

Shawn Curry
ChairpersonDaniel Hopkins
Vice-ChairpersonPaul Swanlund
SecretaryElizabeth Holleb
TreasurerLee Catavu
TrusteeMark Poulos
TrusteeMichael Inman
TrusteePhil Suess
TrusteeBrad Cole
Trustee

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND BOARD OF TRUSTEES MEETING MINUTES

JULY 8, 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 the Gubernatorial Disaster Proclamation issued on 06-24-22 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
Daniel Hopkins (*joined at 9:03 a.m.*)
Paul Swanlund
Elizabeth Holleb
Lee Catavu
Mark Poulos
Michael Inman
Phil Suess
Brad Cole

TRUSTEES ABSENT: None

OTHERS PRESENT: Richard White, Executive Director
Kent Custer, Chief Investment Officer
Steve Yoon, Investment Officer
Shaun Ivey, Administrative Analyst
Bukola Bello, Governmental Liaison, Vision M.A.I. Consulting
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
Marisel Hernandez, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Scott Whalen, General Investment Consultant, Verus Advisory
Tim McEnery, General Investment Consultant, Verus Advisory
A.J. Weber, Chief Financial Officer, Lauterbach & Amen, LLP
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP
Megan Holford, Human Resources, Lauterbach & Amen, LLP (*joined at 9:27 a.m.*)
Jason Franken, 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.

MEETING MINUTES: *Review/Approve May 13, 2022 Regular Board Meeting Minutes:* The Board reviewed the draft meeting minutes of the May 13, 2022 regular board meeting. Executive Director White

requested a minor revision to the heading of the minutes. A motion was made by Trustee Inman and seconded by Trustee Swanlund to approve the May 13, 2022 regular meeting minutes as amended. Motion carried by roll call vote.

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

Review/Approve June 10, 2022 Regular Board Meeting Minutes and Closed Session: The June 10th meeting minutes were tabled for review at the next meeting.

Trustee Hopkins joined at 9:03 a.m.

GOVERNMENTAL LIAISON'S REPORT: Governmental Liaison Bello presented the July Monthly Report to the Board. Governmental Liaison Bello provided a verbal update to the Board and discussed various legislative activities. She noted that the Fall Veto Session would occur from November 15-17 and November 29-December 1. Ms. Bello informed the Board that Governor Pritzker extended the disaster proclamation that will allow public meetings to continue to be held remotely through July 24. Ms. Bello provided an update on SB 482 and SB 3616.

TREASURER'S REPORT: Treasurer Holleb included a memorandum dated July 5, 2022 regarding the "Treasurer's Report – IPOPIF Board Meeting July 8, 2022" in the agenda packet for the Board to review in advance of the meeting.

Approve May 2022 Monthly Financial Reports: CFO Weber reviewed the Monthly Financial Report for the period ending May 31, 2022. As of May 31, 2022, the net position restricted is \$978,836,387. The Statement of Changes, Revenue Report, and Expense Report were reviewed with the Board. A motion was made by Trustee Holleb and seconded by Trustee Catavu to approve the May 2022 financial statements. Motion carried by roll call vote.

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

Summary of Payments – Review/Approve Warrant #43: Executive Director White reviewed Warrant #43 with invoices totaling \$323,363.45 and auto deduction payments totaling \$1,123.65 for Lake Forest Bank & Trust fees. A motion was made by Trustee Holleb and seconded by Trustee Inman to approve the payment of Warrant #43. Motion carried by roll call vote.

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

Loan Activity: A drawdown of \$1,574,000 occurred in June to draw the full loan amount by June 30, 2022. The total IFA loan drawdown was \$7,424,000.

