARGE	1,630	18.1%	1,618	18.0%	12	0.1%
RHUMBLINE US SMALL	414	4.6%	449	5.0%	(35)	-0.4%
SSGA NON-US DEVELOPED	1,362	15.1%	1,348	15.0%	13	0.1%
SSGA NON-US DEVELOPED SC	441	4.9%	449	5.0%	(8)	-0.1%
SSGA EM EQUITY	626	7.0%	629	7.0%	(3)	0.0%
<b>Income</b>	<b>1,437</b>	<b>16.0%</b>	<b>1,438</b>	<b>16.0%</b>	<b>(1)</b>	<b>0.0%</b>
SSGA HIGH YIELD	897	10.0%	899	10.0%	(2)	0.0%
SSGA EM DEBT	541	6.0%	539	6.0%	1	0.0%
<b>Inflation Protection</b>	<b>788</b>	<b>8.8%</b>	<b>809</b>	<b>9.0%</b>	<b>(21)</b>	<b>-0.2%</b>
SSGA TIPS	273	3.0%	270	3.0%	3	0.0%
SSGA REITS	339	3.8%	360	4.0%	(21)	-0.2%
PRINCIPAL US PROPERTY	176	2.0%	180	2.0%	(3)	0.0%
<b>Risk Mitigation</b>	<b>2,292</b>	<b>25.5%</b>	<b>2,247</b>	<b>25.0%</b>	<b>44</b>	<b>0.5%</b>
IPOPIF CASH	290	3.2%	270	3.0%	20	0.2%
SSGA ST GOV-CREDIT	1,357	15.1%	1,348	15.0%	9	0.1%
SSGA CORE BONDS	645	7.2%	629	7.0%	16	0.2%
<b>Total Investment Pool</b>	<b>8,990</b>	<b>100.0%</b>	<b>8,990</b>	<b>100.0%</b>	<b>-</b>	<b>0.0%</b>
Transition Pool	31					
Participant Fund Accounts	0					
<b>Grand Total</b>	<b>9,021</b>					

# Performance Highlights 2022

Quarter Ended 12/31/22	4Q22	Since 4/1/22
IPOPIF Investment Portfolio	6.8%	-9.0%
Policy Benchmark*	6.6%	-9.3%
Broad Benchmark**	8.4%	-12.6%

- Performance has been in line with the Policy Benchmark reflecting the utilization of passive (index) investment managers.
- Relative to the Broad Benchmark, 3.6% outperformance since 4/1/22 and 1.6% underperformance in 4Q22 reflect IPOPIF's conservative short-term allocation, which is underweight to growth assets and served to mitigate performance volatility during the 2022 market correction.
- Passive investment management fees are 0.013%/yr.
- Detailed report available on the IPOPIF website ([link](#))

\*The Policy Benchmark includes a weighted average of the asset class benchmarks and is used to evaluate implementation of the asset allocation.

\*\*The Broad Benchmark is a 70/30 mix of global stocks and bonds and is used to evaluate the asset allocation.

# Performance Highlights 2023

Preliminary	January	February	Since 4/1/22
IPOPIF Investment Portfolio	5.2%	-2.2%	-6.4%
Policy Benchmark	5.2%	-2.2%	-6.6%
Broad Benchmark	6.2%	-2.9%	-10.0%

- Performance remains in line with the Policy Benchmark reflecting the utilization of passive (index) investment managers.
- IPOPIF's conservative short-term allocation, which is underweight to growth assets, continues to mitigate performance volatility and outperform the Broad Benchmark over the long term.
- Monthly reports available on the IPOPIF website ([link](#))

\*The Policy Benchmark includes a weighted average of the asset class benchmarks and is used to evaluate implementation of the asset allocation.

\*\*The Broad Benchmark is a 70/30 mix of global stocks and bonds and is used to evaluate the asset allocation.

# Key Investment Initiatives (1)

Initiative	Status
Develop long-term asset allocation implementation plan	Investment overview developed and reviewed at March Board meeting. Will now evaluate project planning processes, tools, and exhibits to show path and progress.
Revise Short-term Asset Allocation	April Board Agenda Item.
Investment Staff Recruitment	Seeking two additional investment officers to work from the Peoria office. Private market experience preferred. Held planning meeting with HR. Confirming Board approval.
Evaluate small cap equity and multi-asset class credit (MAC) for search recommendation	Staff gathering information and planning the evaluation.



# Key Investment Initiatives (2)

Initiative	Status
Gather information in preparation for potential private markets consultant search recommendation	Three informational meetings. More to come.
Transfer outstanding assets	Progress on residual 2022 assets. May 1 transfer on track.
Develop plan for addressing non-transferrable assets	Some annuity information collected. PPF communication needed. Verus to assist with evaluation.
Develop Investment Communication Materials	Developed 2022 Transfer Performance Summary. Broader materials to be developed.
Develop compliance review and reporting matrix	To be developed

# March Operational Review

- Transfers – Closed out 8 delayed transfers, including reconciliation and final AUP reports

AUP: CPA agreed upon procedures

- Invoicing

- Received custody invoices through 12/31/22 and initiated review. Takes time due to verify all elements of fee structure.
- Substantial progress on SSGA invoicing. All 2022 investment management invoices (n=106) have been reviewed and paid.

- Cash Management

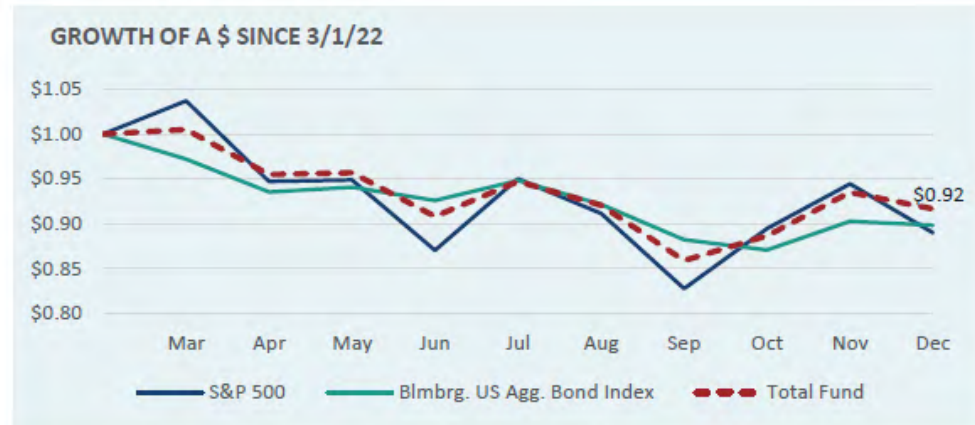
- 238 PPF eCFM transactions and 5 PPF cash LODs

PPF: Participating Police Pension Fund, LOD: Letter of Direction

- Approved 20 additional funds and 58 users for eCFM access
- eCFM access up to 285 funds and 757 users
- Conducted Fund rebalancing to deploy excess cash
- FY24 budget preparation
- Evaluation of reporting adjustments related to EMD and MBS
- Reviewed and posted February Participating Fund reports and IPOPIF investment report.

# 2022 IPOPIF Performance by Tranche

- 2022 was a difficult year for investments across asset classes:
  - The S&P 500 fell 18.1% for the full year and 11.0% for the 10 months beginning March 1<sup>st</sup> (when the Member Fund transfers began); and
  - Core bonds fell 13.0% and 10.1%, respectively, over the same time periods.
- The Total Fund was down 8.4% from the date of the first scheduled transfer (3/1/22) through year-end, reflecting general market trends but outperforming US stocks and bonds as a result of broader diversification. The Total Fund also modestly exceeded its Policy Benchmark\* (by 40 basis points, or 0.4%, since inception).



Tranche	Scheduled Transfer Date	Individual Member Fund Returns			Benchmark Return
		High	Low	Median	
1	1-Mar	-8.2%	-8.9%	-8.5%	-8.8%
2	1-Apr	-8.4%	-9.6%	-8.8%	-9.3%
3	3-May	-1.6%	-5.6%	-3.5%	-4.5%
4	1-Jun	-1.3%	-5.7%	-4.5%	-4.6%
5	24-Jun	4.6%	0.5%	1.7%	1.2%
6	1-Aug	-1.4%	-4.2%	-3.4%	-2.9%
7	1-Sep	12.5%	-2.8%	-0.6%	-0.6%
8	3-Oct	9.2%	4.0%	6.9%	6.6%
9	1-Nov	3.7%	0.9%	2.9%	3.8%
10	1-Dec	-0.8%	-6.5%	-2.9%	-1.9%

- The since-inception performance for each Member Fund is dependent on the market return available from the time of transfer through year-end.
- The range of returns across tranches varies due to market volatility.
- The variance of returns within an individual tranche is primarily driven by the performance of transferred assets prior to transition to the target portfolio. Partial receipts can result in a larger variance, potentially offset in the legacy portfolio.
- Returns are shown gross-of-fees. Investment management fees for the IPOPIF are approximately 3 basis points (or 0.03%) on an annualized basis.

\*The Policy Benchmark is calculated using representative index returns for each asset class in the IPOPIF strategic asset allocation, weighted by asset allocation targets.

# Transition Management Review

- Portfolio Transitions have been very successful
- \$8.7 Billion transitioned through February 2023
- Implementation Shortfall: \$2.8 million
  - Amount transition portfolio lagged the target portfolio
- Commissions: \$1.5 million (hit cap in September)
- Total Cost \$4.3 million, 4.9 basis points (bps) (0.049%) vs. weighted average estimate of 8.0 bps

Asset Type	Market Value	In-Kind Value	In-Kind %
Mutual Funds	\$4,189	0	0%
ETFs	559	0	0%
Stocks	579	374	65%
Bonds	2,969	482	16%

Dollars in Millions

# Preliminary Agenda Planning

6/9/23	9/15/23	12/15/23	March 2024
Small cap search request	Small Cap search recommendation	High-yield search request	High-yield search recommendation
	Multi-asset credit (MAC) search request	MAC search recommendation	Bank Loan search request
Private Markets Education	Private Markets Strategic Plan & Search Request	Private Markets Search Recommendation	
Service Provider Review TBD	Principal US Property Account Review	Service Provider Review TBD	Service Provider Review TBD
Quarterly: Investment Update, Performance Review, Compliance Review, Investment Implementation Status			

**MEMORANDUM**

DATE: April 6, 2023  
TO: IPOPIF Board of Trustees  
FROM: Kent Custer, Chief Investment Officer  
SUBJECT: Asset Allocation Recommendation

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**Recommendation**

That the Board of Trustees approve the proposed revision to the Investment Policy Asset Allocation as detailed below, to be implemented at the discretion of the Chief Investment Officer. In accordance with 40 ILCS 5/22B-117(c) this change will require a vote of at least 6 trustees.

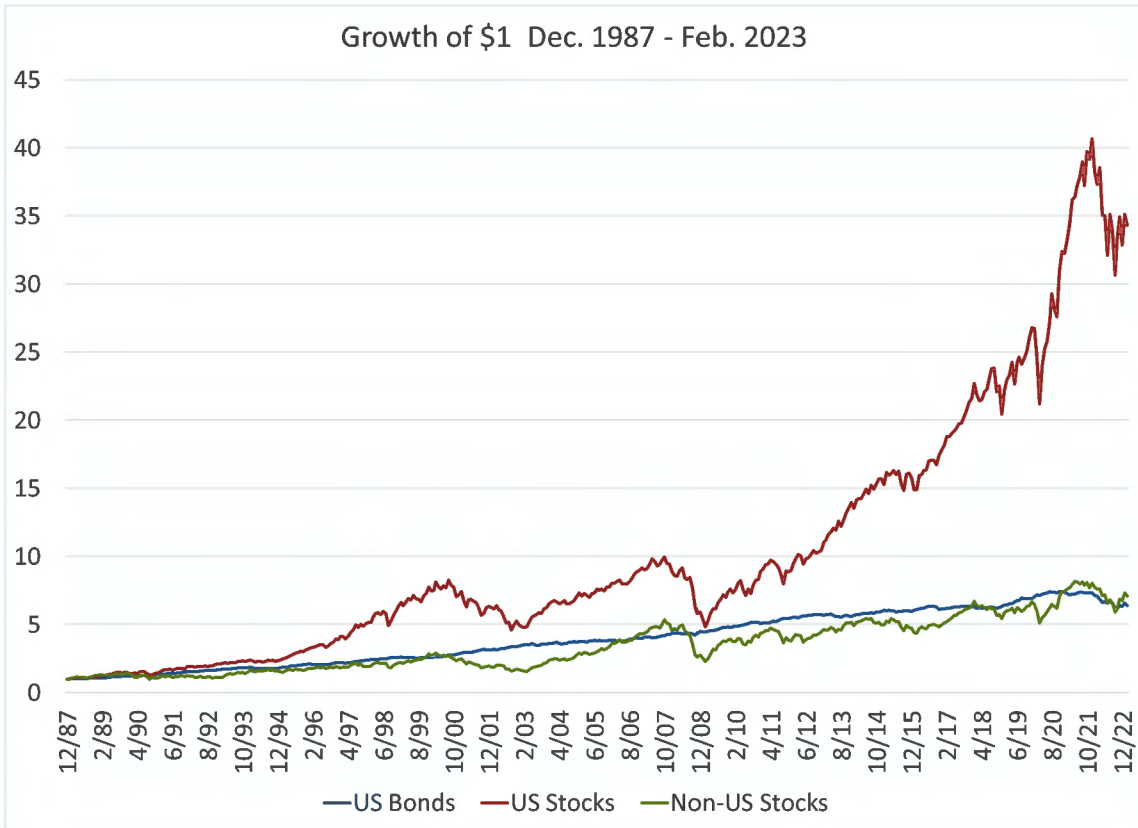
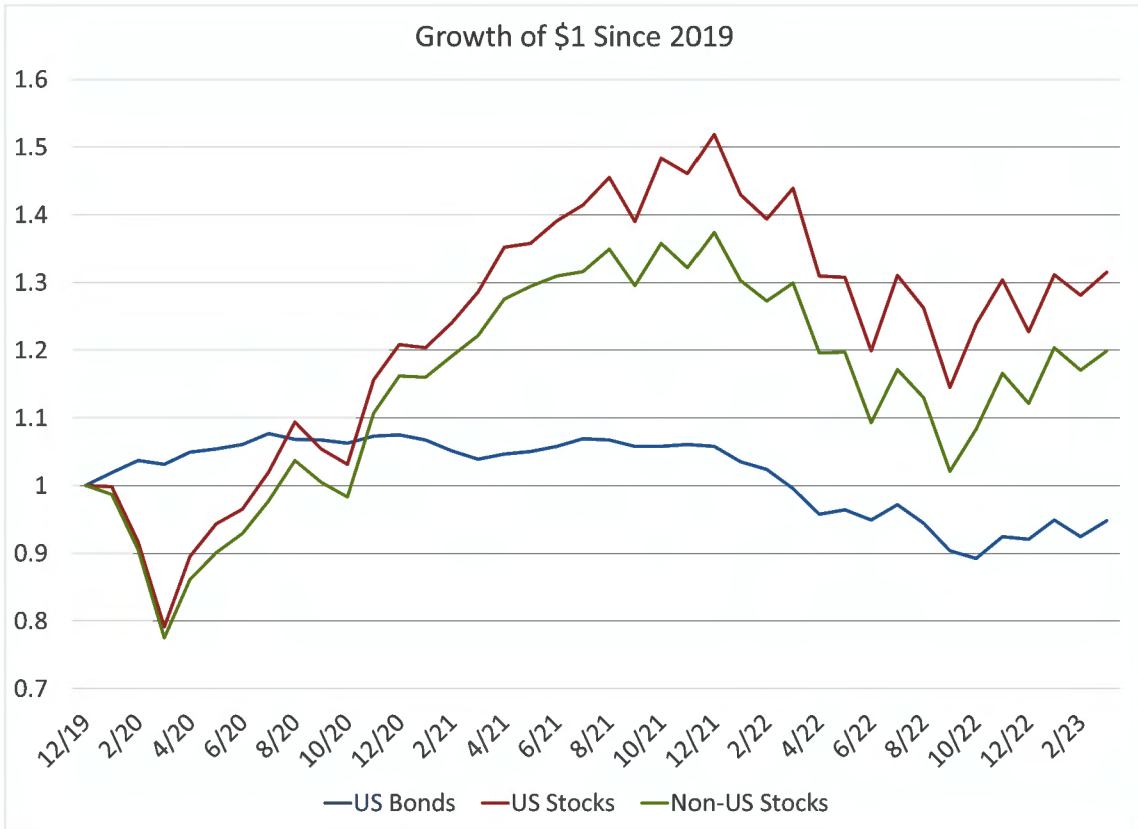
**Summary**

Given the 2022 equity correction, up vs. down risk is now more balanced, supporting an allocation shift toward long-term targets. Verus concurs with this recommendation.

**Discussion**

- The short-term allocation was established to accommodate the initial IPOPIF transition and the subsequent buildout of diversified strategies, including private market investments.
- Initial allocations to public equities were 8% underweight to long-term allocations, reflecting awareness of heightened valuation risk in late 2021 as IPOPIF prepared to begin the asset transition.
- Equity valuations peaked in December 2021, declined approximately 25% through September 2022, and then recovered somewhat in subsequent months. US Equities (Russell 3000 index) and international equities (MSCI ACWI IMI) are both down 13%, through March 2023.
- Interest rates have increased sharply, with the 10-year Treasury yield rising from 1.51% at the end of 2021 to a peak of 4.23% in October 2022 and standing at 3.49% at the end of March 2023. Bond prices have declined as a result. The Bloomberg US Aggregate Bond index is down 12% from Dec. 2021 through March 2023.
- Given the market corrections summarized above, I view the opportunity and risk for equities to be in better balance. The rationale for the tactical underweight has weakened and there is an increased risk of missing out on equity upside.
- The balancing allocation reductions would come from cash and Core Fixed income being reduced to long-term targets and a reduction from Short-term Gov/Credit.
- The key risk associated with this recommendation is that equities will underperform fixed income. Possible drivers of equity underperformance could be a slowing economy or rising long-term interest rates.





