

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND  
BOARD OF TRUSTEES REGULAR MEETING MINUTES****THURSDAY, FEBRUARY 10, 2022 AT 9:00 A.M.**

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was held through the Zoom digital platform in accordance with Executive Order 2022-05 issued by Governor Pritzker 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:** Shawn Curry  
Paul Swanlund  
Elizabeth Holleb  
Lee Catavu  
Mark Poulos  
Michael Inman  
Phil Suess (*joined at 9:07 a.m.*)  
Brad Cole

**TRUSTEES ABSENT:** Daniel Hopkins

**OTHERS PRESENT:** Richard White, Executive Director  
Kent Custer, Chief Investment Officer  
Steve Yoon, Investment Officer  
Shaun Ivey, Administrative Manager  
Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC  
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP  
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP  
Marissa Longoria, Attorney, Jacobs Burns Orlove & Hernandez, LLP  
Kim Moynihan, Custodian, State Street  
Paul Sachs, Project Architect, Adirondack Investment Advisors  
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP  
Meghan Holford, Human Resources, Lauterbach & Amen, LLP (*joined at 10:22 a.m.*)  
AJ Weber, Chief Financial Officer, Lauterbach & Amen, LLP (*joined at 10:27 a.m.*)  
Scott Whalen, General Investment Consultant, Verus Advisory (*joined at 9:30 a.m.*)  
Courtney Murray, Asset Transition Project Manager, Ernst and Young, LLP  
Emile Galatas, Asset Transition Project Manager, Ernst and Young, LLP  
Jason Franken, Actuary, Foster & Foster, Inc.  
Paul Baugher, Actuary, Foster & Foster, Inc.  
Allie Rysell, Plan Administrator, Foster & Foster, Inc.  
Members of the Public

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

**ROLL CALL:** As reflected above.

**GOVERNMENTAL LIAISON'S MONTHLY REPORT:** Executive Director White informed the Board that Governmental Liaison Bello was unable to attend the meeting. Ms. Bello's monthly report was included in the agenda packet for review. Trustee Cole indicated that Ms. Bello's report states that he provided oral testimony as an opponent of Senate Bill 3211. He clarified that his testimony was on behalf of the Illinois Municipal League and not in any way related to his role as an IPOPIF Board Trustee, which was stated numerous times at the hearing. Executive Director White acknowledged Trustee Cole's comments and stated that the report would be updated accordingly. Chairperson Curry encouraged all Trustees to contact Ms. Bello directly with any questions regarding her report after the meeting.

*Trustee Suess joined at 9:07 a.m.*

**CONSOLIDATION OF ARTICLE 3 POLICE PENSION FUNDS:** *Review/Discuss Transfer of Assets/Transition Schedule:* CIO Custer presented the IPOPIF Asset Transition Status Update to the Board. He reviewed key accomplishments, success factors, Tranche 1 metrics, and trends that were identified for the overall asset transition. A brief discussion was held with Attorney Burns regarding local funds that are in the process of securities litigation. Trustees Holleb and Suess were concerned about the transition costs being equitable for all participating police pension regardless of their transfer date. The Board discussed the transition costs with CIO Custer and CFO Masson.

The Tranche 1 timeline was reviewed with the Board. CIO Custer stated that Staff is prepared to move forward with the Tranche 1 asset transition, which includes approximately 22 participating pension funds. Chairperson Curry stated that he received phone calls from labor unions that shared several concerns about the Fund proceeding with the transfer of local fund assets with the lawsuit still pending. He indicated that their main concern is the potential for substantial investment losses for the local funds if the act is ruled unconstitutional and the assets must be returned. He stated that it may be prudent to delay the first transfer of assets to see if a ruling is issued from the court later this month. Chairperson Curry agrees that investment assets need to be transferred eventually but would be reluctant to move assets on March 1<sup>st</sup>.

Trustee Catavu agreed with Chairperson Curry's statements and added that some participating pension funds may be interested in moving assets, especially the smaller funds that have investment restrictions. He stated that it may be beneficial for Staff to extend communication to the participating funds to see if any are willing to transfer assets regardless of the outcome of the pending lawsuit.

The Board discussed the tranche timeline with CIO Custer. Trustee Cole requested that a timeline is prepared for all scheduled tranches and encouraged staff to move forward with the Tranche 1 asset transfer to stay on track with meeting the June 30<sup>th</sup> statutory deadline. Chairperson Curry acknowledged the statutory deadline and stated that the Board should also recognize the concerns from the labor unions to ensure the asset transition process instills confidence and trust with the participating pension funds. CIO Custer acknowledged all comments and concerns shared by the Trustees.

