

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND**AUDIT AND BUDGET COMMITTEE****MEETING MINUTES – MARCH 2, 2023 AT 2:00 P.M.**

A meeting of the Illinois Police Officers' Pension Investment Fund's Audit and Budget Committee was held through the Zoom digital platform in accordance with the Gubernatorial Disaster Proclamation issued on 02-03-23 and Public Act 101-0640. Members of the public were invited to participate remotely or in person pursuant to the meeting notice and agenda.

TRUSTEES PRESENT: Paul Swanlund
Phil Suess
Elizabeth Holleb
Daniel Hopkins (*joined at 2:07 p.m.*)

TRUSTEES ABSENT: None

STAFF PRESENT: Rich White, Executive Director
Kent Custer, Chief Investment Officer
Gina Tuczak, Finance Director/Assistant Executive Director
Barb Meyer, Investment Officer
Kate Cobb, Administrative Analyst
Shaun Ivey, Administrative Analyst

OTHERS PRESENT: Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove and Hernandez LLP
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP
AJ Weber, Chief Financial Officer, Lauterbach & Amen, LLP
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Committee Chairperson Swanlund called the meeting to order at 2:04 p.m.

ROLL CALL: As reflected above.

MEETING MINUTES: *Approve January 19, 2023 Meeting Minutes:* The Committee reviewed the draft minutes from the January 19th meeting. A motion was made by Trustee Suess and seconded by Trustee Holleb to approve the January 19, 2023 meeting minutes. Motion carried by roll call vote.

AYES: Trustees Swanlund, Holleb, and Suess

NAYS: None

ABSENT: Trustee Hopkins

OLD BUSINESS: There was nothing outstanding to discuss.

NEW BUSINESS: *Review and Recommendation to the Board of Trustees:* A memorandum dated March 2, 2023 regarding “Committee Agenda Items” was provided to the Trustees to review in advance of the meeting. Staff requested Committee action on the Fiscal Year 2023 Budget Report and the Illinois Finance Authority (IFA) loan payment schedule.

Fiscal Year 2023 Budget Report: Executive Director White provided opening remarks regarding the Fiscal Year Budget Report.

Trustee Hopkins joined at 2:07 p.m.

Finance Director Tuczak reviewed the Fiscal Year 2023 Budget Report with the Committee. The original adopted budget totaled \$7,914,093, and the final proposed budget totaled \$6,836,410. She provided background information on the budgeted costs for each category and discussed the details of the budgeted increases and reductions. All questions were answered by Finance Director Tuczak.

The proposed personnel costs were discussed in detail. An increase of \$72,783 was requested by staff to include additional personnel for the administrative operations of the Fund. The proposed final budget reflected an Information Technology staff member, a second Senior Accountant, and a second Administrative Analyst in lieu of an Executive Assistant.

Trustee Holleb advised the Committee that she would be comfortable approving the additional personnel costs to the budget as long as the job descriptions and salary range for additional personnel are presented to the Board for approval. The Committee discussed the proposed personnel positions that would need to be approved by the Board of Trustees. All questions were answered by Finance Director Tuczak and Executive Director White. A motion was made by Trustee Holleb and seconded by Trustee Suess to recommend Board approval of the Fiscal Year 2023 budget changes. Chair Swanlund requested clarification from Trustee Holleb on her motion. Motion carried unanimously by roll call vote.

AYES: Trustees Swanlund, Holleb, Hopkins, and Suess
NAYS: None
ABSENT: None

Illinois Finance Authority Loan Payment Schedule and Request for Indemnification: Executive Director White provided opening remarks regarding the Illinois Finance Authority (IFA) loan payment schedule. He noted that an attorney-client privileged memorandum was sent from Fiduciary Counsel to the Committee prior to the meeting regarding the agenda item. Attorney Muzzy advised the Committee to enter closed session should they desire to discuss the request for indemnification.

Finance Director Tuczak provided background information on the IFA loan payment schedule. She reviewed the details of the Estimated Payment Calculation report dated February 23, 2023 with the Committee. Staff recommended that the Committee considers the prepayment of the loan at a date in the fiscal year and recommend approval to the Board of Trustees. The interest rate on the loan and the current Fed Funds rate of 4.5% were discussed. A loan prepayment penalty would not occur. All questions were answered by Finance Director Tuczak and Executive Director White. A motion was made by Trustee Hopkins and seconded by Trustee Holleb to recommend that the Board consider prepayment of the loan at the end of the quarter. Motion carried unanimously by roll call vote.

AYES: Trustees Swanlund, Holleb, Hopkins, and Suess
NAYS: None
ABSENT: None

Status Update – Transition Audit Process: Finance Director Tuczak provided a brief update on the transition audit. The final fee estimate and procedures for the transition audit will be discussed at a future meeting of the Committee. All questions were answered by Finance Director Tuczak, CIO Custer, General Counsel Reimer, and Fiduciary Counsel Muzzy.

Next Meeting – May 19, 2023: Executive Director White recommended that another meeting is scheduled prior to the May 19th meeting. He requested that the Committee consider scheduling a meeting on April 3rd or 4th to discuss the preparation of FYE 2024 Budget.

Illinois Finance Authority Loan Payment Schedule and Request for Indemnification (continued): Trustee Suess requested that the Committee enter closed session to discuss this matter further.

CLOSED SESSION: A motion was made by Trustee Suess and seconded by Trustee Hopkins to enter closed session in accordance with 5 ILCS 120/2(c)(11) to discuss the IFA's request for indemnification due to pending litigation. Motion carried by roll call vote.

AYES: Trustees Swanlund, Holleb, Hopkins, and Suess
NAYS: None
ABSENT: None

The Committee entered closed session at 2:54 p.m.

NEW BUSINESS (CONTINUED): A motion was made by Trustee Hopkins and seconded by Trustee Holleb to return to open session. Motion carried by roll call vote.

AYES: Trustees Swanlund, Holleb, Hopkins, and Suess
NAYS: None
ABSENT: None

The Committee resumed open session at 3:09 p.m. Attorney Reimer stated that the Committee met in closed session under 5 ILCS 120/2(c)(11) of the Open Meetings Act to discuss pending litigation, and no final action was taken. The closed session was recorded by audio and video as required by law.

Next Meeting – May 19, 2023 (continued): Chair Swanlund stated that the next meeting of the Audit and Budget Committee would be scheduled on April 3-5th, and will be coordinated offline.

PUBLIC COMMENT: There were no comments from the public.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Suess and seconded by Trustee Holleb to adjourn the meeting at 3:12 p.m. Motion carried by roll call vote.

AYES: Trustees Swanlund, Holleb, Hopkins, and Suess
NAYS: None
ABSENT: None

Respectfully Submitted by:



Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Approved by:



Paul Swanlund, Committee Chairperson

Approved by Committee: April 5, 2023