## Recommended Short-Term (ST) Asset Allocation Change

Allocation	Current			Proposed		
	Long-term	Short-term	ST vs LT	Change	New ST	ST vs LT
<b>Growth</b>	<b>65.0%</b>	<b>50.0%</b>	<b>-15.0%</b>	<b>8.0%</b>	<b>58.0%</b>	<b>-7.0%</b>
US Large	23.0%	18.0%	-5.0%	+5.0%	23.0%	0.0%
US Small	5.0%	5.0%	0.0%		5.0%	0.0%
International Developed	18.0%	15.0%	-3.0%	+3.0%	18.0%	0.0%
International Developed Small	5.0%	5.0%	0.0%		5.0%	0.0%
Emerging Markets	7.0%	7.0%	0.0%		7.0%	0.0%
Private Equity (Direct)	7.0%	0.0%	-7.0%		0.0%	-7.0%
<b>Income</b>	<b>14.0%</b>	<b>16.0%</b>	<b>2.0%</b>	<b>0.0%</b>	<b>16.0%</b>	<b>2.0%</b>
Bank Loans	3.0%	0.0%	-3.0%		0.0%	-3.0%
High Yield Corp. Credit	3.0%	10.0%	7.0%		10.0%	7.0%
Emerging Market Debt	3.0%	6.0%	3.0%		6.0%	3.0%
Private Credit	5.0%	0.0%	-5.0%		0.0%	-5.0%
<b>Inflation Protection</b>	<b>11.0%</b>	<b>9.0%</b>	<b>-2.0%</b>	<b>0.0%</b>	<b>9.0%</b>	<b>-2.0%</b>
US TIPS	3.0%	3.0%	0.0%		3.0%	0.0%
REITs	0.0%	4.0%	4.0%		4.0%	4.0%
Real Estate/Infrastructure	8.0%	2.0%	-6.0%		2.0%	-6.0%
<b>Risk Mitigation</b>	<b>10.0%</b>	<b>25.0%</b>	<b>15.0%</b>	<b>-8.0%</b>	<b>17.0%</b>	<b>7.0%</b>
Cash	1.0%	3.0%	2.0%	-2.0%	1.0%	0.0%
Short-Term Gov't/Credit	3.0%	15.0%	12.0%	-2.0%	13.0%	10.0%
US Treasury	3.0%	0.0%	-3.0%		0.0%	-3.0%
Core Fixed Income	0.0%	7.0%	7.0%	-4.0%	3.0%	3.0%
Core Plus Fixed Income	3.0%	0.0%	-3.0%		0.0%	-3.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>

- The most significant difference between the current short-term and the long-term allocations is the 15% underweight to the public equity asset classes in the Growth category and the corresponding underweight to risk-mitigation asset classes.
- The proposed allocation change would bring all public equities and cash to their long-term targets. The Growth underweight and Risk Mitigation overweight would be reduced from 15% to 7%.
- The remaining variances between short-term and long-term allocations are shown in the far-right column. Resolving these variances require searches for active managers to implement the corresponding asset class exposure.



## Revised IPS Appendix A2

### Appendix A2 – ASSET ALLOCATION

The IPOPIF has adopted short-term and long-term asset allocation targets. Short-term targets are necessary to accommodate the initial IPOPIF transition and the subsequent buildout of diversified strategies, including private market investments. Short-term targets and rebalancing ranges will be updated periodically, with Board approval, as new investments move the allocation toward the long-term targets. Rebalancing and the Policy Benchmark will be based on short-term targets. Rebalancing ranges are not included where liquidity constraints prevent rebalancing.

IPOPIF Asset Allocation	Interim (current)				Long-term Target Allocation
	Target Allocation	Rebalancing Range			
		Band	Lower	Upper	
<b>Asset Classes</b>					
<b>Growth</b>	<b>58.0%</b>	<b>10.0%</b>	<b>53.0%</b>	<b>63.0%</b>	<b>65.0%</b>
US Large	23.0%	4.0%	21.0%	25.0%	23.0%
US Small	5.0%	2.0%	4.0%	6.0%	5.0%
International Developed	18.0%	4.0%	16.0%	20.0%	18.0%
International Developed Small	5.0%	2.0%	4.0%	6.0%	5.0%
Emerging Markets	7.0%	2.0%	6.0%	8.0%	7.0%
Private Equity (Direct)	0.0%	N/A	N/A	N/A	7.0%
<b>Income</b>	<b>16.0%</b>	<b>4.0%</b>	<b>14.0%</b>	<b>18.0%</b>	<b>14.0%</b>
Bank Loans	0.0%	N/A	N/A	N/A	3.0%
High Yield Corp. Credit	10.0%	2.0%	9.0%	11.0%	3.0%
Emerging Market Debt	6.0%	2.0%	5.0%	7.0%	3.0%
Private Credit	0.0%	N/A	N/A	N/A	5.0%
<b>Inflation Protection</b>	<b>9.0%</b>	<b>4.0%</b>	<b>7.0%</b>	<b>11.0%</b>	<b>11.0%</b>
US TIPS	3.0%	2.0%	2.0%	4.0%	3.0%
REITs	4.0%	2.0%	3.0%	5.0%	0.0%
Real Estate/Infrastructure	2.0%	N/A	N/A	N/A	8.0%
<b>Risk Mitigation</b>	<b>17.0%</b>	<b>8.0%</b>	<b>13.0%</b>	<b>21.0%</b>	<b>10.0%</b>
Cash	1.0%	2.0%	0.0%	2.0%	1.0%
Short-Term Gov't/Credit	13.0%	4.0%	11.0%	15.0%	3.0%
US Treasury	0.0%	N/A	N/A	N/A	3.0%
Core Fixed Income	3.0%	2.0%	2.0%	4.0%	0.0%
Core Plus Fixed Income	0.0%	N/A	N/A	N/A	3.0%
<b>Total</b>	<b>100.0%</b>				<b>100.0%</b>

**MEMORANDUM**

DATE: April 7, 2023  
TO: IPOPIF Board of Trustees  
FROM: Kent Custer, Chief Investment Officer  
SUBJECT: Approval of Investment Officer Recruitment

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**Recommendation**

That the Board of Trustees approve or confirm the approval to recruit two additional Investment Officers.

**Background**

- The Board approved the Position Descriptions and salary ranges for the Investment Analyst and Investment Officer positions in April of 2023. The position descriptions are available for viewing in the Policies section of the IPOPIF website.  
<https://www.ipopif.org/governing-documents/policies/>
- Steve Yoon and Barbara Meyer joined IPOPIF as Investment Officers in August 2021 and July 2022, respectively.
- On March 17, 2023, the Board included revisions to the Fiscal Year 2023 budget and approved recruitment of listed positions including Four Investment Officer Positions.
- The approved salary range for the Investment Officer position is \$125 - \$175K. Open positions are budgeted at \$175K.

**Discussion**

- I believe that IPOPIF will need a staff of five investment professionals, including the CIO, to implement and monitor the long-term asset allocation.
- In my prior experience as CIO, I managed \$1 billion with a staff of two and \$2 billion with a staff of four.
- Investment staffing needs depend on the number of investment managers, the complexity of the investments, and the pace of change.
- IPOPIF's long-term allocation has a 20% weight to private market assets. Our current investment officers have limited private market experience and we would benefit from the addition of a person with such experience. In any case, current staff can work with relevant consultants and managers to gain experience, but this will take time.
- I have been in contact with a potential candidate with relevant experience who desires to return to central Illinois and is receptive to working from the Peoria office.
- Recruitment will increase emphasis in two areas.
  1. Working from the Peoria Office will be a requirement.
  2. Private markets experience will be preferred.

- My immediate goal is to add on an experienced investment officer. However, if we are able to identify multiple strong candidates, we should move forward with both to increase the depth and capacity of the investment team.
- The position descriptions are due for biennial Board review by policy, but I believe they remain appropriate for current use. The recruitment may provide additional insights regarding responsibilities and market salaries to inform the Board review at a future meeting.

### **Potential Structure**

- The optimum investment staff structure will be determined by the CIO and will depend on the experience and qualifications of the staff.
- My preliminary view would assign Investment Officers as follows:
  1. Public Equity
  2. Public Fixed Income
  3. Private Equity/Debt
  4. Private Real Estate/Infrastructure
- An alternative structure could diversify coverage across staff with potential periodic rotation.
- Investment administration and compliance can be shared or specifically assigned.



## **ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND**

### **I. LEGISLATIVE SESSION REACHES HALF WAY POINT**

- a. Friday, March 10, 2023 was the House and Senate Committee Deadline
  - i. Total House Bills Advance to House Floor for Vote – **599**
  - ii. Total Senate Bills Advance to Senate Floor for Vote – **317**
  - iii. **159** House Bills Received Committee Deadline Extensions
  - iv. **148** Senate Bills Received Committee Deadline Extensions

### **II. IPOPIF LEGISLATIVE AGENDA – STATUS UPDATE**

- a. **SB 2100 (IPOPIF Technical Corrections)** – Chief Sponsor Sen. Robert Martwick (Senate Special Committee on Pensions, Chairman) and Rep. Daniel Didech (House Personnel and Pensions Committee)
  - i. **PASSED** Senate State Government Committee on March 31, 2023 on a vote of 9-0
  - ii. **PASSED** Senate on a vote of 56-0 on March 31, 2023
- b. **SB 2102 (DOI AUDITS – IPOPIF OPPOSED)** - Chief Sponsor Senate Special Committee on Pensions Chairman Robert Martwick and House Assistant Majority Leader Natalie Manley
  - i. **PASSED** Senate Special Committee on Pensions on March 10, 2023 on a vote of 10-0
  - ii. **PASSED** Senate on a vote of 57-0 on March 30, 2023.

### **III. TRACKED BILL(S) – STATUS UPDATE**

- a. Please see Supplemental 20-page Report.

### **IV. LEGISLATIVE REQUESTS AND HEARINGS**

- a. On Thursday, March 16, 2023, the House Personnel and Pensions Committee held a subject matter hearings on Tier 2 benefits and analyzed the following bills:
  - i. HB 1052 (Downstate Fire – Tier 2)
  - ii. HB 1299 (SERS – Tier 2)
  - iii. HB 2305 (SERS – DOC-DOJ Tier 2)
  - iv. HB 2821 (CHI Police Tier 2)
  - v. HB 3137 (IMRF-SLEP)
  - vi. HB 3297 (SERS – DHS Tier 2)
  - vii. HB 3520 (IMRF, MEABF, Cook County, SERS, SURS – Tier 2)
  - viii. HB 3906 (SURS – Tier 2)

## **V. IMPORTANT DATES**

- a. House 3<sup>rd</sup> Reading Deadline March 24, 2023
- b. Senate 3<sup>rd</sup> Reading Deadline March 31, 2023
- c. Legislative Spring Break April 3<sup>rd</sup> – April 14<sup>th</sup>
- d. House Committee Deadline for Senate Bills April 28<sup>th</sup>
- e. Senate Committee Deadline for House Bills April 28<sup>th</sup>
- f. House 3<sup>rd</sup> Reading Deadline for Senate Bills May 12<sup>th</sup>
- g. Senate 3<sup>rd</sup> Reading Deadline for House Bills May 11<sup>th</sup>
- h. Adjournment May 19<sup>th</sup>

**MEMORANDUM**

TO: BOARD OF TRUSTEES  
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR  
RE: ACTUARIAL VALUATION REPORT  
DATE: APRIL 14, 2023

---

Recommended action: Review required changes to 2023 Actuarial Valuation Report.

---

Foster & Foster was retained by the Board of Trustees, on a multi-year agreement through November 2026, to provide actuarial consultation and advisory services and to prepare annual actuarial valuations for each Participating Police Pension Funds.

Jason Franken and Paul Baugher of Foster & Foster will present an update on the actuarial valuation reports with statistical information from the 2022 work and items to be aware of for 2023.

# Illinois Police Officers' Pension Investment Fund (IPOPIF)

2023 Update

*Presented By:*

*Jason Franken, FSA, EA, MAAA*

*Paul Baugher, FSA, EA, MAAA*



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

## AGENDA

- Statistics from 2022 work
- Items to be aware of for 2023

### STATISTICS FROM 2022 WORK

- Work done for 255 funds
  - Reports provided for 253 funds
    - o For fiscal years beginning March - June 2022
    - o Includes 10 funds that had not transferred assets at the time of the report
    - o Summary statistics provided on the following page
  - 2 reports prepared but held since litigants
- Expecting to prepare reports for over 340 employers during 2023

### STATISTICS FROM 2022 WORK

- Table shows fund totals by valuation date
  - Grand total gives a sense of IPOPIF overall, but should not be used as actual results since different dates are used
- Will add approximately 90 funds with January valuation date in 2023

	March	April	May	June	July	Total
Fund count	1	6	240	3	3	253
Active headcount	226	201	6,647	62	113	7,249
Total headcount	556	430	14,191	104	242	15,533
Total payroll (\$m)	19	17	607	5	10	658
Assets (MV, \$m)	202	138	5,252	36	84	5,711
Assets (AVA, \$m)	208	145	5,139	34	77	5,603
Liability (AAL, \$m)	367	226	8,361	48	140	9,143
Funded status	55%	61%	63%	75%	60%	62%



## ITEMS TO BE AWARE OF FOR 2023 - ASSUMPTIONS

- Assumptions were thoroughly reviewed as part of the 2022 experience study
  - Adopted by Board in September 2022
- Barring significant events, the assumptions will be unchanged until the next study
  - Scheduled for early 2026

Interest Rate	6.80%
Salary Increase	Service-based tables
Payroll Growth	3.00%
Mortality	Pub-S tables customized
Demographics	Experience-based tables

## ITEMS TO BE AWARE OF FOR 2023 - ASSUMPTIONS

- Mortality assumption is already set up to use the most current tables
  - Underlying mortality table based on public plan experience for public safety employees
  - Projection scales are used to reflect future improvements
    - o Minimizes changes when new underlying tables are rolled out
- COVID has disrupted ability to properly monitor mortality improvement
  - Annual projection scale update was not issued in 2022 and not expected to be issued for at least a couple years
    - o Not expected to have material impact on liabilities

## ITEMS TO BE AWARE OF FOR 2023 - REPORTS

- Template will remain mostly the same for 2023
  - Current year's valuation results shown
  - Second year of assumption change phase-in impact
- Additions will be made in two areas (ASOP 4)
  - Footnote with breakout of asset and liability gains/losses
  - Low Default-Risk Obligation Measure
    - Standard requires inclusion of liability using interest rate tied to low-default risk income securities
    - We make clear that this is simply a possible outcome and should not be considered the "correct" liability

## *Questions?*

Jason Franken, FSA, EA, MAAA

[Jason.Franken@Foster-Foster.com](mailto:Jason.Franken@Foster-Foster.com)

(630) 620-0200

Paul Baugher, FSA, EA, MAAA

[Paul.Baugher@Foster-Foster.com](mailto:Paul.Baugher@Foster-Foster.com)

(630) 620-0200

**MEMORANDUM**

TO: Richard White, Executive Director

FROM: Jason Franken, Senior Consulting Actuary

RE: Reflecting new actuarial standards in valuation reports

DATE: April 3, 2023

Each year there will be minor changes to the valuation report template; we will notify the Board of such changes but generally they are not worth discussing. On occasion, though, there will be more material changes to the template that are necessary, driven by one of various sources: experience study, legislative change, or change to actuarial standards. This memo will summarize the changes required to the template in 2023 as a result of changes to an actuarial standard.

Actuarial Standard of Practice No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions* (ASOP 4), was revised in December 2021. There are three updates to this standard that IPOPIF should be aware of:

- **Low Default-Risk Obligation Measure:** reports should include a measurement of the liability using an interest rate that is tied to low-default-risk fixed income securities (all other assumptions and methods used in the liability calculation can be consistent with the Fund's standard liability calculation). This lower interest rate will result in an inflated liability. While more information can provide insight, we want to present this disclosure in a manner that does not suggest this to be the "correct" liability, but rather as the liability if the Board elected to hold a very low risk asset portfolio, with more of Fund accumulations coming through higher contributions. A paragraph has been added to comply with this disclosure in the "Discussion of Risk" section of the template.
- **Gain/Loss Disclosure Requirement:** reports should disclose the liability and asset gains or losses experienced by the Fund since the prior valuation. This information is typically something that Foster & Foster provides in our valuation reports. Given the recent transition of services, we did not include this information in our 2022 template. We are planning to add a simple footnote in our results summary that addresses this matter.
- **Actuarially Determined Contribution:** reports should disclose a "reasonable actuarially determined contribution", which complies with certain requirements in terms of assumptions and methods. The goal here is to provide an annual contribution amount that the actuary considers reasonable in cases where a Board has selected a basis that might be outside recommended actuarial standards. The Illinois statute requiring funding to 90% of the liability by the year 2040 would be one such method that the actuary would typically have to provide an alternate contribution to address. However, there is a specific exemption in ASOP 4 for assumptions and methods deemed to be acceptable by applicable law where the governing body does not sponsor the Fund. It is our understanding that this is the case for the Illinois Pension Code and, therefore, this disclose is not required for IPOPIF. You may want to have your attorneys opine on this to make sure our conclusion is reasonable.

The changes are required for all measurement dates on or after February 15, 2023. As such, these changes will be including in all 2023 measurement dates reports for IPOPIF.

The above template changes have been drafted and are consistent with the language that we previously shared with you. We have included a brief overview of all template changes in the April 2023 Board presentation that we have drafted. If you think more than this memo and the overview are needed to educate the Board, we can show them the actual template changes directly as part of the meeting.



MEMORANDUM

TO: BOARD OF TRUSTEES  
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR  
RE: JOB DESCRIPTIONS FOR APPROVAL  
DATE: APRIL 14, 2023

---

These following two job descriptions and salary ranges are presented to the Board of Trustees for approval. These positions have been included in the Fiscal Year 2023 revised budget and the Fiscal Year 2024 budget under review by the Board.