**INVESTMENTS:** *Discuss Unitization:* CIO Custer stated the Board requested additional insight into the unitization process and reporting options at the last meeting. The sample statements with and without unit detail were reviewed by CIO Custer and Ms. Moynihan. All questions were answered by CIO Custer, Ms. Moynihan, and Mr. Sachs. Based on the feedback and comments, CIO Custer stated

that the statement with unit detail will be utilized to provide more information and transparency for the local funds.

*Ms. Moynihan and Mr. Sachs left at 10:18 a.m.*

*Review Actuarial Return Perspective from Investment Consultant:* CIO Custer reviewed a memorandum dated February 4, 2022 regarding the "Introduction to Verus' Actuarial Return Perspective" with the Board. He provided background information on the presentation and stated that Mr. Whalen would be presenting to the Board. He also noted that Mr. Franken and Mr. Baugher from Foster & Foster were also present to participate and answer questions, if needed.

Mr. Whalen reviewed Verus' presentation with the Board. He discussed the difference and purpose between return expectations that are developed by actuaries versus investment advisors, and how forecasting accuracy impacts the decision-making process. Mr. Whalen presented Verus' estimated incremental investment return potential associated with the consolidation process and the elimination of specific investment constraints affecting participating pension funds. Mr. Franken provided a broad overview of how the actuarial assumptions are developed by Foster & Foster. CIO Custer stated that actuarial assumptions prepared by Foster & Foster will be reviewed at the March Board meeting.

*Mr. Baugher left at 10:57 a.m. Mr. Franken left at 11:03 a.m.*

*Review/Approve Investment Policy Asset Allocation Glidepath:* CIO Custer provided a memorandum dated February 8, 2022 regarding the "Status of Investment Policy Language for Asset Allocation Glidepath" to the Board for review in advance of the meeting. He provided background information on the proposed amendments and reviewed revisions to add Appendix A4 and modify Appendix A2. The Asset Allocation and Baseline Glidepath Implementation Schedule was reviewed with the Board. The Trustees shared feedback regarding the proposed document. Trustee Holleb requested that all changes to documents be redlined for tracking purposes and clarification for the Board. Chairperson Curry stated that social investing needs to be addressed as far as investing with anti-union, anti-pension companies, and pension companies that support defunding the police. CIO Custer acknowledged Chairperson Curry's comments and stated this item would be coming back for discussion at a later time. All questions were answered by CIO Custer and Attorney Burns. CIO Custer stated that the document would be revised and brought back at a future meeting for Board review. He encouraged the Trustees to provide additional feedback after the meeting.

*CIO Status Update:* CIO Custer provided a verbal status update on the transition of assets, contract negotiations, and various communications.

*Board Recess:* The Board took a brief recess at 11:28 a.m. and resumed the meeting at 11:48 a.m. All Trustees were present except for Trustee Hopkins.

**TREASURER' REPORT:** Treasurer Holleb provided a memorandum dated February 3, 2022 regarding the "Treasurer's Report – IPOPIF Board Meeting, February 10, 2022" to the Board for review in advance of the meeting.

*Monthly Financial Report Discussion:* Treasurer Holleb stated that the timeliness of the financial reports pose a challenge due to the Board's meeting schedule, so they will be delayed one month to

ensure completeness and accuracy. The January financial statement will be reviewed at the March Board meeting.

*Budget Amendments:* No budget amendments were requested at this time. Treasurer Holleb stated that the mid-year budget review will be discussed at the next meeting.

*Loan Activity – Review February 2022 Disbursement:* As of January 31, 2021, the Fund had drawn down \$4.5 million from the IFA loan for operating purposes. Treasurer Holleb stated that a drawdown of \$500,000 occurred in January, which is consistent with the Fiscal Year 2022 Budget. A drawdown of \$450,000 is anticipated for February. Treasurer Holleb stated that Staff plans to continue to make loan drawdowns based on the budget. She recommended that future loan drawdowns be reduced to ensure the Fund draws only the amounts necessary to meet actual expenses, which will be discussed at the mid-year budget review.

*Summary of Payments – Review/Approve Warrant #37:* Treasurer Holleb stated that there was a change to Warrant #37, and Foster & Foster issued the updated warrant to the Board for review separate from the agenda packet totaling \$166,357.19. A motion was made by Trustee Poulos and seconded by Trustee Catavu to approve Warrant #37. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Inman, Suess, and Cole  
NAYS: None  
ABSENT: Trustee Hopkins

*Other:* There were no additional items to report to the Board.