ADMINISTRATION AND OPERATIONS: 2022 Board of Trustee Election: Executive Director White reviewed a memorandum dated July 8, 2022 regarding the "Board of Trustee Election" with the Board. He provided background information on the election policy, election process, and expiring Trustee terms. The following seats are up for election: Municipal Trustee position currently held by Mayor Phil Suess; Active Participant Trustee position currently held by Paul Swanlund; Active Participant Trustee position currently

held by Lee Catavu; and Beneficiary Trustee position currently held by Daniel Hopkins. Executive Director White recommended that the Board approve the election process, as outlined in the Election Policy, and to declare the candidate nomination period open effective July 18, 2022. The election forms will be posted on the Fund's website and will be available for download. All questions were answered by Executive Director White and Attorney Hernandez. Trustee Swanlund recommended that the election nomination period is opened on July 8th instead of July 18th. Trustee Hopkins inquired if the candidate petition form should be modified to remove "Illinois" in the notary section since beneficiaries may no longer live in Illinois. Executive Director White indicated that the notary can strike "Illinois" and replace it manually for out-of-state beneficiary candidate petitions. A motion was made by Trustee Swanlund and seconded by Trustee Catavu to approve election process, as outlined in the Election Policy, for the Board of Trustees and declare the candidate nomination period as open effective July 8, 2022. Motion carried by roll call vote.

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

Approve Request for Proposal for Auxiliary Legal Counsel Services: Executive Director White reviewed a memorandum dated July 8, 2022 regarding the "Auxiliary Legal Services – Request for Proposal" with the Board. He provided background information and an overview of the services that would be provided. A motion was made by Trustee Hopkins and seconded by Trustee Catavu to approve the Auxiliary Legal Services Request for Proposal. Motion carried by roll call vote.

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

Approve Revisions to Accounts Payable Policy (PP-2020-04): Executive Director White reviewed a memorandum dated July 8, 2022 regarding the "Revisions to the Accounts Payable Policy" with the Board. Trustee Holleb reviewed the following recommended revisions with the Board: Delete Section D.2, strike "outsourced" from Section E.5, and amend Section E.6 to include language that indicates that the Board will ratify paid warrants at the succeeding meeting. Executive Director White and CFO Weber answered questions regarding the payment process. Trustee Cole reviewed various social engineering fraud techniques and requested clarification on the Board's insurance coverage and liability. Attorney Reimer informed the Board that he would contact Mr. Kiesewetter to follow up on this request. An update would be provided to the Board prior to the next meeting. A motion was made by Trustee Holleb and seconded by Trustee Suess to approve the revisions to the Accounts Payable Policy acknowledging the additional deletion in the proposed Section of D.2, removing "outsourced" from Section E.5, and amending Section E.6 to indicate that warrants will be ratified at the next Board of Trustees meeting. Motion carried unanimously by roll call vote.

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

Approve IPOPIF Employee Handbook: Executive Director White reviewed a memorandum dated July 8, 2022 regarding the "Employee Handbook" with the Board. Trustee Swanlund, Holleb, Cole, Suess, and Catavu provided feedback regarding the draft document and discussed their proposed revisions with the Board and staff. All questions were answered by Executive Director White, Attorney Hernandez, and Ms. Holford. A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve the IPOPIF Employee Handbook subject to the following revisions: Amendment to Section 3.13 to replace "basic" with "term" for life insurance and to correct a minor grammatical error, amendment to Section 2.7 to insert

“immediately” for reporting procedures, and amendment to Section 3.15 to insert the “Board of Trustees” as a prohibited transaction in terms of the employment of relatives and domestic partners. Motion carried unanimously by roll call vote. The handbook will be distributed once the revisions are incorporated.

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

Administration and Operations Updates: Human Resources – Recruitment(s) Update: Approve Finance Director/Assistant Executive Director Annual Salary Range: Executive Director White reviewed a memorandum dated July 8, 2022 regarding the “Finance Director/Assistant Director Position” with the Board. All questions were answered by Executive Director White and Ms. Holford. A motion was made by Trustee Hopkins and seconded by Trustee Holleb to approve the Finance Director/Assistant Executive Director Annual Salary Range of \$130,000-\$180,000. Motion carried unanimously by roll call vote.