Approval of these job descriptions, salary ranges and Fiscal Year 2023 revised budget will allow for the commencement of the recruitment and hiring process that is anticipated to begin shortly.

The positions were reviewed by the Governance Committee and were recommended for approval by the Board of Trustees.

**Item 5.b.i COMMUNICATIONS SPECIALIST (PP-2023-XX)**

The Board of Trustees recently approved the addition of a Communication Specialist to the administrative staffing of the Fund and this job description defines the responsibilities and duties of this position.

**Recommended action:** Approve the Communication Specialist Job Description Policy (PP-2023-XX) and salary range.

---

**Item 5.b.ii INFORMATION TECHNOLOGIST (PP-2023-XX)**

The Board of Trustees recently approved the addition of an Information Technologist to the administrative staffing of the Fund and this job description defines the responsibilities and duties of this position.

**Recommended action:** Approve the Information Technologist Job Description Policy (PP-2023-XX) and salary range.

---

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND**

**POLICY AND PROCEDURE**

---

**POLICY NUMBER:** PP-2023-XX  
**SUBJECT:** COMMUNICATION SPECIALIST  
**EFFECTIVE DATE:** APRIL 14, 2023  
**AMENDED:**

---

**INDEX:**

**SECTION A:** INTRODUCTION  
**SECTION B:** RESPONSIBILITIES AND DUTIES OF THE COMMUNICATION SPECIALIST  
**SECTION C:** POLICY REVIEW

---

**A. INTRODUCTION**

1. The Communication Specialist reports directly to the Executive Director.
2. Under the direction of the Executive Director, a Communication Specialist designs and carries out internal and external communication, social media campaigns, education and outreach plans for communicating with Article 3 participating police pension funds and stakeholders.
3. The Communication Specialist will uphold the highest standards of ethics and professionalism and will act in a manner consistent with the Illinois Police Officers' Pension Investment Fund's mission, vision, and strategic plan.

## **B. RESPONSIBILITIES AND DUTIES OF THE COMMUNICATION SPECIALIST**

### **1. General responsibilities:**

- a. Develops, organizes, and coordinates a comprehensive public information program to provide awareness and understanding of the Illinois Police Officers' Pension Investment Fund.
- b. Plans, organizes, advertises, and coordinates special events for the Article 3 participating police pension funds, stakeholders and other interested parties including program content, guest speakers, enrollment, and location logistics.
- c. Composes a variety of general and special information pamphlets concerning various phases of IPOPIF operations for distribution to the public, Article 3 participating police pension funds and stakeholders.
- d. Special projects, as assigned.

### **2. Duties:**

- a. Develop and implement effective communication programs and projects in order to effectively increase awareness and understanding of the IPOPIF.
- b. Responds to questions from the public, Article 3 participating police pension funds and stakeholders by telephone, in person and in writing.
- c. Create and implement outreach campaigns in support of the IPOPIF.
- d. Contacts and works with representatives of other agencies, both public and private, in disseminating information concerning IPOPIF services.

3. Knowledge of:

- a. Methods, techniques and styles of business and article writing organization, spelling, grammar, editing, punctuation, and word usage.
- b. Communication concepts, practices, principles, and strategies.
- c. A variety of word processing and desktop publishing equipment and software programs.
- d. Information dissemination techniques and methods.

4. Ability to:

- a. Establish and maintain professional relationships with members of the Board of Trustees, IPOPIF management and professional staff, and consultants.
- b. Communicate in English clearly, concisely, and effectively both orally and in writing. Work products must be complete, comprehensive, and accurate when submitted.
- c. Work under pressure.
- d. Exercise appropriate judgement in answering questions and releasing information.
- e. Coordinate multiple activities with conflicting deadlines.
- f. Communicate effectively both orally and in writing.
- g. Understand and effectively communicate the governing laws and provisions of the Illinois Pension Code and related laws.
- h. Establish and maintain effective and cooperative working relationships with staff, general public, stakeholders, and Article 3 participating police pension funds.
- i. Make effective decisions.



5. Qualifications:

- a. A bachelor's degree in business administration, communications, english, or a related field of study preferred. Associate degree or relevant previous experience permitted.
- b. Two years of providing information and communications to groups, organizations, stakeholders and public.
- c. Experience and knowledge in professional services or public pension investment industry preferred.
- d. Highly detail-oriented and self-motivated.
- e. Strong organizational skills
- f. Proficient in Microsoft Office Suite including Outlook, Word, Teams. and Excel.
- g. Any combination of education, training and/or experience that could likely provide the desired knowledge and abilities.

**C. POLICY REVIEW**

1. The Policy is subject to change in the exercise of the Board's judgement.
2. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
3. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
4. This policy was adopted by the Board of Trustees on April 14, 2023.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND**

**POLICY AND PROCEDURE**

---

**POLICY NUMBER:** PP-2023-XX  
**SUBJECT:** INFORMATION TECHNOLOGIST  
**EFFECTIVE DATE:** APRIL 14, 2023  
**AMENDED:**

---

**INDEX:**

SECTION A: INTRODUCTION  
SECTION B: RESPONSIBILITIES AND DUTIES OF THE INFORMATION  
TECHNOLOGIST  
SECTION C: POLICY REVIEW

---

**A. INTRODUCTION**

1. The Information Technologist reports directly to the Executive Director.
2. Under the direction of the Executive Director, an Information Technologist is a generalist position that performs a variety of professional technical duties pertaining to the analysis, development, maintenance, and administration of computer hardware and software systems to meet business needs.
3. The Information Technologist will uphold the highest standards of ethics and professionalism and will act in a manner consistent with the Illinois Police Officers' Pension Investment Fund's mission, vision, and strategic plan.

## **B. RESPONSIBILITIES AND DUTIES OF THE INFORMATION TECHNOLOGIST**

### **1. General responsibilities:**

- a. Set up, maintain, and monitor a variety of information systems including network, servers, peripherals, operating systems and user applications to assess the functionality and efficiency of systems.
- b. Plans, implements, and monitors hardware and software upgrades, patches, security measures, and backup/recovery processes.
- c. Installs, configures, and administers a variety of commercial, off-the-shelf (COTS) applications.
- d. Meets with IPOPIF team to identify business system needs and recommend hardware/software solutions.
- e. Provides professional and technical support for systems design and troubleshoot computer problems.
- f. Anticipate and report the cost of replacing or updating computer items.
- g. Performs other related duties, as assigned.

### **2. Duties:**

- a. Analyzes, develops, maintains, and administers information systems.
- b. Develop and maintain network structure, configuration, processes, and technology needs.
- c. Manage all current and hardware and software systems.
- d. Research additional technologies for performance and cost and provide recommendations to Executive Director.
- e. Provide day-to-day IT support to team members by trouble-shooting hardware and software issues.
- f. Set-up audio/visual equipment for meetings including microphones, speakers, and recordings.
- g. Create data back-up plans for disaster recovery.
- h. Onboard new hires into systems and conduct IT orientation.
- i. Assist Executive Director in preparing annual IT budget.
- j. Special projects as assigned.

3. Knowledge of:

- a. General principles, methods and techniques used in designing, developing, testing, and implementing information technology systems.
- b. General operations, services, concepts, terms, and activities common to a comprehensive, state-of-the-art information systems program.
- c. Computer hardware and software systems, computer infrastructure elements including local and wide area network administration, applications, personal computers, disaster restart and recovery systems, general principles, and practices of system security.
- d. TCP/IP, routers, switches, ethernet and network design.
- e. Structured analysis and other database concepts.
- f. Standard business software tools such as database management, word processing, spreadsheet, e-mail, internet browser programs. Knowledge with Microsoft products important.

4. Ability to:

- a. Establish and maintain professional relationships with members of the Board of Trustees, IPOPIF management and professional staff, and consultants.
- b. Communicate in English clearly, concisely, and effectively both orally and in writing. Work products must be complete, comprehensive, and accurate when submitted.
- c. Work under pressure.
- d. Exercise appropriate judgement in answering questions and releasing information.
- e. Coordinate multiple activities with conflicting deadlines.
- f. Communicate effectively both orally and in writing.
- g. Make effective decisions.

5. Qualifications:

- a. Bachelor's degree in information technology, computer Science, information science or related field
- b. 5+ years of experience in information technology management
- c. Experience working in professional services or public pension industry.
- d. Comprehensive knowledge of computer systems, security, network and systems administration, databases and data storage systems, and phone systems
- e. Thorough understanding of IT infrastructure and best practices
- f. Strong problem-solving and project-management skills
- g. Any combination of education, training and/or experience that could likely provide the desired knowledge and abilities.

**C. POLICY REVIEW**

1. The Policy is subject to change in the exercise of the Board's judgement.
2. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
3. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
4. This policy was adopted by the Board of Trustees on April 14, 2023

# ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



## MONTHLY FINANCIAL REPORT

FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

PREPARED BY:



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**Illinois Police Officers' Pension Investment Fund**  
**Statement of Fiduciary Net Position**  
**As of December 31, 2022**

<b>Assets</b>	
<b>Cash</b>	
Lake Forest B&T	\$ 600,705
<b>Total Cash</b>	<u>600,705</u>
<b>Investments</b>	
Investments	8,439,681,808
<b>Total Investments</b>	<u>8,439,681,808</u>
<b>Total Assets</b>	<u>8,440,282,513</u>

<b>Liabilities</b>	
<b>Payables</b>	
Illinois Finance Authority Loan	6,486,046
Capitalized Interest	79,635
<b>Total Payables</b>	<u>6,565,681</u>
<b>Accrued Expenses</b>	
Payroll & Related	97,252
Professional	671,838
General	89,626
<b>Total Accrued Expenses</b>	<u>858,716</u>
<b>Total Liabilities</b>	<u>7,424,397</u>

<b>Net Position Restricted</b>	<b>8,432,858,116</b>
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**Illinois Police Officers' Pension Investment Fund  
Statement of Changes in Fiduciary Net Position  
For the Six Months Ended December 31, 2022**

**Additions**

**Proceeds**

Cash Received from Local Funds	105,122,345
Investments Received from Local Funds	5,580,116,332

<b>Total Proceeds</b>	<b>5,685,238,677</b>
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**Investment Income (Loss)**

Lake Forest Bank & Trust - Checking	978
Lake Forest Bank & Trust - Max Safe	6,577
Interest	29,984,738
Net appreciation (depreciation) in fair value of investments	(334,191)

<b>Net Investment Income (Loss)</b>	<b>29,658,102</b>
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<b>Total Additions</b>	<b>5,714,896,779</b>
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**Deductions**

**Administrative Expenses**

Board of Trustees & Meetings	(7,649)
Administrative Operations	(975,465)
Investment Operations	(728,121)

<b>Total Administrative Expenses</b>	<b>(1,711,235)</b>
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<b>Participating Fund Withdrawals</b>	<b>(15,075,861)</b>
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<b>Total Deductions</b>	<b>(16,787,096)</b>
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<b>Net Increase (Decrease)</b>	<b>5,698,109,683</b>
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**Net Position Restricted**

<b>Beginning of the Year</b>	2,734,748,434
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<b>End of the Period</b>	<b>8,432,858,117</b>
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**Illinois Police Officers' Pension Investment Fund**  
**Additions Report for the Six Months Ended December 31, 2022**

	<u>Received this Month</u>	<u>Budgeted* this Month</u>	<u>Received this Fiscal Year</u>	<u>Budgeted* this Fiscal Year</u>
<b>Additions</b>				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	22,196,535	-	105,122,345	-
Investments Received from Local Funds	879,793,500	-	5,580,116,332	-
	<u>901,990,035</u>	<u>-</u>	<u>5,685,238,677</u>	<u>-</u>
<u>Investment Income (Loss)</u>				
Interest & Dividends	10,217,485	-	29,992,293	-
Net appreciation (depreciation)	(185,748,427)	-	(334,191)	-
	<u>(175,530,942)</u>	<u>-</u>	<u>29,658,102</u>	<u>-</u>
<b>Total Additions</b>	<b>726,459,093</b>	<b>-</b>	<b>5,714,896,779</b>	<b>-</b>

# Illinois Police Officers' Pension Investment Fund

## Deductions Report for the Six Months Ended December 31, 2022

	<u>Expended this Month</u>	<u>Budgeted* this Month</u>	<u>Expended this Year</u>	<u>Budgeted* this Year</u>
<b>Expenditures</b>				
<b>Board of Trustees and Meetings</b>				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	-	5,400	-	64,800
<i>Election Services</i>	(6,366)	642	(6,366)	7,700
Education and Training	-	1,500	10,258	18,000
Meeting Expenses	989	1,750	3,288	21,000
Board Member Reimbursements	195	1,750	469	21,000
	<u>(5,182)</u>	<u>11,042</u>	<u>7,649</u>	<u>132,500</u>
<b>Administrative Operations</b>				
<u>Personnel</u>				
Administrative Personnel	48,333	40,829	196,833	489,950
Employment Expenses				
<i>FICA/Medicare</i>	2,663	3,123	10,476	37,481
<i>Medical/Dental Benefits</i>	4,329	4,076	4,929	48,912
<i>Unemployment</i>	-	250	-	3,000
<i>Retirement Benefits</i>	4,778	3,446	12,822	41,352
	<u>60,103</u>	<u>51,724</u>	<u>225,060</u>	<u>620,695</u>
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	6,000	2,000	8,000	24,000
<i>Audit - Financial</i>	-	2,292	-	27,500
<i>Audit - Certified Asset List</i>	88,405	37,077	247,665	444,924
<i>Audit - Transition</i>	-	1,146	-	13,752
<i>Chief Financial Officer</i>	67,719	10,850	89,369	130,200
Administrative Services	-	9,700	2,063	116,400
Government Liaison	5,700	5,700	28,500	68,400
Actuarial Services	-	14,917	5,288	179,000
Outsourced Human Resources	6,733	2,000	6,733	24,000
Legal Services				
<i>Legal Services - General</i>	-	10,000	14,713	120,000
<i>Legal Services - Fiduciary</i>	1,454	21,667	26,904	260,000
<i>Legal Services - Auxiliary</i>	-	6,667	-	80,000
Technology Services	810	4,167	4,265	50,000
Communication Services	-	2,000	12,000	24,000
	<u>176,821</u>	<u>130,183</u>	<u>445,500</u>	<u>1,562,176</u>

# Illinois Police Officers' Pension Investment Fund

## Deductions Report for the Six Months Ended December 31, 2022

	<u>Expended this Month</u>	<u>Budgeted* this Month</u>	<u>Expended this Year</u>	<u>Budgeted* this Year</u>
<b>Expenditures</b>				
<u>Bank Services and Fees</u>				
Local Bank Fees	2,143	417	2,143	5,000
Loan Interest Expense	-	9,321	61,961	111,848
	<b>2,143</b>	<b>9,738</b>	<b>64,104</b>	<b>116,848</b>
<u>Services &amp; Supplies</u>				
Assets under \$5,000	17,792	11,808	88,566	141,690
Insurance	-	10,000	84,418	120,000
Office Lease/Rent	16,125	5,375	16,125	64,500
Printing & Postage	21	3,000	21	36,000
Supplies & Maintenance	2,460	1,167	6,279	14,000
Telecommunication	1,694	833	6,968	10,000
Contingency	-	1,000	(1)	12,000
Dues / Licenses	300	941	891	11,295
Training & Education	-	2,000	135	24,000
Travel & Transportation	81	2,000	2,367	24,000
Utilities	-	750	-	9,000
Website	17,263	1,275	35,032	15,300
	<b>55,736</b>	<b>40,149</b>	<b>240,801</b>	<b>481,785</b>
<b>Investment Operations</b>				
<u>Personnel</u>				
Investment Operations Personnel	50,000	59,375	267,346	712,500
Employment Expenses				
<i>FICA/Medicare</i>	1,895	4,542	12,420	54,506
<i>Medical/Dental Benefits</i>	9,583	3,879	31,199	46,548
<i>Unemployment</i>	-	208	-	2,500
<i>Retirement Benefits</i>	9,408	5,011	35,160	60,135
	<b>70,886</b>	<b>73,015</b>	<b>346,125</b>	<b>876,189</b>
<u>Investment &amp; Banking</u>				
General Investment Consultant	-	35,625	106,875	427,500
Database Subscription(s)	-	3,750	-	45,000
Investment Management	9,378	88,583	14,496	1,063,000
Custodial Services	-	38,750	-	465,000
	<b>9,378</b>	<b>166,708</b>	<b>121,371</b>	<b>2,000,500</b>

**Illinois Police Officers' Pension Investment Fund  
Deductions Report for the Six Months Ended December 31, 2022**

	<b>Expended <u>this Month</u></b>	<b>Budgeted* <u>this Month</u></b>	<b>Expended <u>this Year</u></b>	<b>Budgeted* <u>this Year</u></b>
<b>Expenditures</b>				
<u>Professional Services</u>				
Project Architect	-	5,000	20,825	60,000
Transition Management	-	112,500	-	1,350,000
Transition Consultant/Services	47,960	59,450	239,800	713,400
	<u>47,960</u>	<u>176,950</u>	<u>260,625</u>	<u>2,123,400</u>
<b>Total Expenditures</b>	<b>417,845</b>	<b>659,509</b>	<b>1,711,235</b>	<b>7,914,093</b>
<b>Participating Fund Withdrawals</b>		<b>6,849,651</b>	<b>15,075,861</b>	
<b>Total Deductions</b>		<b>7,267,496</b>	<b>16,787,096</b>	

\*Including All Budget Amendments as of December 31, 2022

# ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



## MONTHLY FINANCIAL REPORT

FOR THE SEVEN MONTHS ENDED JANUARY 31, 2023

PREPARED BY:



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**Illinois Police Officers' Pension Investment Fund**  
**Statement of Fiduciary Net Position**  
**As of January 31, 2023**

<b>Assets</b>	
<b>Cash</b>	
Lake Forest B&T	\$ 478,778
<b>Total Cash</b>	<u>478,778</u>
<b>Investments</b>	
Investments	8,963,102,728
<b>Total Investments</b>	<u>8,963,102,728</u>
<b>Total Assets</b>	<b>8,963,581,506</b>