Trustee Suess stated that the Board may need to consider deferring or adjusting expenditures if assets are not received by June 30<sup>th</sup>. Executive Director White acknowledged Trustee Suess' comments and stated that further discussion would be held at the next Audit and Budget Committee meeting.

**MEETING MINUTES:** *Review/Approve Regular Board Meeting Minutes – November 12, 2021; December 17, 2021; and January 14, 2022:* The Board reviewed the draft minutes from the November 12, 2021 and December 17, 2021 Board meetings. Executive Director White stated that the January 14, 2022 meeting minutes would be reviewed at the next meeting. A motion was made by Trustee Holleb and seconded by Trustee Inman to approve the November 12, 2021 and December 17, 2021 regular Board meeting minutes. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Inman, Suess, and Cole  
NAYS: None  
ABSENT: Trustee Hopkins

*Trustee Inman left at 11:55 a.m.*

*Review/Approve Special Board Meeting Minutes – January 28, 2022:* The Board reviewed the draft minutes from the January 28, 2022 special board meeting. A motion was made by Trustee Holleb and seconded by Trustee Curry to approve the special board meeting minutes of January 28, 2022. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Suess, and Cole  
NAYS: None  
ABSENT: Trustees Hopkins and Inman

*Review/Approve Committee Meeting Minutes:* The Board reviewed the draft meeting minutes from the November 17, 2021 Election Committee meeting and December 7, 2021 Audit and Budget Committee meeting. Executive Director White indicated the minutes were deferred to the full Board for approval by both Committees due to the change of membership. The Board discussed the approval of the draft committee meeting minutes with Attorney Reimer. A motion was made by Trustee Cole and seconded by Trustee Poulos to approve the draft minutes from the Election Committee's November 17, 2021 meeting and Audit and Budget Committee's December 7, 2021 meeting. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Suess, and Cole  
NAYS: None  
ABSENT: Trustees Hopkins and Inman

*Review/Approve Closed Session Meeting Minutes:* The Board reviewed the draft meeting minutes from the October 29, 2021 closed session. A motion was made by Trustee Holleb and seconded by Trustee Cole to approve the minutes from the October 29, 2021 closed session. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Suess, and Cole  
NAYS: None  
ABSENT: Trustees Hopkins and Inman

*Semi-Annual Review of Closed Session Meeting Minutes:* Trustees Cole and Suess recommended the Board discuss the semi-annual review of closed session meeting minutes in closed session. A motion was made by Trustee Suess and seconded by Trustee Holleb to table the semi-annual review of closed session meeting minutes to the next meeting. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Suess, and Cole  
NAYS: None  
ABSENT: Trustees Hopkins and Inman

**COMMITTEE REPORTS:** Executive Director White reviewed a memorandum dated February 10, 2022 regarding the "Committee Reports" with the Board.

*Audit and Budget Committee – Report on January 28, 2022 Meeting:* Executive Director White stated that the Committee met on January 28<sup>th</sup> and additional meetings will be held in February, March, and April. Committee Chairperson Swanlund did not have anything new to report to the Board.

*Contract Committee:* The Committee has not met in 2022 and does not have any meetings scheduled at this time. Committee Chairperson Holleb did not have anything new to report to the Board.

*Election Committee – Report on January 26, 2022 Meeting:* Executive Director White stated that the Committee met on January 26<sup>th</sup> and the next meeting will be held in June. Committee Chairperson Poulos did not have anything new to report to the Board.

*Governance Committee:* The Committee has not met in 2022 and does not have any meetings scheduled at this time. Committee Chairperson Suess did not have anything new to report to the Board.

*Legislative Committee:* The Committee has not met in 2022 and does not have any meetings scheduled at this time. Committee Chairperson Catavu did not have anything new to report to the Board.

**ADMINISTRATIONS AND OPERATIONS:** *Human Resources – Adopt Employee Benefits Package(s):* Executive Director White reviewed a memorandum dated February 10, 2022 regarding the “Employee Benefits Package” with the Board. Ms. Holford presented the Ancillary Benefits document to the Board and reviewed the recommended dental, vision, and basic life insurance options through MetLife effective March 1, 2022. All questions were answered by Ms. Holford.