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

Participation in the Illinois Municipal Retirement Fund (IMRF): Executive Director white reviewed a memorandum dated July 8, 2022 regarding the “Participation in the Illinois Municipal Retirement Fund” with the Board. The cost of participation in IMRF was discussed. The IPOPIF will be required to make monthly employer contributions. The initial employer contributions were calculated at 8.44% for a 12-month period totaling \$45,248. The employer contributions will be revised on an annual basis. In addition to IPOPIF employer contributions, IPOPIF employees will be required to make contributions to IMRF at the established rate of 4.5% of their salary.

Trustee Suess informed the Board that he is not in favor of adopting Resolution 2022-03 Approving IPOPIF Participation in IMRF. He shared his concerns regarding the vesting provisions and recommended that the Board obtain a cost analysis for an alternative program. He discussed the provisions of a 401(a) defined contribution plan and indicated that this option would be a more inclusive option for IPOPIF employees. Trustee Hopkins discussed Trustee Suess’ concerns and stated that he would be in favor of approving IPOPIF participation in IMRF.

Trustee Cole indicated that previous conversations have been held in closed session regarding this matter as it relates to a specific IPOPIF employee. He inquired if all outstanding issues have been resolved. Attorney Reimer referenced a memo that he sent to the Board on April 17, 2022 to address the outstanding issues regarding specific employees. Attorney Reimer indicated that the Board could enter closed session to discuss this matter further.

CLOSED SESSION: A motion was made by Trustee Cole and seconded by Trustee Inman to enter closed session at 10:40 a.m. in accordance with the 5 ILCS 120/2(c)(1) exception of the Open Meetings Act for the purposes of discussing employment and compensation for a specific employee. Motion carried unanimously by roll call vote.

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

OPEN SESSION: A motion was made by Trustee Poulos and seconded by Trustee Inman to resume open session 11:45 a.m. Motion carried unanimously by roll call vote.

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

Attorney Reimer stated that the Board met in closed session to discuss agenda item 10(a)(i) regarding the terms of employment for CIO Kent Custer. No final action was taken in closed session.

ADMINISTRATION AND OPERATIONS (CONTINUED): *Participation in the Illinois Municipal Retirement Fund (IMRF):* A motion was made by Trustee Inman and seconded by Trustee Catavu to approve participation in IMRF for employee benefits with the following action items as listed on the agenda:

1. Affirm that IPOPIF has the Financial Capacity to meet Current and Future Obligations to the IMRF;
2. Approve Resolution 2022-03, Approving Participation in IMRF;
3. Approve IMRF as a Vendor; and
4. Designate IPOPIF Executive Director as the Authorized Agent with Authorization to Complete the Required Documents for IMRF Participation.

Motion carried by roll call vote.

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

Approve Resolution 2022-04, Approving Participation in the 401(a) Money Purchase Plan: Chairperson Curry stated that the Board will not be taking any action on this agenda item.

Review Vendor Listing: Executive Director White reviewed a memorandum dated July 8, 2022 regarding the "Vendor List" with the Board. The Vendor List reflected all current vendors that provide professional services for the IPOPIF. No action was requested.