<b>Liabilities</b>	
<b>Payables</b>	
Illinois Finance Authority Loan	5,548,091
Capitalized Interest	79,635
<b>Total Payables</b>	<u>5,627,726</u>
<b>Accrued Expenses</b>	
Payroll & Related	97,838
Professional	671,838
General	89,626
<b>Total Accrued Expenses</b>	<u>859,302</u>
<b>Total Liabilities</b>	<b>6,487,028</b>

<b>Net Position Restricted</b>	<b>8,957,094,478</b>
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**Illinois Police Officers' Pension Investment Fund  
Statement of Changes in Fiduciary Net Position  
For the Seven Months Ended January 31, 2023**

**Additions**

**Proceeds**

Cash Received from Local Funds	154,636,756
Investments Received from Local Funds	5,626,951,044

<b>Total Proceeds</b>	<b>5,781,587,800</b>
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**Investment Income (Loss)**

Lake Forest Bank & Trust - Checking	1,023
Lake Forest Bank & Trust - Max Safe	6,606
Interest	33,399,673
Net appreciation (depreciation) in fair value of investments	436,097,253

<b>Net Investment Income (Loss)</b>	<b>469,504,555</b>
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<b>Total Additions</b>	<b>6,251,092,355</b>
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**Deductions**

**Administrative Expenses**

Board of Trustees & Meetings	(7,649)
Administrative Operations	(1,196,160)
Investment Operations	(838,362)

<b>Total Administrative Expenses</b>	<b>(2,042,171)</b>
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<b>Participating Fund Withdrawals</b>	<b>(26,704,138)</b>
---------------------------------------	---------------------

<b>Total Deductions</b>	<b>(28,746,309)</b>
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<b>Net Increase (Decrease)</b>	<b>6,222,346,046</b>
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**Net Position Restricted**

Beginning of the Year	2,734,748,434
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<b>End of the Period</b>	<b>8,957,094,478</b>
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# Illinois Police Officers' Pension Investment Fund

## Additions Report for the Seven Months Ended January 31, 2023

	<u>Received this Month</u>	<u>Budgeted* this Month</u>	<u>Received this Fiscal Year</u>	<u>Budgeted* this Fiscal Year</u>
<b>Additions</b>				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	49,514,411	-	154,636,756	-
Investments Received from Local Funds	46,834,713	-	5,626,951,044	-
	<u>96,349,124</u>	<u>-</u>	<u>5,781,587,800</u>	<u>-</u>
<u>Investment Income (Loss)</u>				
Interest & Dividends	3,415,009	-	33,407,302	-
Net appreciation (depreciation)	436,431,444	-	436,097,253	-
	<u>439,846,453</u>	<u>-</u>	<u>469,504,555</u>	<u>-</u>
<b>Total Additions</b>	<b>536,195,577</b>	<b>-</b>	<b>6,251,092,355</b>	<b>-</b>



# Illinois Police Officers' Pension Investment Fund

## Deductions Report for the Seven Months Ended January 31, 2023

	<u>Expended this Month</u>	<u>Budgeted* this Month</u>	<u>Expended this Year</u>	<u>Budgeted* this Year</u>
<b>Expenditures</b>				
<b>Board of Trustees and Meetings</b>				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	-	5,400	-	64,800
<i>Election Services</i>	-	642	(6,366)	7,700
Education and Training	-	1,500	10,258	18,000
Meeting Expenses	-	1,750	3,288	21,000
Board Member Reimbursements	-	1,750	469	21,000
	<u>-</u>	<u>11,042</u>	<u>7,649</u>	<u>132,500</u>
<b>Administrative Operations</b>				
<u>Personnel</u>				
Administrative Personnel	48,333	40,829	245,166	489,950
Employment Expenses				
<i>FICA/Medicare</i>	4,021	3,123	14,497	37,481
<i>Medical/Dental Benefits</i>	240	4,076	5,168	48,912
<i>Unemployment</i>	-	250	-	3,000
<i>Retirement Benefits</i>	4,079	3,446	16,902	41,352
	<u>56,673</u>	<u>51,724</u>	<u>281,733</u>	<u>620,695</u>
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	-	2,000	8,000	24,000
<i>Audit - Financial</i>	22,500	2,292	22,500	27,500
<i>Audit - Certified Asset List</i>	52,990	37,077	300,655	444,924
<i>Audit - Transition</i>	-	1,146	-	13,752
<i>Chief Financial Officer</i>	-	10,850	89,369	130,200
Administrative Services	-	9,700	2,063	116,400
Government Liaison	-	5,700	28,500	68,400
Actuarial Services	-	14,917	5,288	179,000
Outsourced Human Resources	-	2,000	6,733	24,000
Legal Services				
<i>Legal Services - General</i>	-	10,000	14,713	120,000
<i>Legal Services - Fiduciary</i>	-	21,667	26,904	260,000
<i>Legal Services - Auxiliary</i>	-	6,667	-	80,000
Technology Services	608	4,167	4,873	50,000
Communication Services	-	2,000	12,000	24,000
	<u>76,098</u>	<u>130,183</u>	<u>521,598</u>	<u>1,562,176</u>

# Illinois Police Officers' Pension Investment Fund

## Deductions Report for the Seven Months Ended January 31, 2023

	<u>Expended</u> <u>this Month</u>	<u>Budgeted*</u> <u>this Month</u>	<u>Expended</u> <u>this Year</u>	<u>Budgeted*</u> <u>this Year</u>
<b>Expenditures</b>				
<u>Bank Services and Fees</u>				
Local Bank Fees	259	417	2,402	5,000
Loan Interest Expense	86,431	9,321	148,392	111,848
	<b>86,690</b>	<b>9,738</b>	<b>150,794</b>	<b>116,848</b>
<u>Services &amp; Supplies</u>				
Assets under \$5,000	-	11,808	88,566	141,690
Insurance	-	10,000	84,418	120,000
Office Lease/Rent	-	5,375	16,125	64,500
Printing & Postage	-	3,000	21	36,000
Supplies & Maintenance	-	1,167	6,279	14,000
Telecommunication	-	833	6,968	10,000
Contingency	1	1,000	(2)	12,000
Dues / Licenses	89	941	981	11,295
Training & Education	-	2,000	135	24,000
Travel & Transportation	-	2,000	2,367	24,000
Utilities	-	750	-	9,000
Website	1,145	1,275	36,177	15,300
	<b>1,235</b>	<b>40,149</b>	<b>242,035</b>	<b>481,785</b>
<b>Investment Operations</b>				
<u>Personnel</u>				
Investment Operations Personnel	50,000	59,375	317,346	712,500
Employment Expenses				
<i>FICA/Medicare</i>	4,080	4,542	16,500	54,506
<i>Medical/Dental Benefits</i>	5,858	3,879	37,057	46,548
<i>Unemployment</i>	-	208	-	2,500
<i>Retirement Benefits</i>	5,626	5,011	40,786	60,135
	<b>65,564</b>	<b>73,015</b>	<b>411,689</b>	<b>876,189</b>
<u>Investment &amp; Banking</u>				
General Investment Consultant	-	35,625	106,875	427,500
Database Subscription(s)	36,050	3,750	36,050	45,000
Investment Management	8,627	88,583	23,123	1,063,000
Custodial Services	-	38,750	-	465,000
	<b>44,677</b>	<b>166,708</b>	<b>166,048</b>	<b>2,000,500</b>

# Illinois Police Officers' Pension Investment Fund

## Deductions Report for the Seven Months Ended January 31, 2023

	<u>Expended this Month</u>	<u>Budgeted* this Month</u>	<u>Expended this Year</u>	<u>Budgeted* this Year</u>
<b>Expenditures</b>				
<u>Professional Services</u>				
Project Architect	-	5,000	20,825	60,000
Transition Management	-	112,500	-	1,350,000
Transition Consultant/Services	-	59,450	239,800	713,400
	<u>-</u>	<u>176,950</u>	<u>260,625</u>	<u>2,123,400</u>
<b>Total Expenditures</b>	<b>330,937</b>	<b>659,509</b>	<b>2,042,171</b>	<b>7,914,093</b>
<b>Participating Fund Withdrawals</b>		<b>11,628,277</b>	<b>26,704,138</b>	
<b>Total Deductions</b>		<b>11,959,214</b>	<b>28,746,309</b>	

\*Including All Budget Amendments as of January 31, 2023

# ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



## MONTHLY FINANCIAL REPORT

FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 2023

PREPARED BY:



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**Illinois Police Officers' Pension Investment Fund**  
**Statement of Fiduciary Net Position**  
**As of February 28, 2023**

<b>Assets</b>	
<b>Cash</b>	
Lake Forest B&T	\$ 374,286
<b>Total Cash</b>	<u>374,286</u>
<b>Investments</b>	
Investments	8,858,278,671
<b>Total Investments</b>	<u>8,858,278,671</u>
<b>Total Assets</b>	<u><b>8,858,652,957</b></u>

<b>Liabilities</b>	
<b>Payables</b>	
Illinois Finance Authority Loan	5,548,091
Capitalized Interest	79,635
<b>Total Payables</b>	<u>5,627,726</u>
<b>Accrued Expenses</b>	
Payroll & Related	109,216
Professional	671,838
General	89,626
<b>Total Accrued Expenses</b>	<u>870,680</u>
<b>Total Liabilities</b>	<u><b>6,498,406</b></u>

<b>Net Position Restricted</b>	<b>8,852,154,551</b>
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**Illinois Police Officers' Pension Investment Fund  
Statement of Changes in Fiduciary Net Position  
For the Eight Months Ended February 28, 2023**

**Additions**

**Proceeds**

Cash Received from Local Funds	227,499,384
Investments Received from Local Funds	5,672,886,630

<b>Total Proceeds</b>	<b>5,900,386,014</b>
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**Investment Income (Loss)**

Lake Forest Bank & Trust - Checking	1,070
Lake Forest Bank & Trust - Max Safe	6,632
Interest	37,100,478
Net appreciation (depreciation) in fair value of investments	231,770,795

<b>Net Investment Income (Loss)</b>	<b>268,878,975</b>
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<b>Total Additions</b>	<b>6,169,264,989</b>
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**Deductions**

**Administrative Expenses**

Board of Trustees & Meetings	(11,134)
Administrative Operations	(1,448,582)
Investment Operations	(1,073,696)

<b>Total Administrative Expenses</b>	<b>(2,533,412)</b>
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<b>Participating Fund Withdrawals</b>	<b>(49,325,457)</b>
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<b>Total Deductions</b>	<b>(51,858,869)</b>
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<b>Net Increase (Decrease)</b>	<b>6,117,406,120</b>
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**Net Position Restricted**

<b>Beginning of the Year</b>	2,734,748,434
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<b>End of the Period</b>	<b>8,852,154,551</b>
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# Illinois Police Officers' Pension Investment Fund

## Additions Report for the Eight Months Ended February 28, 2023

	<u>Received this Month</u>	<u>Budgeted* this Month</u>	<u>Received this Fiscal Year</u>	<u>Budgeted* this Fiscal Year</u>
<b>Additions</b>				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	72,862,627	-	227,499,384	-
Investments Received from Local Funds	45,935,585	-	5,672,886,630	-
	<u>118,798,212</u>	<u>-</u>	<u>5,900,386,014</u>	<u>-</u>
<u>Investment Income (Loss)</u>				
Interest & Dividends	3,700,878	-	37,108,180	-
Net appreciation (depreciation)	(204,326,458)	-	231,770,795	-
	<u>(200,625,580)</u>	<u>-</u>	<u>268,878,975</u>	<u>-</u>
<b>Total Additions</b>	<b>(81,827,368)</b>	<b>-</b>	<b>6,169,264,989</b>	<b>-</b>

# Illinois Police Officers' Pension Investment Fund

## Deductions Report for the Eight Months Ended February 28, 2023

	<u>Expended this Month</u>	<u>Budgeted* this Month</u>	<u>Expended this Year</u>	<u>Budgeted* this Year</u>
<b>Expenditures</b>				
<b>Board of Trustees and Meetings</b>				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	3,200	5,400	3,200	64,800
<i>Election Services</i>	-	642	(6,366)	7,700
Education and Training	-	1,500	10,258	18,000
Meeting Expenses	90	1,750	3,378	21,000
Board Member Reimbursements	195	1,750	664	21,000
	<u>3,485</u>	<u>11,042</u>	<u>11,134</u>	<u>132,500</u>
<b>Administrative Operations</b>				
<u>Personnel</u>				
Administrative Personnel	48,333	40,829	293,500	489,950
Employment Expenses				
<i>FICA/Medicare</i>	3,806	3,123	18,302	37,481
<i>Medical/Dental Benefits</i>	904	4,076	6,029	48,912
<i>Unemployment</i>	-	250	-	3,000
<i>Retirement Benefits</i>	4,079	3,446	20,981	41,352
	<u>57,122</u>	<u>51,724</u>	<u>338,812</u>	<u>620,695</u>
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	-	2,000	8,000	24,000
<i>Audit - Financial</i>	-	2,292	22,500	27,500
<i>Audit - Certified Asset List</i>	9,650	37,077	310,305	444,924
<i>Audit - Transition</i>	-	1,146	-	13,752
<i>Chief Financial Officer</i>	-	10,850	89,369	130,200
Administrative Services	16,125	9,700	18,188	116,400
Government Liaison	5,700	5,700	34,200	68,400
Actuarial Services	112,000	14,917	117,288	179,000
Outsourced Human Resources	-	2,000	6,733	24,000
Legal Services				
<i>Legal Services - General</i>	-	10,000	14,713	120,000
<i>Legal Services - Fiduciary</i>	3,762	21,667	30,666	260,000
<i>Legal Services - Auxiliary</i>	-	6,667	-	80,000
Technology Services	-	4,167	4,873	50,000
Communication Services	4,000	2,000	16,000	24,000
	<u>151,237</u>	<u>130,183</u>	<u>672,835</u>	<u>1,562,176</u>



# Illinois Police Officers' Pension Investment Fund

## Deductions Report for the Eight Months Ended February 28, 2023

	<u>Expended this Month</u>	<u>Budgeted* this Month</u>	<u>Expended this Year</u>	<u>Budgeted* this Year</u>
<b>Expenditures</b>				
<u>Bank Services and Fees</u>				
Local Bank Fees	227	417	2,629	5,000
Loan Interest Expense	-	9,321	148,392	111,848
	<u>227</u>	<u>9,738</u>	<u>151,021</u>	<u>116,848</u>
<u>Services &amp; Supplies</u>				
Assets under \$5,000	27,073	11,808	115,639	141,690
Insurance	-	10,000	84,418	120,000
Office Lease/Rent	10,750	5,375	26,875	64,500
Printing & Postage	3,062	3,000	3,082	36,000
Supplies & Maintenance	672	1,167	6,951	14,000
Telecommunication	2,051	833	9,019	10,000
Contingency	-	1,000	2	12,000
Dues / Licenses	187	941	1,168	11,295
Training & Education	-	2,000	135	24,000
Travel & Transportation	81	2,000	2,448	24,000
Utilities	-	750	-	9,000
Website	-	1,275	36,177	15,300
	<u>43,876</u>	<u>40,149</u>	<u>285,914</u>	<u>481,785</u>
<b>Investment Operations</b>				
<u>Personnel</u>				
Investment Operations Personnel	50,000	59,375	367,346	712,500
Employment Expenses				
<i>FICA/Medicare</i>	3,746	4,542	20,246	54,506
<i>Medical/Dental Benefits</i>	439	3,879	37,539	46,548
<i>Unemployment</i>	-	208	-	2,500
<i>Retirement Benefits</i>	4,220	5,011	45,006	60,135
	<u>58,405</u>	<u>73,015</u>	<u>470,137</u>	<u>876,189</u>
<u>Investment &amp; Banking</u>				
General Investment Consultant	106,875	35,625	213,750	427,500
Database Subscription(s)	1,000	3,750	37,050	45,000
Investment Management	13,699	88,583	36,822	1,063,000
Custodial Services	-	38,750	-	465,000
	<u>121,574</u>	<u>166,708</u>	<u>287,622</u>	<u>2,000,500</u>

**Illinois Police Officers' Pension Investment Fund  
Deductions Report for the Eight Months Ended February 28, 2023**

	<b>Expended <u>this Month</u></b>	<b>Budgeted* <u>this Month</u></b>	<b>Expended <u>this Year</u></b>	<b>Budgeted* <u>this Year</u></b>
<b>Expenditures</b>				
<u>Professional Services</u>				
Project Architect	7,350	5,000	28,175	60,000
Transition Management	-	112,500	-	1,350,000
Transition Consultant/Services	47,962	59,450	287,762	713,400
	<u>55,312</u>	<u>176,950</u>	<u>315,937</u>	<u>2,123,400</u>
<b>Total Expenditures</b>	<b>491,238</b>	<b>659,509</b>	<b>2,533,412</b>	<b>7,914,093</b>
<b>Participating Fund Withdrawals</b>		<b>22,621,319</b>	<b>49,325,457</b>	
<b>Total Deductions</b>			<b>51,858,869</b>	

\*Including All Budget Amendments as of February 28, 2023

# Warrant #62



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - April 14, 2023 Board Meeting

### BOARD OF TRUSTEES and MEETINGS

#### Meeting Expenses

3/17/2023	Barracks Hospitality Group Lunch and beverages for March 17, 2023, Board Meeting Invoice #52954	\$316.24
3/20/2023	Prospect Sound & Lighting Sound system and microphones rental, delivery, set-up and tear down for March 17, 2023, Board Meeting, invoice #11823A	\$640.00
<b>TOTAL BOARD OF TRUSTEES AND MEETINGS EXPENSES</b>		<b>\$956.24</b>