*Trustee Catavu left at 12:15 p.m.*

A motion was made by Trustee Poulos and seconded by Trustee Curry to approve dental, vision, and basic life insurance options through MetLife, effective 3/1/2022, and the cost-sharing model in which the Fund pays 100% of individual and 85% of family coverage for dental and vision plans. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Poulos, Suess, and Cole  
NAYS: None  
ABSENT: Trustees Hopkins, Inman, and Catavu

A motion was made by Trustee Swanlund and seconded by Trustee Curry to approve the full employer coverage of the basic life insurance plan. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Poulos, Suess, and Cole  
NAYS: None  
ABSENT: Trustees Hopkins, Inman, and Catavu

*Trustee Catavu joined at 12:17 p.m.*

A motion was made by Trustee Poulos and seconded by Trustee Swanlund to approve Flexible Spending Account benefits through EBC with the Fund assuming the cost of running the program. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Suess, and Cole  
NAYS: None  
ABSENT: Trustees Hopkins and Inman

*Financial – Review/Approve Request for Proposal for Auditing Services:* Executive Director White reviewed a memorandum dated February 10, 2022 regarding “Auditing Services – Request for Proposal” with the Board. He stated that a Request for Proposal (RFP) for annual financial audit services and the transition of assets audit was reviewed by the Audit and Budget Committee at the January 28, 2022 meeting and was recommended to the full Board for approval. A copy of the draft RFP was included in the agenda packet for Board review. All questions were answered by Executive Director White. Trustee Holleb recommended that the RFP indicates that the Board is only interested in accepting proposals from firms that can provide both annual financial auditing services and the

transition of assets audit service. She recommended a minor language amendment to page 15, and recommended that "Stage two" indicates that the Audit and Budget Committee interview all responding candidate firms. Trustee Sues requested that a termination provision be included in the contract period. A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve the RFP for Auditing Services, with the amendments as discussed. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Sues, and Cole  
NAYS: None  
ABSENT: Trustees Hopkins and Inman

*Trustee Election – Review/Adopt Revised Election Policy (PP-2020-03):* Executive Director White reviewed a memorandum dated February 10, 2022 regarding the "Election Policy" with the Board. Executive Director White summarized the amendments that were made to the revised policy. He stated that the Election Committee met on January 26<sup>th</sup> and recommended that the policy be adopted by the Board. Executive Director White stated that Trustee Cole submitted additional amendments for consideration prior to the meeting which are not included in the proposed policy for approval. Trustee Cole reviewed his proposed amendments regarding original signatures and the review process for petitions. Chairperson Curry recommended that the Election Committee meet to incorporate the proposed changes for Board review and approval at a future meeting. A motion was made by Trustee Poulos and seconded by Trustee Curry to table action on the Election Policy. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Sues, and Cole  
NAYS: None  
ABSENT: Trustees Hopkins and Inman

*Trustee Inman joined at 12:32 p.m.*

*Executive Director – Status Update Report:* Executive Director White presented his Administration and Operations Update to the Board. He provided an overview of future correspondence that will be issued to participating pension funds along with website updates. Trustee Cole recommended that the Communications page on the website includes a sign-up section to receive communication updates. Executive Director White stated that he is working with Constant Contact to develop the communications page. Executive Director White shared various updates regarding actuarial, auditor, and finance matters. He stated that the recruitment of personnel is on hold due to the ongoing litigation. A draft employee handbook would be distributed via email to the Board for review in advance of the next Board meeting. Executive Director White provided an update on the office buildout and stated that construction and renovation is ongoing. Trustee Holleb recommended that the Tranche Schedule on the website is updated on a more frequent basis. Executive Director White stated that the tranche schedule is changing daily, and an updated schedule will be made available once the Tranche 1 transfer concludes. An update on the transition of assets was discussed. All questions were answered by Executive Director White and CIO Custer.

**LEGAL COUNSEL'S REPORT:** *General Legal Counsel's Report:* There was nothing new to report.

*Fiduciary Counsel's Report:* There was nothing new to report.


**CLOSED SESSION:** There was no need for closed session.

**PUBLIC COMMENT:** There were no comments from the public.


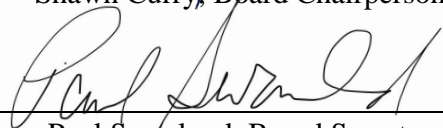
**ADJOURNMENT:** With no further business to discuss, a motion was made by Trustee Swanlund and seconded by Trustee Catavu to adjourn the meeting at 1:07 p.m. Motion carried by roll call vote.

AYES: Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Inman, Suess, and Cole  
NAYS: None  
ABSENT: Trustee Hopkins

Respectfully submitted by:

  
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Allie Rysell, Plan Administrator  
Foster & Foster, Inc.

Approved by:

  
\_\_\_\_\_  
Shawn Curry, Board Chairperson  
  
\_\_\_\_\_  
Paul Swanlund, Board Secretary

Date Approved by the Board of Trustees: April 8, 2022

*The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on February 17, 2022 at 2:30 p.m. via the Zoom digital platform in accordance with Governor Pritzker's Executive Order in effect on the date and time of the meeting and Public Act 101-0640.*