

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

AUDIT AND BUDGET COMMITTEE

MEETING MINUTES – JANUARY 19, 2023 AT 9:00 A.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 01-06-2023 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

TRUSTEES ABSENT: Daniel Hopkins

OTHERS PRESENT: Rich White, Executive Director
Gina Tuczak, Finance Director/Assistant Executive Director
Barb Meyer, Investment Officer
Kate Cobb, Administrative Analyst
Shaun Ivey, Administrative Analyst
Vince Mancini, General Counsel, Reimer Dobrovolny & LaBardi PC
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove and Hernandez LLP
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP
Megan Holford, Human Resources, Lauterbach & Amen, LLP
Brian LeFevre, Auditor, Sikich, LLP
Kellen O'Malley, Auditor, Sikich, LLP
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Committee Chairperson Swanlund called the meeting to order at 9:02 a.m.

ROLL CALL: As reflected above.

MEETING MINUTES: *Approve November 30, 2022 Meeting Minutes:* The Committee reviewed the draft minutes from the November 30th meeting. A motion was made by Trustee Suess and seconded by Trustee Swanlund to approve the November 30, 2022 meeting minutes. Motion carried by roll call vote.

AYES: Trustees Swanlund 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 – Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2022:* Executive Director White reviewed a memorandum dated January 19, 2023 regarding the “Annual Comprehensive Financial Report” with the Committee.

Finance Director Tuczak provided opening remarks and background information on the preparation of the ACFR for the June 30, 2022 fiscal year-end. Mr. LeFevre presented the preliminary draft ACFR to the Committee. He reviewed the statement of changes in fiduciary net position, notes to the financial statements, budgeted to actual expenses, investment letters, changes in the fiduciary net position for each year since inception, and the list of the participant funds. Finance Director Tuczak discussed the adjustments that were made to the financial statements.

Trustees Suess referenced Verus' investment correspondence on page 22 of the ACFR and indicated that the investment figures are reported net-of-fees instead of gross-of-fees. He inquired if the Fund should report investment returns on a net basis and if the net basis should include the investment expenses and administrative expenses of the Fund. Mr. LeFevre reviewed the investment notes on page 9 of the ACFR. He noted that Verus should revise their letter to report investment figures on a net basis to be consistent with the figures reported in the ACFR. Attorney Muzzy agreed with Mr. LeFevre and advised the Board that the reporting from Verus must be on a net-of-fees basis. Sikich will advise Verus to revise their letter to reflect investment figures net-of-fees. Sikich's management letter will also be revised to replace "President" with "Chairperson" in the last paragraph, as recommended by Trustee Suess. A motion was made by Trustee Suess and seconded by Trustee Swanlund to recommend to the Board of Trustees that the Annual Comprehensive Financial Report for the period ending June 30, 2022, be approved with changes and corrections as noted to the final report. Motion carried by roll call vote.

AYES: Trustees Swanlund and Suess
NAYS: None
ABSENT: Trustee Hopkins

Executive Director White thanked the parties responsible for preparing the draft report. He extended special recognition to Finance Director Tuczak for all of her efforts and hard work on the ACFR.

Trustee Suess discussed the interest rates and inquired if the Fund should consider paying off the loan sooner. Executive Director White informed the Committee that he discussed this matter with Finance Director Tuczak prior to the meeting. He indicated that the second loan payment was issued and acknowledged the increased interest charges. Executive Director White will provide additional information and a recommendation for the Board to consider regarding the loan repayment schedule at the January 27th meeting. Further discussion will be held at the Committee's February 10th meeting.

Payroll Process: Executive Director White reviewed a memorandum dated January 19, 2023 regarding the "IPOPIF Payroll Process Change" with the Committee. Finance Director Tuczak informed the Committee that the payroll process was moved in-house, effective January 1, 2023. The Fund entered into a contract agreement with ADP, a platform that Finance Director Tuczak is familiar with and has used in previous roles before joining IPOPIF. The contract arrangement was reviewed by General Counsel and signed by Executive Director White. Finance Director Tuczak stated that the expenses associated with ADP payroll services would be reflected in the budget. All employee information was transferred from Lauterbach & Amen, uploaded to ADP, and reviewed for accuracy. The first payroll cycle with ADP commenced on January 13th without any issues. Finance Director Tuczak noted that ADP will be responsible for tax withholding remittances and tax filings moving forward. No formal action was needed.

Review and Recommendation to the Board of Trustees – Senior Accountant Job Description and Salary: Executive Director White reviewed a memorandum dated January 19th regarding the “Senior Accountant Job Description and Salary Range” with the Committee. Staff recommended the hiring of a Senior Accountant position to conduct the day-to-day accounting activities, review of fiscal, financial and statistical records, and other work required as detailed in the proposed job description. The Senior Accountant would report directly to the Finance Director/Assistant Executive Director of the Fund. Finance Director Tuczak provided background information on the position and the budgeted expense. Ms. Holford reviewed the New Role Compensation Analysis, as prepared by Lauterbach & Amen. All questions were answered by Finance Director Tuczak. A motion was made by Trustee Suess and seconded by Trustee Swanlund to recommend to the Board of Trustees the approval of the Senior Accountant Job Description and Salary Range. Motion carried by roll call vote.

AYES: Trustees Swanlund and Suess

NAYS: None

ABSENT: Trustee Hopkins

Next Meeting – February 10, 2023: Executive Director White stated that the Board of Trustees will appoint members to the standing committees at their January 27th meeting. The next meeting of the Audit and Budget Committee is scheduled for February 10th.

ACFR for Fiscal Year 2022 (continued): Trustee Suess requested clarification on who is responsible for providing the data to Verus to calculate the rate of return. Finance Director Tuczak informed the Committee that she believes it is State Street. She will consult with the IPOPIF investment team and Verus after the meeting to provide a solid response to Trustee Suess' question.

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 Swanlund to adjourn the meeting at 9:58 a.m. Motion carried by roll call vote.

AYES: Trustees Swanlund and Suess

NAYS: None

ABSENT: Trustee Hopkins

Respectfully Submitted by:

Approved by:



Allie Rysell, Plan Administrator
Foster & Foster, Inc.



Paul Swanlund, Committee Chairperson

Date Approved by the Audit and Budget Committee: March 2, 2023