### ADMINISTRATIVE OPERATIONS

#### Professional Services - Finance

##### Accounting

	Lauterbach & Amen, LLP	
12/25/2022	Monthly accounting and payroll - November 2022, Invoice #73758	\$2,000.00
3/15/2023	Monthly accounting and payroll - December 2022 invoice #76492	\$2,000.00
3/15/2023	Monthly accounting and payroll - January 2023, Invoice #76493	\$2,000.00
3/15/2023	Monthly accounting and payroll - February 2023, Invoice #76494	\$2,000.00
<b>Total Accounting Professional Services</b>		<b>\$8,000.00</b>

##### Chief Financial Officer

	Lauterbach & Amen, LLP	
12/25/2022	Professional services rendered (Tier 6) for November 2022 Invoice #73758	\$21,650.00
3/15/2023	Professional services rendered (Tier 6) for December 2022 Invoice #76492	\$21,650.00
3/15/2023	Professional services rendered (Tier 4) for January 2023 Invoice #76493	\$14,450.00
3/15/2023	Professional services rendered (Tier 3) for February 2023 Invoice #76494	\$10,850.00
<b>Total Chief Financial Officer Professional Services</b>		<b>\$68,600.00</b>

#### Professional Services - Government Liaison

3/1/2023	Vision M.A.I. Consulting Professional Services Rendered for March, 2023, Invoice #3	\$5,700.00
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## Warrant #62



**Illinois Police Officers'**  
PENSION INVESTMENT FUND

# Expenses for Ratification - April 14, 2023 Board Meeting

### Professional Services - Human Resources

3/17/2023	Regina Tuczak Out-of-Pocket expense reimbursement for Senior Accountant job posting at Illinois Government Finance Officers' Association on February 27, 2023	\$250.00
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### Professional Services - Legal Services

#### General

3/3/2023	Reimer Dobrovlny & Labardi PC Legal Services Rendered and Disbursements for the period January 9 - January 31, 2023, Invoice #29075	\$4,534.30
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#### Fiduciary

3/17/2023	Jacobs Burns Orlove & Hernandez LLP Legal Services Rendered in February 2023, Litigation matters re: PA 101-610 and General matters #107457 & #107456	\$7,316.00
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### Professional Services - Communications Services

3/24/2023	Shepard Communications Professional Service Fee for April 2023	\$2,000.00
<b>Total Administrative Operations Professional Services Expenses</b>		<b>\$96,400.30</b>

### Services and Supplies

#### Office Lease

4/1/2023	City of Peoria Rent for April 2023	\$5,375.00
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#### Printing & Postage

3/8/2023	Katherine Cobb Out-of-Pocket reimbursement for expenses to mail administrative document to Article 3 funds	\$38.60
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#### Supplies & Maintenance

ODP Business Solutions LLC		
3/8/2023	Office Supplies, Heavy Duty Stapler, Paper and Other, Invoice #3024604290C	\$237.61
3/16/2023	Office Supplies, Postage Stamps and Envelopes, Invoice #303836808001	\$90.96
		\$328.57
3/16/2023	Katherine Cobb Out-of-Pocket reimbursement for Office Supplies	\$254.92
<b>Total Supplies &amp; Maintenance Expenses</b>		<b>\$583.49</b>



## Warrant #62



**Illinois Police Officers'**  
PENSION INVESTMENT FUND

# Expenses for Ratification - April 14, 2023 Board Meeting

### Investment Management (continued)

	State Street Global Advisors (continued)	
12/20/2022	Investment Management Services for September 2022 - US ST Gov/Credit Bond Fund \$660,185,836 AUM, 1.55bps Invoice #SSGABA3640687	\$8,527.40
12/21/2022	Investment Management Services for September 2022 - US TIPS 0-5 Yrs Fund \$132,232,122 AUM, 1.55 bps Invoice #SSGABA3640691	\$1,708.00
3/2/2023	Investment Management Services for September 2022 - US High Yield Bond Index Fund \$421,256,999 AUM, 1.55 bps Invoice #SSGABA3640688	\$5,441.24
12/22/2022	Investment Management Services for October 2022 - US TIPS 0-5 Yrs Fund \$175,186,963 AUM, 1.55 bps Invoice #SSGABA3640741	\$2,262.83
2/27/2023	Investment Management Services for October 2022 - Emerging Markets Bond Index Fund, \$320,191,637 AUM, 1.55 bps Invoice #SSGABA3652887	\$4,135.81
3/2/2023	Investment Management Services for October 2022 - US High Yield Bond Index Fund \$564,549,014 AUM, 1.55 bps Invoice #SSGABA3640738	\$7,292.09
12/22/2022	Investment Management Services for November 2022 - US TIPS 0-5 Yrs Fund \$199,756,920 AUM, 1.55 bps Invoice #SSGABA3640595	\$2,580.19
2/27/2023	Investment Management Services for November 2022 - Emerging Markets Bond Index Fund, \$390,597,795 AUM, 1.55 bps Invoice #SSGABA3652889	\$5,045.22
3/2/2023	Investment Management Services for November 2022 - US High Yield Bond Index Fund \$663,364,897 AUM, 1.55 bps Invoice #SSGABA3640592	\$8,568.46
2/24/2023	Investment Management Services for December 2022 - US TIPS 0-5 Yrs Fund \$226,928,376 AUM, 1.55 bps Invoice #SSGABA3683988	\$2,931.16
2/27/2023	Investment Management Services for December 2022 - Emerging Markets Bond Index Fund, \$471,709,259 AUM, 1.55 bps Invoice #SSGABA3700388	\$6,092.91
3/2/2023	Investment Management Services for December 2022 - US High Yield Bond Index Fund \$771,642,206 AUM, 1.55 bps Invoice #SSGABA3683985	<u>\$9,967.05</u>
		\$71,623.24
	<b>Total Investment Operations Investment &amp; Banking Expenses</b>	<b>\$79,836.24</b>
	<b>TOTAL INVESTMENT OPERATIONS EXPENSES</b>	<b>\$79,836.24</b>
	<b>TOTAL EXPENSES FOR RATIFICATION</b>	<b>\$185,662.63</b>

# Warrant #63



**Illinois Police Officers'**  
PENSION INVESTMENT FUND

## Expenses for Ratification - April 14, 2023 Board Meeting

### ADMINISTRATIVE OPERATIONS

#### Professional Services - Finance

##### **Audit - Certified Asset List**

4/5/2023	Kerber, Eck & Braeckel LLP Progress billing related to Agreed-Upon Procedures on Tranches 1-10, Invoice #787108	\$3,150.00
<b>Total Administrative Operations Professional Services Expenses</b>		<b>\$3,150.00</b>

#### Services and Supplies

##### **Assets under \$5,000**

3/24/2023	Lincoln Office Office Furniture including oval top table and base, credenza, Service to receive, deliver and install. Invoice #520425	\$3,099.38
3/30/2023	Levi, Ray & Shoup, Inc. Dell Thunderbolt Dock, 4 24" Monitors, 2 Laptops Invoice # 291575	\$5,442.06
<b>Total Services and Supplies, Assets under \$5,000</b>		<b>\$8,541.44</b>

#### Supplies & Maintenance

3/31/2023	AAA Certified Confidential Security Corp. Confidential destruction of one cabinet and fuel surcharge Invoice #100906	\$42.40
3/31/2023	ODP Business Solutions LLC Office Supplies, Stamps and Postage, Invoice #305531842001	\$65.00
3/31/2023	Office Supplies, Name Badges and Markers, Invoice #306648703001	\$15.10
3/31/2023	Office Supplies, Visitor Register, Invoice #306649160001	<u>\$37.59</u>
		\$117.69
<b>Total Services and Supplies, Supplies &amp; Maintenance</b>		<b>\$160.09</b>

#### Telecommunications

4/4/2023	AmeriCALL Monthly telephone charges for April 4, 2023 to May 3, 2023 Invoice #2830543	\$212.32
4/3/2023	Richard White Out-of-Pocket expense reimbursement for 1 month of AT&T charges, net of a credit for Supplies	\$353.62
<b>Total Services and Supplies, Telecommunications</b>		<b>\$565.94</b>

# Warrant #63



Illinois Police Officers'  
PENSION INVESTMENT FUND

## Expenses for Ratification - April 14, 2023 Board Meeting

### Dues & Licenses

3/31/2023	Diligent Corporation	
	Board & Leadership Collaboration Package - 1 year of Service	\$19,500.00
	Invoice #INV388021	
	<b>Total Administrative Operations Services and Supplies Expenses</b>	<b>\$28,767.47</b>

**TOTAL ADMINISTRATIVE OPERATIONS EXPENSES** **\$31,917.47**

### INVESTMENT OPERATIONS

#### Investment & Banking

#### General Investment Consultant

3/31/2023	Verus	
	Services for the quarter ending March 2023, Invoice #INV034215	\$106,875.00

#### Custodial Services

3/10/2023	State Street Bank & Trust Company	
	Custody Fees, Charges and Expenses for April 2022	\$15,430.45
	Invoice #2204149465-6011	

**Total Investment Operations Investment & Banking Expenses** **\$122,305.45**

**TOTAL INVESTMENT OPERATIONS EXPENSES** **\$122,305.45**

**TOTAL EXPENSES FOR RATIFICATION** **\$154,222.92**





**MEMORANDUM**

TO: Board of Trustees

FROM: Richard White, Executive Director  
Regina Tuczak, Finance Director

RE: Finance Agenda Items

DATE: April 14, 2023

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**Item 5(c)iii. STATUS OF ILLINOIS FINANCE AUTHORITY (IFA) LOAN BALANCE**

At the meeting on March 17, the Board approved prepayment of the full balance of the loan with the Illinois Finance Authority (IFA) at the next scheduled installment payment date on or about March 31, 2023.

Fund staff received communication from representatives of the IFA that the amount due at the next installment payment date was a total of \$5,709,899.40, representing a principal balance of \$5,627,726.88 and an interest payment of \$82,172.52. Representatives from the IFA were notified that the Board approved payment of the loan in full at this next installment date.


Wire payment of \$5,709,899.40 was sent from State Street Bank & Trust Company (State Street Bank) on Monday, April 3 to the IFA. Participating pension funds will receive their pro-rata allocation of the payment based on their March 31, 2023, balances and this payment will be reflected in the April monthly statements they receive from Northeast Retirement Systems (NRS).

**Recommended Action:** This is a discussion item only, and no formal action is requested.

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**Item 5(c)iv. RESOLUTION DESIGNATING AUTHORIZED SIGNERS FOR LAKE FOREST BANK & TRUST ACCOUNT**

At the February 10, Board meeting, the Trustees elected new Officers of the Board consistent with 40 ILCS 5/22B-115. Based on these elections, and consistent with the Fund's Bylaws, signature authority on the Fund's account at Lake Forest Bank & Trust Company (Lake Forest Bank) should be transferred to the appropriate Fund Officer(s). In addition, representatives from Lauterbach & Amen, LLP serve as signatories on the account and such authority should be formally approved by the Board. It should be noted that the Lake Forest Bank account is



currently used to remit staff payroll and benefit expenses. All other disbursements of the Fund are now paid directly from the Fund's Administrative Expense cash account at State Street Bank.

A Resolution designating the authorized signors was presented to the Audit and Budget Committee at its meeting on April 5. The Committee recommended that the Resolution be presented to the Board for approval.

**Recommended Action:** Approve the enclosed Resolution designating the authorized signers for Lake Forest Bank & Trust Account.

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**Item 5(c)v. RESOLUTION AMENDING THE FISCAL YEAR 23 BUDGET**

An analysis of the Approved and Adopted Fiscal Year 2023 Budget was prepared and compared to expenditures as of March 1, 2023, (all expenses through Warrant #60), and provided to the Audit and Budget Committee at its meeting on March 2nd. The Committee provided feedback on the budget, and recommended approval of the Fiscal Year 2023 budget revisions, subject to further information and approval by the Board of personnel additions.

The Committee inquired with regards to a few vendors that had not submitted timely billings and thus the corresponding final budget amounts for the related services were subject to significant estimation. Shortly after the Committee meeting, additional invoices were received from these vendors which resulted in further changes to the final proposed budget amounts from those presented to the Committee for the following expenses 1) Election Services<sup>1</sup>; 2) Administrative Professional Services<sup>2</sup>; 3) General Legal Services<sup>3</sup>; and 4) Utilities<sup>4</sup>.

In addition, in a planning discussion for the Board meeting, Chairman Suess requested that further information be provided that compares Projected Year-to-Date Budgeted Expenditures at March 1, to actual Expenditures as of March 1, for enhanced comparability. Personnel additions to current staff were also projected to begin employment on April 1, 2023, for salary and benefit purposes. These changes are reflected in the Final Proposed Budget, a summary of which is provided on page 2:

	Original Adopted Budget	Projected Budget Expenditures at March 1, 2023	Actual Expenditures through March 1, 2023	Final Proposed Budget
Board of Trustees and Meetings	\$132,500	\$90,900	\$12,885	\$96,395
Administrative Operations				
Personnel	\$620,695	\$413,797	\$340,429	\$726,443
Professional Services	\$1,562,176	\$1,050,617	\$741,981	\$1,422,489
Bank Services and Fees	\$116,848	\$77,898	\$150,790	\$237,011
Services and Supplies	\$481,785	\$361,190	\$294,173	\$440,071
Investment Operations				
Personnel	\$876,189	\$584,126	\$470,747	\$876,189
Investment and Banking	\$2,000,500	\$1,333,667	\$283,086	\$1,831,340
Professional Services	\$2,123,400	\$1,415,600	\$1,163,671	\$1,163,671
<b>TOTAL</b>	<b>\$7,914,093</b>	<b>\$5,327,795</b>	<b>\$3,457,710</b>	<b>\$6,793,609</b>

Information regarding changes from the Original Adopted Budget (original budget) as compared to the Final Proposed Budget (final budget) is provided in an attached worksheet, which includes comments on changes >\$5,000 and 10% from the original budget. Further information is summarized below:

#### **Board of Trustees and Meetings**


Reduction in expenditures of \$36,105 from the original budget and proposed in the final budget is primarily due to the following:

- a) Candidates for Trustee positions in October 2022 were not opposed and thus a full election with balloting procedures was not necessary. Projected expenses of \$7,700 were not incurred and in addition, a refund of \$6,366 was received for prepaid services.
- b) Several Committee and Board meetings have been virtual, thus reducing meeting expenses and requested Trustee reimbursements by an estimated \$22,039 in expenses.

#### **Administrative Operations**

##### **Personnel**

Costs of current personnel are consistent with the original budget. In evaluating the needs of the Fund, additional personnel are requested in the final budget. Specifically, the final budget



includes an Information Technology staff member (\$96,000), a second Senior Accountant (\$95,000), and the hiring of a second Administrative Analyst instead of an Executive Assistant (incremental salary of \$22,000). The hiring of a Communications Specialist, which was included in the original budget, is also anticipated. If approved, the final budget assumes a start date of April 1, 2023, for these personnel and an increase of \$105,753 over the original budget.

### **Professional Services**

Costs of professional services in the final budget are expected to be \$139,687 less than the original budget. There are several significant elements of this change, with offsetting increases and decreases:

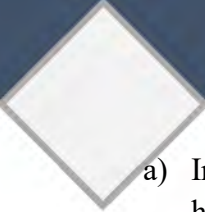
- a) Expenses of the Outsourced Chief Financial Officer are expected to be approximately \$75,000 higher in the final budget. There have been many months of services at the Tier 6 level during the transition period of assets. Services for the most recent month of February, were at the Tier 3 level. The Finance Director continues to work with Lauterbach & Amen to assume more tasks, responsibilities and oversight of finance and accounting procedures and evaluate resources needed to build an internal finance and accounting department at the Fund.
- b) Administrative support services are expected to be approximately \$37,000 higher in the final budget. These additional services are directly related to support provided in connection with the transfer of assets from the participating local funds to the Fund.
- c) Legal services (General, Fiduciary and Litigation, and Auxiliary Legal Counsel) are expected to be approximately \$290,000 less in the final budget. The reduction in expenses is due to lower utilization of legal counsel and delayed hiring of auxiliary legal counsel. In addition, the investment program has been focused on the transfer of assets from participating local funds and the short-term allocation. As the investment program evolves and migrates to a long-term allocation with active management in private markets, legal costs are expected to increase in future years.

### **Bank Services and Fees**

Interest costs have been higher than expected, with an estimated \$120,163 increase in the final budget over the original budget. The Federal Funds rate is currently at 4.5-4.75% versus .0-.25% in February of 2022. An analysis has been prepared regarding expected interest costs. The final budget includes interest of the loan through March 31, 2023.

### **Services and Supplies**

Costs of services and supplies in the final budget are expected to be \$41,714 lower than the original budget. Items with significant changes, including offsetting increases and decreases are as follows:

- 
- a) Insurance costs are approximately \$35,000 less than expected. All insurance premiums have been paid and no additional expenses are anticipated.
  - b) Website costs are approximately \$35,000 more than the original budget. This increase is due to completion and implementation of the Pension app (\$15,000) and additional costs associated with the buildout and improvements to the website.

## **Investment Operations**

### **Personnel**

Costs of current personnel are consistent with the original budget and no modifications are necessary. The original and final budget includes hiring two additional investment staff, for a team of five personnel at the end of fiscal year 2023. If approved, the final budget assumes a start date of April 1, 2023, for these personnel.

### **Investment and Banking**

Investment and Banking expenses are expected to be \$169,160 lower in the final budget as compared to the original budget. The most significant factor is a decrease in expected investment management fees of \$161,210. The original budget assumed assets under management (AUM) of \$10.0 billion as December 31, 2022. The final budget assumes AUM of \$9.0 billion for the last six months of the fiscal year. As of March 1, 2023, AUM were \$8.857 billion.

### **Professional Services**

Professional service expenses are expected to be \$959,729 lower in the final budget. Reasons for this decrease are as follows:

- a) As of December 31, 2022, the Board confirmed the conclusion of the transition period. While there will be some transition activity in May of 2023 to include participating local funds that had not yet transferred assets at December 31, support services from the transition architect and the transition consultant will not be utilized beyond December 31. Final bills from these service providers have been received and no additional costs are expected. This is a reduction of \$457,463 of expenses as compared to the original budget.
- b) While the transition manager will continue to provide services to support the transfer of assets beyond December 31, the fee cap of \$1.5 million was reached in October of 2022. No additional fees are expected. In addition, an accrual of approximately \$652,000 was recorded as of June 30, 2022, for services provided for the first five tranches, thus reducing expenses in fiscal year 2023. This is a reduction of \$502,266 in fees as compared to the original budget.