Approve Trustee Training Registration Fees and Travel Expenses for Trustees Catavu and Swanlund: Executive Director White reviewed a memorandum dated July 8, 2022 regarding the "Approval of Board Members Attendance at Training Program" with the Board. Executive Director White requested Board approval of the registration fees and travel expenses for Trustees Catavu and Swanlund to attend the SACRS Modern Investment Theory & Practice for Retirement Systems course in Berkley, California from July 17-20. The projected total for registration fees and travel expenses is \$6,000. The preliminary agenda for this course was reviewed with the Board. All questions were answered by Executive Director White and Trustees Catavu and Swanlund. Trustee Cole requested that a report regarding their trustee training at this conference is presented to the Board at the next meeting. He also requested that available and upcoming training opportunities are provided to the full Board of Trustees for consideration at future meetings. Trustees Suess indicated that Trustees Catavu and Swanlund sit on their local pension fund and inquired why their pension funds were not covering the payment of these expenses. He indicated that he would not be comfortable approving these expenses and requested that a policy is established that outlines the parameters for training expenses paid by the IPOPIF. Executive Director White stated that a policy will be prepared for review by the Governance Committee and returned to the Board for review at a future meeting. Trustee Holleb stated that she will abstain from a vote based on the Accounts Payable Policy that was just approved that states that the Chairperson shall approve expense claims for Board members, Executive Director, and Chief Investment Officer. A motion was made by Trustee Poulos and seconded by Trustee Hopkins to approve the registration fees and travel expenses for Trustees Catavu and Swanlund to attend

the SACRS Public Pension Investment Management Program, July 17-20, 2022. Motion carried by roll call vote.

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

BOARD RECESS: The Board took a brief recess at 12:08 p.m. and resumed the meeting at 12:32 p.m. All Trustees were present.

TRANSITION: *Transition Status Report:* CIO Custer presented the Transition Status Update for the July 8th meeting. CIO Custer reviewed the transfer schedule with the Board. The most recent tranches occurred on June 1st and June 24th. The Fund is still receiving pension fund assets for both of these tranches. He indicated that Executive Director White reassigned all outstanding Funds to tranches in August, September, October, and November. Communication was sent to all outstanding pension funds to advise them of their new transfer date along with additional information to prepare for the transfer. CIO Custer provided updates on cash transaction management and participant fund reporting.

Trustee Inman left at 12:43 p.m.

INVESTMENTS: *Investment Update:* CIO Custer presented the performance summary for May 2022 and provided background information on the reporting. As of May 31, 2022, the overall estimated performance was 0.50%, underperforming the policy benchmark of (0.04%). The Broad Benchmark was at 0.42%, and the IPOPIF Composite was at (0.94%). He anticipates that monthly flash reports will be ready in the coming weeks. The second quarter report will be available for review at the September meeting. CIO Custer reviewed the asset allocation with the Board. As of July 5, 2022, the portfolio total (IPOPIF Pool) was approximately \$1.622 billion. The asset allocation was as follows: 49.9% Growth, 16% Income, 9.1% Inflation Protection, and 25% Risk Mitigation. CIO Custer indicated that approximately \$569 million is currently held in the transition pool and \$752 million is in transit from local funds. The IPOPIF Pool was rebalanced on June 24th to address structural overweight to Real Estate related to the Principal Real Estate Fund. He indicated that REIT exposure would be adjusted to achieve total Real Estate exposure of 6%. CIO Custer informed the Board that an Investment Officer was hired and will start working at IPOPIF later this month. All questions were answered by CIO Custer.

Approve Contract Agreements: CIO Custer provided opening remarks regarding the contract agreement amendments with State Street Global Markets (SSGM), State Street Global Advisors (SSGA), and Verus. Investment Officer Yoon reviewed the proposed amendments to the SSGM fee structure revision to the Passive Investment Manager agreement, SSGA fee structure revision to the Passive Investment Manager agreement, and revisions to Verus' agreement related to subcontractors and cybersecurity. All questions were answered by Investment Officer Yoon, CIO Custer, and Attorney Muzzy. A motion was made by Trustee Catavu and seconded by Trustee Swanlund to approve the contract amendments for SSGM, SSGA, and Verus. Motion carried unanimously by roll call vote.

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

Trustee Inman returned at 12:58 p.m.