**Recommended Action:** Adopt Resolution 2023-xx: Amending the Budget for Fiscal Year 2023 to reflect the changes as presented.


1. Refund of \$6,366 was received for prepaid services.
2. Invoices for services through November were received. Final proposed budget was reduced by \$40,000 from March 2, 2023, presentation to the Committee.
3. Invoices for services through January were received. Final proposed budget was reduced by \$30,000 from March 2, 2023, presentation to the Committee.
4. Invoice for Q4 2022 was received. Final proposed budget was increased by \$600 from March 2, 2023, presentation to the Committee.

**Item 5(c)vi. FISCAL YEAR 2024 BUDGET REPORT**

The Fund’s Executive Director, Chief Investment Officer and Finance Director met on March 10 and discussed Fiscal Year 2024 planning. Analysis of Fund year-to-date and budgeted Fiscal Year 2023 expenses was also included in the discussion. Based on this planning session, a draft budget for Fiscal Year 2024 was prepared for consideration by the Audit and Budget Committee at its meeting on April 5.

The Committee reviewed the Fiscal Year 2024 Budget and requested some supporting schedules for Personnel Salary and Benefits, and Dues and Licenses. Such supplemental information is included in the information provided to the Board. The Committee recommended that the budget be provided to the Board for review and further discussion at its meeting on April 14. Based on further review and further discussion, a few changes were made to the draft budget and summary information is as follows:

	Proposed Final Budget FY 2023	Expenditures thru Warrant 62 April 3, 2023	Proposed Budget FY 2024
Board of Trustees and Meetings	\$96,395	\$30,553	\$191,450
Administrative Operations			
Personnel	\$726,443	\$406,364	\$1,204,050
Professional Services	\$1,422,489	\$893,765	\$719,905
Bank Services and Fees	\$237,011	\$232,963	\$4,500
Services and Supplies	\$440,071	\$308,509	\$425,000
Investment Operations			
Personnel	\$876,189	\$536,159	\$1,217,007
Investment and Banking	\$1,831,340	\$567,734	\$2,234,732
Professional Services	\$1,163,671	\$1,163,671	\$0
<b>TOTAL</b>	<b>\$6,793,609</b>	<b>\$4,139,718</b>	<b>\$5,996,644</b>



Information regarding changes from the Proposed Final Budget for FY 2023 (FY 2023 Budget) as compared to the Proposed Budget for FY 2024 (FY 2024 Budget) is provided in the attached worksheet, which includes comments on changes >\$5,000 and 10% from the FY 2023 Budget. Further information is summarized below:

### **Board of Trustees and Meetings**

Increase in expenditures of approximately \$95,000 in the FY 2024 Budget is primarily due to the following:

- c) Increase of \$18,000 in Education and Training in anticipation of greater attendance of education opportunities with increased sophistication and complexity of \$10 billion AUM investment portfolio.
- d) Increase of \$34,359 in Meeting Expenses in anticipation of holding all Board meetings at an outside location to improve acoustical and collaborative environment.
- e) Increase of \$29,650 in Board Member Reimbursements as in-person meeting attendance is budgeted for all Board meetings in the upcoming fiscal year.
- f) New Line item of \$11,900 for anticipated Municipal reimbursements.

### **Administrative Operations**

#### **Personnel**


Costs of current personnel are expected to increase by approximately \$478,000 in the FY 2024 Budget. The FY 2024 Budget includes a staff of eight administrative staff members (Executive Director, Finance Director, 2 Senior Accountants, 2 Administrative Analysts, an Information Technologist, and a Communications Specialist). The current administrative staff consists of three staff members, with active recruiting underway for three positions.

#### **Professional Services**

Costs of professional services are expected to decrease by approximately \$702,500 in the FY 24 Budget, which is largely related to the increase in administrative staff who will be performing many services internally. There are several significant elements of this change:

- d) Accounting Services has been renamed Accounting Support Services and includes all accounting services performed by Lauterbach & Amen, LLP. This item is expected to increase by \$34,600 and includes all services to close FY 2023 monthly accounting and financial reporting, support the FY 2023 financial statement audit, and support the transfer process for any transitioning Article 3 Funds in FY 2024. Professional services of the Chief Financial Officer have been eliminated with anticipated increased Fund Finance and Accounting Staff, resulting in a \$204,919 reduction from the FY 2023 Budget. Further information on these matters is included in the supplemental memo titled “Action Plan for Accounting and Finance”.



- 
- e) Reduction of \$409,719 in Certified Asset List Audit Services as the conclusion of the transition period was confirmed at December 31, 2022. FY 2024 Budget includes fees to support the specific Article 3 Funds that have not transferred assets at June 30, 2023.
  - f) Reduction of \$87,800 in Administrative Services due to increased Fund staff support of Board and Committee meeting administration and reduced hours required of the external Plan Administrator for meetings and transition support services.
  - g) Reduction of \$72,245 in Technology Services with anticipated hiring of an inhouse Information Technologist to support Fund needs.

### **Bank Services and Fees**

Interest costs have been reduced by \$232,011, in the FY 2024 Budget with the prepayment of the loan balance on April 3.

### **Services and Supplies**

Costs of services and supplies are expected to decrease by approximately \$15,000 in the FY 2024 Budget. The change from the FY 2023 Budget to FY 2024 Budget, while not significant in total, is composed of a few significant changes, including offsetting increases and decreases as follows:

- c) Assets under \$10,000 (previously Assets under \$5,000) decreased by \$91,690 with the finishing of the Office Space in FY 2023, including completion of furniture purchases and installation of the security system.
- d) Increase in Insurance Costs of \$35,582 in FY 2024 as costs of renewals are expected to significantly increase. The budgeted amount for FY 2024 is consistent with the original FY 2023 Budget.
- e) Increase in Office Lease expense of \$16,135 as FY 2024 reflects a full twelve months of lease payments. Lease payments commenced in October 2022.
- f) Increase in Dues and License costs of \$30,205 in FY 2024 primarily related to the purchase of software licenses to support Fund staff in performing services previously provided by external firms, including an accounting/general ledger system, Board administration subscription package, and ADP platform fees. FY 2024 Budget also includes membership in various associations that provide education and resources to Trustees and Fund staff.

### **Investment Operations**

#### **Personnel**

Costs of current personnel are expected to increase by approximately \$341,000 in the FY 2024 Budget. The FY 2024 Budget includes a staff of five investment staff members. The current



investment staff consists of three staff members, with recruiting to begin shortly for two additional investment officers.

### **Investment and Banking**

Investment and Banking expenses are expected to increase by approximately \$404,000 in the FY 2024 Budget. There are two significant offsetting changes:

- a) Increase in Investment Management fees of \$483,210 as the FY 24 Budget assumes \$10 Billion in Assets Under Management for the full fiscal year.
- b) Reduction in Custodian Service expense of \$80,000 in the FY 24 Budget based on elimination of the transition accounts and the associated transaction and performance measurement charges and lower transactions in the separate accounts than originally expected.

### **Professional Services**

Professional Service expenses are expected to be \$0 in the FY 24 Budget, which is \$1,163,671 less than the FY 23 Budget. As of December 31, 2022, the Board confirmed the conclusion of the transition period. While there may be some transition activity in FY 2024, support services from the transition architect and the transition consultant will not be utilized. In addition, while the transition manager will continue to provide services to support the transfer of assets in FY 2024, the fee cap of \$1.5 million was reached in October of 2022, and no additional fees are expected.

**Recommended Action:** Review and discuss the Fiscal Year 2024 proposed budget.

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### **Item 5(c)vii. AGREED-UPON PROCEDURES, FEES, AND STATEMENT OF WORK FOR POST-TRANSITION AUDIT**

At the December 9, 2022, Board meeting, the Board confirmed December 31, 2022, as the closing date for the transition period of participating pension funds transfer of investment assets to the Fund. The Illinois Compiled Statutes requires the following:

40 ILCS 5/22B-120)

(g) Within 6 months after the end of the transition period or as soon thereafter as may be practicable as determined by the board, the books, records, accounts, and securities of the Fund shall be audited by a certified public accountant selected by the board. This audit shall include, but not be limited to, the following: (1) a full description of the investments acquired, showing average costs; (2) a full description of the securities sold or exchanged, showing average proceeds or other conditions of an exchange; (3) gains or losses realized during the period; (4) income from investments; and (5) administrative expenses incurred by the board. This audit report shall



be published on the Fund's official website and filed with the Department of Insurance.

Fund staff worked with State Street Bank to obtain reports detailing all elements of transition activity subject to audit as required in the Illinois Pension Statute cited above, which includes information from March 2022 to December 31, 2022. These detail reports have been reconciled to the monthly statements provided to the participating funds by NRS from inception through December 31, 2022. The NRS statements serve as the basis for the Fund's financial statements.

The reports developed by State Street Bank have been provided to Sikich LLP (Sikich), whom the Board hired to perform the post-transition audit. Fund Staff worked with Sikich to develop Agreed-Upon Procedures to be performed on the transition data. Based upon these procedures, Sikich has provided a Statement of Work (SOW) which includes a fee estimate of \$13,750 and the draft procedures outlined in Addendum 1. Fees are consistent with the FY 2023 budget for these services. If approved, fieldwork is expected to be performed in the first two weeks of May.

These materials were distributed and discussed with the Audit and Budget Committee at its meeting on April 5, and the Committee recommended that the SOW, Agreed-Upon Procedures and Fees be presented to the Board for approval.

**Recommended Action:** Approve the Agreed-Upon Procedures, Fees, and Statement of Work, for the Post-Transition Audit to be performed by Sikich LLP.

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Illinois Police Officers' Pension Investment Fund (IPOPIF)  
 Amended FY 2023 Operations Budget  
 as of 3/17/2023

Function					
Category					
Sub-Category	Original	Projected	Actual	Proposed	
Sub-Category Detail	Adopted	Budget Spend	thru	Final Budget	
	Budget	March 1, 2023	March 1, 2023	June 30	Comments Provided for Changes >\$5,000 and 10% from Original Budget
<b>EXPENDITURES</b>					
<b>Board of Trustees and Meetings</b>					
<u>Board of Trustees and Meetings Expenses</u>					
Professional Services					
Administrative Services	64,800	43,200	3,200	64,800	
Election Services	7,700	7,700	** (6,366)	(6,366)	Election not necessary - all candidates uncontested. Refund received.
Education and Training	18,000	12,000	11,125	18,000	
Meeting Expenses	21,000	14,000	4,261	9,461	Several Board meetings have been virtual, reducing expenses.
Board Member Reimbursements	21,000	14,000	664	10,500	Several Board meetings have been virtual, reducing reimbursements.
	132,500	90,900	12,885	96,395	
<b>Administrative Operations</b>					
<u>Personnel Costs</u>					
	620,695	413,797	340,429	726,443	
<u>Professional Services</u>					
Finance					
Accounting	24,000	16,000	8,000	24,000	
Audit - Financial	27,500	27,500	** 27,500	27,500	
Audit - Certified Asset List	444,924	296,616	* 354,670	444,924	
Audit - Transition	13,752	9,168	* -	13,752	
Chief Financial Officer	130,200	86,800	89,369	204,919	Tier 3 services budgeted, many months at Tier 6 during transition months.
Administrative Services	116,400	77,600	23,475	153,500	Additional hours needed with transition-related services and support.
Government Liaison	68,400	45,600	39,900	68,400	
Actuarial Services	179,000	119,333	119,125	183,250	
Human Resources	24,000	16,000	6,733	24,000	
Legal Services					
General	120,000	80,000	14,713	70,000	Less utilization expected.
Fiduciary and Litigation	260,000	173,333	37,218	100,000	Less utilization expected, but will increase w/investment program activity.
Auxiliary Legal Counsel	80,000	53,333	-	-	Vendor not expected to be selected in fiscal year.
Technology Services	50,000	33,333	5,278	84,245	Additional expense with E&Y project and implementation of IT needs.
Communication Services	24,000	16,000	16,000	24,000	
	1,562,176	1,050,617	741,981	1,422,489	
<u>Bank Services and Fees</u>					
Local Bank Fees	5,000	3,333	2,398	5,000	
Loan Interest Expense	111,848	74,565	148,392	232,011	Increase in Fed Funds Rate - Proposed Budget assumes payoff by April 3.
	116,848	77,898	150,790	237,011	

Illinois Police Officers' Pension Investment Fund (IPOPIF)  
 Amended FY 2023 Operations Budget  
 as of 3/17/2023 page 2

Function					
Category					
Sub-Category	Original	Projected	Actual	Proposed	
Sub-Category Detail	Adopted	Budget Spend	thru	Final Budget	
	Budget	March 1, 2023	March 1, 2023	June 30	Comments Provided for Changes >\$5,000 and 10% from Original Budget
<b>Administrative Operations (continued)</b>					
<u>Services and Supplies</u>					
Assets under \$5,000	141,690	94,460	116,602	141,690	
Insurance	120,000	120,000	**	84,418	84,418 No further expenses expected - full premiums have been paid.
Office Lease	64,500	43,000	32,250	48,375	Rent commenced October 1, 2022, under new Lease amendment.
Printing & Postage	36,000	24,000	3,092	36,000	
Supplies & Maintenance	14,000	9,333	7,721	14,000	
Telecommunication	10,000	6,667	8,943	13,193	
Contingency	12,000	8,000	-	12,000	
Dues / Licenses	11,295	7,530	2,696	11,295	
Training & Education	24,000	16,000	135	12,000	Minimal staff activity in first half of year.
Travel & Transportation	24,000	16,000	2,528	12,000	Minimal staff activity in first half of year.
Utilities	9,000	6,000	-	5,100	Only utilities from lease to be charged to this account; bills forthcoming.
Website	15,300	10,200	35,789	50,000	Pension app for \$15,000 not in original budget; website buildout continues.
	481,785	361,190	294,173	440,071	
<b>Investment Operations</b>					
<u>Personnel Costs</u>					
	876,189	584,126	470,745	876,189	
<u>Investment &amp; Banking</u>					
General Investment Consultant	427,500	285,000	213,750	427,500	
Database Subscription(s)	45,000	30,000	37,050	37,050	No additional expenses expected.
Investment Management	1,063,000	708,667	32,236	901,790	Original budget AUM of \$10billion at Dec. 31; current AUM is \$9billion.
Custodial Services	465,000	310,000	-	465,000	
	2,000,500	1,333,667	283,036	1,831,340	
<u>Professional Services</u>					
Project Architect	60,000	40,000	*	28,175	28,175 No further services or expenses expected after December 31, 2022.
Transition Management	1,350,000	900,000	*	847,734	847,734 Cap of \$1.5 million has been reached; \$652,266 included in FY 2022 accrual.
Transition Consultant/Services	713,400	475,600	*	287,762	287,762 No further services or expenses expected after December 31, 2022.
	2,123,400	1,415,600	1,163,671	1,163,671	
<b>TOTAL BUDGETED EXPENDITURES</b>	<b>7,914,093</b>	<b>5,327,795</b>	<b>3,457,710</b>	<b>6,793,609</b>	

\* Note: These expenses are related to transition of assets. The total amount budgeted in FY 2023 is \$2,582,076. Expected amount in revised budget is 1,622,347

\*\*Proration is not applicable as service or purchase is specific to one-time event that has completed.

Illinois Police Officers' Pension Investment Fund (IPOPIF)  
 FY 2024 Operations Budget  
 as of 4/14/2023

Function					
Category					
Sub-Category	Original		Proposed		
Sub-Category Detail	Adopted	YTD Actual	Final Budget	Projected	Comments Provided for Changes >\$5,000 and 10% from Final FY 23 Budget
	Budget	4/3/2023	June 30	FY 2024	
<b>EXPENDITURES</b>					
<b>Board of Trustees and Meetings</b>					
<u>Board of Trustees and Meetings Expenses</u>					
Professional Services					
Administrative Services	64,800	19,913	64,800	59,400	
Election Services	7,700	(6,366)	(6,366)	-	No Election in FY 24
Education and Training	18,000	11,125	18,000	36,000	Anticipated increase in education given AUM increase and changes in investment portfolio
Meeting Expenses	21,000	5,217	9,461	44,000	Assumes 11 meetings at an outside location at \$4,000 per meeting
Board Member Reimbursements	21,000	664	10,500	40,150	Assumes all in-person meetings with reimbursements due to each trustee
Municipal Reimbursements	-	-	-	11,900	New line item in anticipation of reimbursement requests
	<u>132,500</u>	<u>30,553</u>	<u>96,395</u>	<u>191,450</u>	
<b>Administrative Operations</b>					
<u>Personnel Costs</u>	620,695	406,364	726,443	1,204,050	Staff increases from 4 FTEs to 8 FTEs
<u>Professional Services</u>					
Finance					
Accounting Support Services	24,000	16,000	24,000	58,600	Elimination of CFO services - additional support to assist in transition of services to staff
Audit - Financial	27,500	27,500	27,500	57,500	Increase per RFP - primarily due to anticipated growth and sophistication of investment portfolio
Audit - Certified Asset List	444,924 *	354,670	444,924	35,205	Transition complete at December 31, 2022 - amounts budgeted are for non-transferred Article 3 funds
Audit - Transition	13,752 *	-	13,752	-	Post Transition Audit expected to be complete
Chief Financial Officer	130,200	157,969	204,919	-	Services Eliminated - see Accounting Support
Administrative Services	116,400	62,650	153,500	65,700	Transition of services to inhouse Administrative Analyst staff
Government Liaison	68,400	45,600	68,400	68,400	
Actuarial Services	179,000	126,125	183,250	183,500	
Human Resources	24,000	6,983	24,000	12,000	Positions expected to be filled by July 1 - other HR services to be performed as needed
Legal Services					
General	120,000	28,456	70,000	84,000	Higher utilization with development of the Fund
Fiduciary and Litigation	260,000	44,534	100,000	125,000	Higher utilization expected for Investment Matters
Auxiliary Legal Counsel	80,000	-	-	-	No utilization expected in FY 24
Technology Services	50,000	5,278	84,245	12,000	Transition of services to Fund staff with hiring of Information technologist.
Communication Services	24,000	18,000	24,000	18,000	Transition of some services to Fund staff with hiring of Communications Specialist.
Other Consulting Services	-	-	-	-	Placeholder for any additional services necessary with development of the Fund
	<u>1,562,176</u>	<u>893,765</u>	<u>1,422,489</u>	<u>719,905</u>	
<u>Bank Services and Fees</u>					
Local Bank Fees	5,000	2,398	5,000	4,500	
Loan Interest Expense	111,848	230,565	232,011	-	Loan payoff on April 3, 2023
	<u>116,848</u>	<u>232,963</u>	<u>237,011</u>	<u>4,500</u>	

Function					
Category					
Sub-Category	Original		Proposed		
Sub-Category Detail	Adopted	YTD Actual	Final Budget	Projected	
	Budget	4/3/2023	June 30	FY 2024	Comments Provided for Changes >\$5,000 and 10% from Final FY 23 Budget
..					
<u>Services and Supplies</u>					
Assets under \$10,000	141,690	116,602	141,690	50,000	Reduction in spend as office buildout with security system and furniture essentially complete
Insurance	120,000	84,418	84,418	120,000	Expected increases - amount is reflective of Original FY 23 Budget
Office Lease	64,500	37,625	48,375	64,500	Full twelve months of rent in FY 24; Nine months of rent in FY 23
Printing & Postage	36,000	7,255	36,000	34,000	
Supplies & Maintenance	14,000	9,337	14,000	14,000	
Telecommunication	10,000	9,798	13,193	17,000	
Contingency	12,000	-	12,000	12,000	
Dues / Licenses	11,295	2,883	11,295	41,500	Membership in pension-related associations and purchase of software licenses for in-house services
Training & Education	24,000	135	12,000	12,000	
Travel & Transportation	24,000	2,609	12,000	12,000	
Utilities	9,000	1,627	5,100	8,000	
Website	15,300	36,219	50,000	40,000	Reduction in spend on pension app
	481,785	308,509	440,071	425,000	
<b>Investment Operations</b>					
<u>Personnel Costs</u>	876,189	536,159	876,189	1,217,007	Staff increases from 3 FTEs to 5 FTEs
<u>Investment &amp; Banking</u>					
General Investment Consultant	427,500	213,750	427,500	427,500	
Database Subscription(s)	45,000	37,050	37,050	37,232	
Investment Management	1,063,000	316,934	901,790	1,385,000	Assumes 10 Billion AUM for FY 24
Custodial Services	465,000	-	465,000	385,000	Elimination of transition accounts and reduction in separate account transactions
	2,000,500	567,734	1,831,340	2,234,732	
<u>Professional Services</u>					
Project Architect	60,000 *	28,175	28,175	-	No further services or expenses expected after December 31, 2022
Transition Management	1,350,000 *	847,734	847,734	-	Cap of \$1.5 million has been reached
Transition Consultant/Services	713,400 *	287,762	287,762	-	No further services or expenses expected after December 31, 2022
	2,123,400	1,163,671	1,163,671	-	
<b>TOTAL BUDGETED EXPENDITURES</b>	<b>7,914,093</b>	<b>4,139,718</b>	<b>6,793,609</b>	<b>5,996,643</b>	

\* Note: These expenses are related to transition of assets.

Total amount budgeted in FY 2023 is \$2,582,076.

Expected amount in revised FY 23 budget is \$1,622,347

Expected amount in FY 23 budget is \$35,205



## MEMORANDUM

TO: Richard White, Executive Director  
FROM: Regina Tuczak, Finance Director  
RE: Action Plan for Accounting and Finance  
DATE: March 30, 2023

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### Action Plan for Accounting and Finance

The following presents the short-term plan for the Accounting and Finance Operations of the Illinois Police Officers' Pension Investment Fund.

#### Background

The Finance Director began employment on October 3, 2022, and is the sole staff member of the accounting and finance department. At the time of hiring, all accounting and finance functions were performed by an external vendor, Lauterbach & Amen LLP (L&A). Finance and Accounting services of L&A represent two distinct line items of the Fund's Fiscal Year 23 Budget: Accounting Professional Services and Chief Financial Officer Services.

Since October 2022, significant Finance and Accounting functions brought in-house include:

- Annual Comprehensive Financial Report preparation and presentation, including financial statement classifications, drafting of Management, Discussion and Analysis and footnote disclosures, and compilation of supplementary, investment and financial section information
- Audit support to the Fund's external auditors, including obtaining necessary information from the Fund's custodian and other service providers, and documenting internal controls of the Fund's investment and cash management operations
- Preparation of the Fiscal Year 2023 Mid-Year Budget Review
- Preparation of the Fiscal Year 2024 Budget
- Development of Warrant summary presentation for Board review and ratification
- Staff Payroll Processing
- Set-up of a Fund administration expense disbursing account with State Street Bank & Trust and utilization of this account to disburse all Fund expenses other than personnel benefits



## Accounting and CFO Services

The following summarizes services recently performed by L&A:

	<b>Function</b>	<b>Timeframe of Transition</b>
1.	Preparation and Review of Monthly Financial Reports	Continue thru issuance of June 30, 2023 financials
2.	Audit Support Work	Continue until ACFR issuance in December 2023
3.	Board and Audit and Budget Committee Meeting Attendance	Continue until ACFR issuance in December 2023
4.	General Ledger and Accounts Payable Maintenance and Support	Estimated continuation to December 2023
5.	Remit Employee Benefit-related disbursements through Lake Forest Bank & Trust	Discontinue effective July 1
6.	CIAL and Reconciliation Reviews	Continuation of services until final member fund transfer of assets – date TBD
7.	eCFM Form Validation	Continue services after July 1 for new member funds only
8.	Status Calls with Custodian	Upon specific request
9.	Valuation and Cost Project	Model has been developed – future services upon specific request
10.	Miscellaneous communication with Rich, Kent and Gina	As needed


Further detail on the Action plan associated with these items is detailed below:

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- 1) Preparation and Review of Monthly Financial Reports**
- 2) Audit Support Work**
- 3) Board and Audit and Budget Committee Meeting Attendance**
- 4) General Ledger and Accounts Payable Maintenance and Support**
- 5) Remit Employee Benefit-related disbursements through Lake Forest Bank**

Fund Staff is working to purchase licenses for Thomson Reuters Accounting CS, which is a accounting, general ledger and financial reporting software system (G/L system), and is used by L&A for the Fund. An internal G/L system is critical for Fund staff to assume the responsibilities of preparing monthly and annual financial statements; the Fund currently does not own or license any such system.





The short-term plan is that Fund staff would begin the accounting, general ledger maintenance and financial reporting for the Fund effective July 1, 2023, the start of fiscal year 2024. This timeframe assumes that at least one Senior Accountant is hired prior to July 1, licenses are obtained and the Accounting CS software is functional and ready for use on July 1.

This timeframe requires that L&A complete the monthly financial statements and final close of the Fund's books and records as of and for the year ended June 30, 2023. The final close procedures include recording all accruals and adjustments necessary as of June 30, 2023. This timeline is appropriate for seamless reporting through fiscal year 2023.

L&A services will be utilized for various elements of audit support, such as providing detail for journal entries, accruals and bank reconciliations. It is anticipated that these services would continue until the conclusion of the June 30, 2023, audit, and issuance of the Annual Comprehensive Financial Report.

It is also anticipated that L&A would attend Board and Audit and Budget Committee meetings that include any agenda items specific to monthly financial statements through June 30, 2023, or any audit matter relating to the June 30, 2023, financial statements.

In addition, the selection of Accounting CS for the Fund is prioritized, given the short time frame to implement a G/L system for the Fund and expected support from L&A as Fund staff assumes these responsibilities. Assistance from L&A is expected to occur for several months and include many levels and means of support to transition the Fund's books and records.

The desired outcome is that support from L&A on all of these activities will be concluded by December 31, 2023.


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**6) CIAL and Reconciliation Reviews**

**7) eCFM Form Validation**

**8) Status Calls with Custodian**

The services noted above primarily relate to functions provided in connection with the transfer of pension investments from Article 3 funds. As of June 30, 2023, it is anticipated that there will be approximately 25 Article 3 funds that have not transferred their pension investments to the Fund, including the 15 litigant funds. The short-term accounting and finance plan assumes that L&A will continue to deliver these services through the transfer of the last Article 3 fund's pension investments to the Fund. This process ensures consistent processing of CIALs and Reconciliations for all Article 3 funds, and provides added controls of an external organization when onboarding new Article 3 fund users with eCFM Form Validation.



eCFM is the Enterprise Cash Flow Module maintained by State Street Bank & Trust, which is an application that allows participant funds to authorize cash transfers. When an eCFM form is submitted to the Fund, procedures performed by L&A to validate the information on the form include phone calls to the noted authorized users, review of Resolutions issued by the Article 3 Police Pension Fund for consistency and authority of user information, and follow-up on missing information.

Currently, L&A performs validation of eCFM information on any new user or change in account information of a participant fund utilizing eCFM. The short-term plan for the accounting and finance department assumes that when a Senior Accountant is hired, these validation procedures on current participant funds will be performed by Fund staff. The estimated commencement of these procedures is July 1. At such time, L&A validation services on an eCFM form would exclusively be provided on new participant funds transferring pension investments to the Fund.

Last, L&A has been a participant on weekly Steering Committee and Custodian meetings with State Street Bank & Trust and Fund staff. These calls initially related to the transfer of pension investment fund assets, and they now include all open custodial matters. Effective March 21, L&A is only a participant on these calls upon specific request, as the Finance Director assumes responsibility for all finance and accounting matters on these calls.

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### **9) Valuation and Cost Project**

A draft model of valuation and cost calculations was recently completed by L&A and is under review by Fund staff. Integration of the valuation model calculations with the Net Asset Value unitization and reporting by State Street Bank & Trust and Northeast Retirement Systems will require significant coordination. It is anticipated that Fund staff will manage all elements of this coordination and integration, and services from L&A will only be utilized upon specific request. Given the construction of the model by L&A and their involvement in the development of this Administrative Rule, some assistance is expected.

Practical application of the model will require input of ongoing expenses and participating fund activities as the non-compliant Article 3 funds transfer investment assets. It is anticipated that this input and analysis will be performed by the Fund's Senior Accountant and services of L&A for these procedures will not be necessary.



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## **10) Miscellaneous communication with Rich, Kent and Gina**

Communication with and support from L&A as the Fund implements this short-term action plan is expected. In addition, given L&A's support of accounting services to many participant funds, L&A's insight into new policies and procedures may be helpful as the impact of these matters on participating funds is considered. Over time, it is anticipated that these communications will diminish.

**MEMORANDUM**

TO: BOARD OF TRUSTEES  
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR  
RE: REVISIONS TO BYLAWS & CASH MANAGEMENT POLICY  
DATE: APRIL 14, 2023

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**Item 5.d.i. IPOPIF BYLAWS**

The Board of Trustees has amended the IPOPIF Bylaws over time to address various issues that arise during the normal course of Fund operations.

The current proposal is to amend Section 305 "Duties of the Treasurer" to align the Bylaws with the administration and finance operations with the addition of a full-time Finance Director position. The Finance Director now has been assigned under Board policy the responsibilities previously defined for the duties given to the Treasurer in the Bylaws. The revision corrects this and adds oversight, advice, and guidance responsibilities to the Board Treasurer position.

Also, amended is Section 309 which adds a sentence defining that a majority of members of a Committee shall constitute a quorum.

The Governance Committee recommended approval. The approval of these amendments to the Bylaws requires an affirmative vote of six trustees to be adopted by the Board of Trustees.

**Recommended action:** Approve Bylaw amendments as presented.

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**Item 5.d. ii CASH MANAGEMENT POLICY (PP-2022-01)**

The Board of Trustees adopted and has amended the Cash Management Policy which provides policy guidance for the Fund and the Article 3 participating police pension funds in matters related to the cash flow management process.

The amendments to this policy include the addition of the recently approved Administrative Rule 2023-01 that defines “Authorized Agents” to the definition section and refines language which includes a streamlined process for contributions from the Article 3 funds.

The Governance Committee recommended approval of the revised policy.

**Recommended action:** Approve Cash Management Policy (PP-2022-01), as revised.

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**BOARD OF TRUSTEES OF THE  
ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND**

**BYLAWS**

**PART 1 GENERAL PROVISIONS**

**§101 Purpose**

The purpose of the Bylaws adopted by the Board of Trustees of the Illinois Police Officers' Pension Investment Fund (IPOPIF) (hereinafter "the Board") established under Article 22B of the Illinois Pension Code, is to establish uniform procedures for conducting meetings, establishment of committees, election of officers, and running the day-to-day business of the Board.

**§102 Definitions**

As used in these Bylaws, the terms set forth below shall have the following definitions and meanings, except when the context of the Bylaw specifies and requires a different meaning:

Definition of Fund: The term "Pension Fund" or "IPOPIF" shall refer to the Illinois Police Officers' Pension Investment Fund created by 40 ILCS 5/22B-101 *et seq.*

Definition of Board: The term "Board" or "Pension Board" shall refer to the Board of Trustees of the Fund created by 40 ILCS 5/22B-115(a), unless otherwise stated.

Definition of Participant: The term "participant(s)" shall refer to an active police officer participating in an Article 3 Pension Fund.

Definition of Beneficiary: The term "beneficiary(ies)" shall refer to a retired pensioner, disabled pensioner, surviving spouse, minor children, disabled children, and dependent parents receiving benefits from an Article 3 Pension Fund. If a special need trust as described in Section 1396p(d)(4) of Title 42 of the United States Code, as amended from time to time, has been established for a disabled adult child, then the special needs trust may stand in lieu of the disabled adult child as a beneficiary for the purposes of this Article

**PART II ADMINISTRATION**

**§201 Composition of the Board**

The Board shall consist of nine (9) Trustees as set forth in §5/22B-115(a) of the Illinois Pension Code.

The Board of Trustees shall consist of nine (9) members as follows:

(1) Three (3) members who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities that have participating pension funds and are elected by the mayors and presidents of municipalities that have participating pension funds.

(2) Three (3) members who are participants of participating pension funds and are elected by the participants of participating pension funds.

(3) Two (2) members who are beneficiaries of participating pension funds and are elected by the beneficiaries of participating pension funds.

(4) One member recommended by the Illinois Municipal League who shall be appointed by the Governor, with the advice and consent of the Senate.

The Board of Trustees shall select the Chairperson, Vice Chairperson, Secretary and Treasurer of the Permanent Board of Trustees from among the Trustees for a term of two (2) years. The holder of the Office of Chairperson shall alternate between a person elected or appointed under item (1) or (4) of this section and a person elected under item (2) or (3) of this section.

#### **§202 Compensation**

Trustees may not receive any compensation for services performed as Trustees but may be reimbursed for travel expenses incurred while on business for the Board, consistent with policies and procedures established by the Board.

#### **§203 Meetings**

- a) The Board shall hold at least four (4) quarterly meetings each calendar year. The Board will schedule the meetings for the following year, at its fourth quarterly meeting.
- b) The Board may agree to hold additional meetings as necessary for the prudent and efficient administration of the affairs and activities of the Pension Fund, at the request of the Chairperson or at least three (3) other Trustees.
- c) All meetings and notices shall be held in accordance with the Open Meetings Act, 5 ILCS 120/1 *et seq.*

#### **§204 Emergency/Special Meetings**

- a) The Chairperson or at least three (3) other Trustees may call special meetings.
- b) In the event of a *bona fide* emergency, upon reasonable notice to all of the Board Trustees, an emergency meeting may be held with less than forty-eight (48) hours' notice. The Chairperson, or at least three (3) other Board Trustees may request an emergency meeting by serving written notice upon all other Trustees as soon as practicable, prior to the date and time of the emergency meeting.



- c) For purposes of this Section, a “*bona fide* emergency” shall mean an unforeseen combination of circumstances or the resulting state which calls for immediate action.

**§205 Annual Meeting**

The Annual Meeting of the Board shall be the first regular meeting held in the calendar year, unless otherwise agreed upon by the Board.

**§206 Open Meetings**

- a) All Board and committee meetings are open to the public, except for those matters lawfully conducted in closed session.
- b) Any person shall be permitted to address the Board during the public comment portion of the meeting, not to exceed three (3) minutes per person.

**§207 Order of Business**

All meetings of the Board shall be conducted under a properly posted Agenda. Business will be transacted in the order posted on the Agenda unless the Chairperson directs otherwise. Any Trustee may place a matter on the Agenda.

**§208 Quorum**

- a) A quorum of the Board shall consist of six (6) Trustees. The approval of all Board business shall require the affirmative vote of at least five (5) Trustees at any given meeting, except.
- b) The following actions shall require the affirmative vote of at least six (6) Trustees: the adoption of actuarial assumptions; the selection of a chief investment officer; fiduciary counsel; of a consultant defined under Section 1-101.5 of the Illinois Pension Code; the adoption of rules for the election of trustees; and the adoption of asset allocation policies and investment policies.

**§209 Remote Attendance**

- a) Upon a majority vote of Trustees present at a meeting, a Trustee who is not physically present may participate in a meeting by audio, video, or internet conferencing, provided the Trustee is prevented from physically attending due to: (1) personal illness or disability; (2) employment purposes or Fund business; or (3) a family or other emergency. A Trustee who wishes to attend by telephone, video or internet conferencing must notify the Board Secretary and the Executive Director at least 24 hours prior to the meeting, unless advance notice is impractical. A Trustee who is allowed to participate by telephone, video or internet conferencing shall not be considered present for purposes of a quorum but shall be considered in attendance for all other purposes and allowed to vote on matters brought before the Board.



- b) Notwithstanding the foregoing, if the conditions of Section 7(e) of the Open Meetings Act are met, then Trustees may attend a Board or Committee meeting by audio, video, or internet conferencing without the requirement that there be a physical presence of a quorum.

**§210 Fiscal Year**

The Fiscal Year shall date from July 1 of one year to June 30 of the year next following.

**§211 Audits and Reports**

At least annually, the books, records, accounts, and securities of the Fund shall be audited by a certified public accountant selected by the Board and conducted in accordance with the rules and procedures promulgated by the Governmental Accounting Standards Board. An annual report shall be presented by the Board for submission to the participating pension funds and to the Department of Insurance within six (6) months after the close of each fiscal year.

**PART III BOARD OFFICERS, EMPLOYEES, AND VENDORS**

**§301 Officers**

The Officers of the Permanent Board shall be the Chairperson, Vice-Chairperson, Secretary, and Treasurer.

The Officers shall serve two-year terms of office.

**§302 Duties of the Chairperson**

The Chairperson shall preside over all functions and duties of the Board, unless such functions or duties are specifically delegated to other Trustees, employees, or agents of the Board. The Chairperson shall preside over all meetings of the Board and may execute all orders, certificates, and other documents necessary to carry out the affairs and activities of the Board.

**§303 Duties of the Vice-Chairperson**

The Vice-Chairperson shall perform the functions and duties of the Chairperson during any vacancy in that office or during any such time the Chairperson is unable to perform his or her duties. The Vice-Chairperson shall serve as Chairperson at any meeting of the Board in the absence of the Chairperson.

**§304 Duties of the Secretary**

The Secretary shall perform the following duties and functions: (1) be the custodian of all Board records, minutes of the meetings, and documentation; (2) record the minutes of all regular, special, and emergency meetings of the Board; (3) execute any and all documents on behalf of the Board; (4) certify the authenticity of all resolutions or documents of the Board; and (5) perform all other duties necessary to the administration of the Board. The Board may retain an independent

contractor/vendor to perform some or all of these duties.

**§305 Duties of the Treasurer**

~~The Treasurer shall provide guidance, advice and ideas regarding the strategy and management of the IPOPIF financial operations, reporting, and budgeting, and regularly communicate with the IPOPIF Finance Director about such matters. The Treasurer shall receive reports of the activities of the Audit and Budget Committee from the Finance Director or any member of the Committee.~~

**Deleted:** The Treasurer shall have custody of funds of the Pension Fund. The Treasurer shall have the authority to open, maintain, and close bank, depository, brokerage, and other accounts for depositing, keeping, expending, and investing funds of the Pension Fund in accordance with policies adopted by the Board. The Treasurer shall maintain financial accounts and records of the Pension Fund and report financial information to the Board regularly. The Board may retain employees or independent contractors/vendors to perform some or all of those duties.

**§306 Executive Director**

The operation and administration of the Fund shall be managed by an Executive Director. The Executive Director shall act subject to and under the supervision of the Board. The Board shall fix the compensation of the Executive Director. The Executive Director and personnel of the Board shall prepare agendas, materials, and required postings for the meetings of the Board. With the approval of the Board, the Executive Director may employ such personnel, professional or clerical, as may be desirable, and fix their compensation. The Executive Director may execute all orders, certificates, and other documents necessary to carry out the affairs of the Fund as directed by the Board. The Executive Director shall perform such duties and responsibilities as the Board establishes in its Rules. The Board shall adopt a budget to support its operations and administration.

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**§307 Chief Investment Officer**

The Board shall have the authority to manage the pension fund assets of the transferor pension funds for the purpose of obtaining a total return on investments for the long term. The Board may appoint a Chief Investment Officer (CIO). The Chief Investment Officer reports to the Board. The Chief Investment Officer is responsible for leading the management and operations of the Board's investment program. The Chief Investment Officer will work closely with the Executive Director to ensure the operations, management, and strategies of the Board are carried out in accordance with the Investment Policy Statement and other relevant policies and procedures.

**§308 Election of Officers**

The Board shall have a Chairperson, a Vice-Chairperson, a Secretary, and a Treasurer, each of whom shall be elected at the annual meeting. Officers shall serve two-year terms.

**§309 Committees of the Board**

The Board may from time to time create one or more committees. The Board shall appoint Trustees to serve on a committee. Each committee shall have three (3) or more Trustees. Each committee shall have at least one (1) member appointed from the active or beneficiary Trustees, one (1) Trustee appointed from the municipal Trustees, and one (1) Trustee appointed by the Chairperson. ~~A majority of members shall constitute a quorum.~~ The Chairperson may appoint one (1) or more subject matter experts, or the Executive Director, to a committee, but those appointees shall not have any voting rights. The committee shall make recommendations to the full Board.

Each member of a committee shall continue to serve until the next Annual Meeting and may be reappointed to additional terms. The Board shall establish the following standing committees, the Election Committee, and the Audit Committee. Special committees may be established from time to time as determined necessary by the Board.

**§310 Contractors/Vendors**

The Board may, in its discretion, retain independent contractors/vendors to carry out certain duties and functions of the Board. The duties of any such independent contractors/vendors and their compensation will be established in writing and reflected in the minutes of the Board meeting approving the relationship. All independent contractors/vendors will be retained on an at-will basis.

**PART IV CONFLICTS OF INTEREST**

**§401 Conflicts of Interest and Ethics**

No Trustee shall engage in any transaction or vote in any matter in which the Trustee shall receive any direct or indirect personal gain. However, (1) this shall not prohibit a Trustee from receiving any benefit to which the Trustee may be entitled as a participant or beneficiary in a retirement system or pension fund or (2) serving as a Trustee in addition to being an officer, employee, agent, or other representative of a "party in interest" as defined in §5/1-110(a) of the Pension Code.

**§402 Disclosure of Conflicts**

Prior to voting on any matter in which a Trustee would reasonably believe a conflict of interest exists, the Trustee shall publicly announce the conflict and refrain from voting. The conflict statement required by law shall be recorded in the minutes of the Board meeting. In determining whether a conflict exists, Trustees shall in all actions endeavor to avoid the appearance of impropriety.

**PART V ELECTRONIC SIGNATURE**

**§501 Electronic Signature**

Electronic Documents and Electronic Signatures.

- a) **Electronic Documents.** To the extent permitted by law including the Electronic Commerce Security Act (5 ILCS 175) and/or Executive Order, whenever these Bylaws require that a document, record, or instrument be "written" or "in writing," the requirement is deemed satisfied by an Electronic Record. "Electronic record" means a record generated, communicated, received, or stored by electronic means for use in an information system or for transmission from one information system to another.
- b) **Electronic Signatures.** To the extent permitted by law including the Electronic Commerce Security Act (5 ILCS 175) and/or Executive Order, whenever these Bylaws

require a signature, an Electronic Signature satisfies these requirements only if: (i) the signature is easily recognizable as a Secure Electronic Signature, as defined by 5 ILCS 175/10-110, that is (a) capable of verification, (b) under the sole control of the signatory, and (c) attached to the electronic document in such a way that the document cannot be modified without invalidating the signature; or (ii) the Board reasonably believes that the signatory affixed the signature with the intent to sign the Electronic Document, and the Electronic Document has not been modified since the signature was affixed. An "Electronic Signature" means a signature in electronic form attached to or logically associated with an electronic record and includes a facsimile signature.

- c) **Verification.** The Board may verify any Electronic Signature or Document using a qualified security procedure. A qualified security procedure for purposes of this section is a security procedure to detect changes in the content of an electronic record that is previously agreed to by the parties. Pending verification, the Board may refuse to accept any Electronic Signature or Document that, in the Board's sole discretion, is not clearly authentic. Once verified, the Board shall not be liable to any member or any other person for accepting or acting in reliance upon an Electronic Signature or Document that the Board reasonably believes to be authentic.

## PART VI POLICIES AND PROCEDURES

### Policies and Procedures

§601 The Board may adopt other policies and procedure as determined necessary by the Board.

## PART VII AMENDMENTS

### §701 Amendments

These Bylaws may be amended from time to time and shall require the affirmative vote of at least six (6) Trustees to be adopted.

The Bylaws were amended by the Board of Trustees on February 26, 2021. (Sections 201, 301 and 308)

The Bylaws were amended by the Board of Trustees on July 23, 2021, by adding Section 209 (Remote Attendance).

The Bylaws were amended by the Board of Trustees on April 14, 2023 by amending Section 305 (Duties of the Treasurer); by amending Section 309 (Committees of the Board).

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## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND POLICY AND PROCEDURE

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**POLICY NUMBER:** PP-2022-01  
**SUBJECT:** CASH MANAGEMENT POLICY  
**EFFECTIVE DATE:** January 14, 2022  
**AMENDED:** September 9, 2022  
AMENDED: April 14, 2023

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### Section A. Definitions

1. "Authorized Agent" means persons identified in accordance with IPOPIF Administrative Rule AR-2021-03 or Administrative Rule AR 2023-01 and having the powers and duties to represent the Participating Police Pension Fund as detailed in AR-2021-03.
2. "Account Representative" means an Authorized Agent, the Treasurer of a Participating Police Pension Fund, or a person authorized by a Participating Police Pension Fund Board of Trustees' Resolution to contribute or withdraw cash from the Participating Police Pension Fund Account.
3. "Custodian" means the custodial bank holding all IPOPIF investment assets.
4. "Participating Police Pension Fund" or "Pension Fund" means a pension fund established pursuant to Article 3 of the Illinois Pension Code.
5. "Pension Fund Account" means the specific custody account assigned to each Participating Police Pension Fund.

### Section B. Cash Flow Planning

1. Objectives:
  - a. Ensure that cash is available for withdrawal when needed by each Pension Fund to pay expenses, benefits, and other required payments to beneficiaries.
  - b. Minimize the cost and impact associated with raising cash.
  - c. Minimize "cash drag" on investment performance.
  - d. Minimize the risk of fraud and errors.
  - e. Invest contributions quickly.
2. IPOPIF staff will maintain a rolling cash flow forecast including:
  - a. projected Pension Fund cash flows;
  - b. projected administrative and operating expenses; and



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND POLICY AND PROCEDURE

- c. projected investment commitments, contributions, and distributions from investments, including private markets.
- 3. Pension Fund cash flow projection
  - a. Pension Funds are expected to provide monthly cash flow projections annually.
  - b. Each Pension Fund's projection should include the amount expected to be contributed to, and withdrawn from, the Pension Fund Account for each month of the year.
  - c. Pension Funds are expected to submit an updated projection if there are any material changes to any of the monthly projections.
  - d. IPOPIF will provide submission instructions and templates to the Authorized Agents.

**Section C. Local Cash**

- 1. Pension Funds are encouraged to maintain an account at a local bank or financial institution to facilitate cash transfers and the payment of expenses and benefits.
- 2. At the time of the initial transfer of assets to the IPOPIF, the Participating Police Pension Funds are encouraged to hold sufficient cash in their local account to pay an estimated 3 months of expenses and benefits.
- 3. Following the initial transfer of assets, each Pension Fund is encouraged to hold sufficient cash in its local account to limit cash withdrawals from the Pension Fund Account to once per month.
- 4. It is the exclusive responsibility of the Pension Fund to ensure that it has enough cash on hand to pay expenses and benefits.

**Section D. Cash Management Procedures**

- 1. Cash Management Portal
  - a. Account Representatives will have the ability to initiate and monitor cash transfers for their account on the Custodian's cash management portal (portal).
  - b. Specific account details and transfer instructions will be provided directly to the Account Representatives as part of the initial user access set-up process and upon request thereafter.
  - c. Manual cash processing may be utilized at the discretion of IPOPIF staff.

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2. Contributions

- a. Cash may be contributed to the Pension Fund account on any day the Custodian is open for business.
- b. Funds received by the Custodian will be invested on the same day if feasible or on the next business day. IPOPIF expects funds received prior to 10:00 AM CT will be invested on the same day.

**Deleted:** PP-2022-01 CASH MANAGEMENT POLICY Page 2 of 3 ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND POLICY AND PROCEDURE ¶

- c. Pension Funds shall provide notification of contributions using the portal or by email.

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3. Withdrawals

- a. Cash withdrawal requests shall be submitted at least seven calendar days prior to the requested transfer date to ensure availability and to minimize costs.
- b. IPOPIF may, in its sole discretion and based on the circumstances, process cash withdrawal requests with fewer than seven calendar days before the requested transfer date.

**Deleted:** <#>eCFM – Funds may enter a contribution transaction on cash management portal.¶  
e-mail – Funds may notify IPOPIF Staff of a contribution transaction via e-mail.¶

- c. Multiple transactions can be entered up to 13 months in advance.
- d. Pension Funds shall initiate withdrawal transactions using the cash management portal.

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4. IPOPIF Monitoring and Oversight

- a. The IPOPIF cash allocation (cash on hand) is expected to exceed monthly cash demands.
- b. IPOPIF staff will monitor cash activity and rebalance as necessary to ensure funds are available.

Illinois  
Police  
Officers'  
Pension  
Investment  
Fund

**Administration/Operations  
Update**

**Richard White,  
Executive Director**

**IPOPIF Board Meeting  
Friday, April 14, 2023**



# COMMUNICATIONS

- **Communications:**
  - **Article 3 Fund Reports**
    - Monthly investment reports through February for each of the Article 3 funds have been posted to the Website and are now available for the Article 3 participating police pension funds, municipalities, other stakeholders and the general public to review.
    - Reports continue to be available to Funds via on-line portal.
  - **Actuarial Valuation Reports**
    - Approximately 250+ valuations reports have been completed by Foster & Foster and available on the Website.
  - **Board of Trustees Page**
    - Board of Trustees and Staff Directory added to Website
  - **Agenda and Packet Materials**
    - Board Meeting Agenda and Public materials posted to the Website
    - Board Meeting Summary posted to the Website and distributed to Trustees and Staff

# COMMUNICATIONS

- **Communications:**
  - **Annual Comprehensive Financial Report –FY 2022**
    - The recently approved ACFR report added to Website and provided to the IDOI.
  - **Investment Reports**
    - January and February 2023 monthly report added to Website.
    - Verus Quarterly report added to Website.
  - **Recruitments**
    - Senior Accountant and Administrative Analyst added to Website.
    - Communication Specialist, Information Technologist and Investment Officer recruitment will follow this meeting.
  - **Visitors**
    - 1,479 session visitors in February and 1,905 in March.
    - Highest visited pages are Homepage, Investment Reports, RFP and Recruitments, Article 3 Fund Reports, Annual Reports, and About Us.
  - **Articles:**
    - Newsletter published for February.
    - IML Review – February
    - Fund Fire Article - February

# COMMUNICATIONS

- **Communications:**
  - **External communications**
    - Numerous telephone and email communications with Funds regarding questions or exchange of information by staff.
    - Mailings sent to all Article 3 Funds in advance of their quarterly meetings with Authorized Agent information.
  - **Article 3 Fund meetings**
    - Executive Director Rockford Police Pension Fund meeting, via Zoom, on March 17, 2023.
  - **Speaking engagements**
    - Executive Director scheduled to speak at:
      - Illinois Professional Firefighters Association, 2023 Spring Pension Seminar, Addison IL, May 5, 2023.
      - Illinois Public Pension Fund Association, 2023 Pension Conference, Galina IL, May 12, 2023.

# ORGANIZATIONAL DEVELOPMENT

- **Human Resources:**

- Staffing:

- Recruitments open for Senior Accountant and Administrative Analyst
- Recruitments for Investment Officer, Information Technologist and Communication Specialist to begin shortly.

- **Organizational Development:**

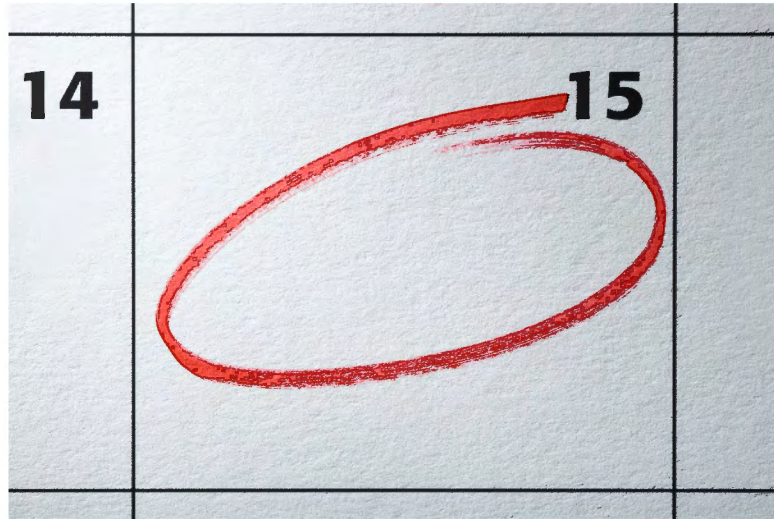
- Technology:

- Staff reviewing software package for financial and accounting programming.
- Board Management Platform software purchased. Implementation/staff training to begin shortly and Board on-boarding thereafter.
- Staff reviewing commercial grade printer options.
- Development of technology needs and plan is underway.

# AGENDAS & MATERIALS

<b>JANUARY - MARCH 2023</b>	<b>BOARD &amp; COMMITTEE MEETINGS</b>	<b>MATERIALS DELIVERED # OF DAYS IN ADVANCE OF MEETING</b>	<b>NUMBER OF AGENDA ITEMS</b>	<b>NUMBER OF PAGES IN AGENDA PACKET</b>
Total for Quarter	13		109	866
Monthly Average	4	5	8	67
	<b>BOARD MEETINGS</b>			
Total for Quarter	3		74	632
Monthly Average	1	7	25	211

# BOARD AND COMMITTEE MEETINGS



## Committee Meetings:

Friday,

**May 19, 2023**

Afternoon Sessions

## Board of Trustees:

Friday,

**May, 19 2023**

Morning Session

Illinois  
Police  
Officers'  
Pension  
Investment  
Fund

**Administration/Operations  
Update**

**Richard White,  
Executive Director**

**IPOPIF Board Meeting  
Friday, April 14, 2023**