Approve Actuarial Rate of Return: CIO Custer provided introductory remarks regarding the actuarial rate of return discussion. At the last meeting, an updated matrix of the NASRA return assumptions was reviewed, along with CIO Custer's projected IPOPIF return using JPM capital market assumptions. CIO Custer advised the Board that his recommendation of an ARR of 6.75% stands. Mr. Franken summarized Foster & Foster's previously provided recommendations. He stated that he was comfortable with staff's recommendation that the Board adopt an actuarial investment return assumption of 6.75% based on the reasonable range that was provided by Foster & Foster. Trustee Suess and Mr. Franken discussed the FPIF experience study dated December 1, 2022 that recommended an ARR of 7.125%. CIO Custer discussed key issues that brought him to a recommended rate of 6.75%. The rising interest rates were discussed with the Board along with Verus' reporting. Mr. Whalen discussed the expected forecast return provided in Verus' report. Verus' recommended ARR increased from 5.95% to 6.3% based on updated capital market assumptions.

Chairperson Curry requested direction from fiduciary legal counsel on how the Board should proceed if they cannot agree on the actuarial investment return assumption. Attorney Burns reiterated comments made at a previous meeting. As fiduciaries of the Fund, the Board must set an ARR as required by law. The Board should consider the opinions and advice of IPOPIF staff, investment team, and the actuary and apply good judgement when determining the ARR. Attorney Burns reviewed several scenarios that could occur if an ARR is not established by the Board. In the absence of a decision, there is a possibility of litigation which is very problematic and an unsatisfactory position for the Board to be in. All questions were answered by Attorney Burns. Trustee Holleb discussed the reporting timeline with Mr. Franken. Based on the discussion, she indicated that the Board should establish an ARR by September. A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve an actuarial rate of return assumption of 6.75%. The motion failed.

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

Trustee Cole indicated that he would like to have a conversation with Chairperson Curry regarding this matter. He encouraged individual conversations to be held outside of the meeting so the Board can reach a consensus at the next meeting. Trustee Cole recommended that a special meeting is scheduled prior to the next meeting if the Trustees can come to an agreement on the ARR. Chairperson Curry advised the Board that he has had extensive conversations with IPOPIF Staff and legal counsel offline regarding this matter. Further discussion will be held, and a special meeting may be called prior to the next meeting.

LEGAL COUNSEL: *General Counsel's Report – Terms of Employment for CIO Kent Custer:* This item was discussed earlier in closed session.

General Counsel's Report – Memorandum of Understanding (MOU) with the Illinois Department of Insurance (IDOI): Attorney Reimer provided background information on the IDOI's MOU for IPOPIF. He stated that additional materials related to this agenda item were provided to the Board prior to the meeting and are protected under the attorney-client privilege rule. Attorney Reimer summarized the provisions that transfer responsibilities from the IDOI to the IPOPIF. Executive Director White reviewed the following action items for Board consideration:

1. Approve IPOPIF Responsibility to conduct Annual Actuarial Valuation Reports, per section 40 ILCS 5/1A-111

2. Approve Agreement with IDOI to prepare Certified Investment Asset Lists for Article 3 Funds with assets of \$2 million or less, per section 40 ILCS 5/22B-120
3. Approve Annual Compliance Fee payment of \$8,000 to the IDOI, per section 40 ILCS 5/1A-112
4. Authorize General Legal Counsel and Executive Director to negotiate the MOU with the IDOI

The Board provided feedback on the proposed action items and components of the MOU. All questions were answered by Attorney Reimer, Executive Director White, and Mr. Franken. A motion was made by Trustee Cole and seconded by Trustee Inman to approve action items one, two, three, and to wrap these items into number four. The motion failed.

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

Chairperson Curry stated that Executive Director White and Attorney Reimer would continue further negotiations and will return to the Board with an update at the next meeting.

Trustee Inman left at 2:25 p.m.

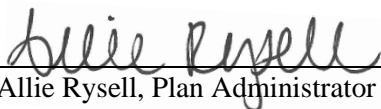
Fiduciary Legal Counsel's Report: Litigation Committee – Status Update on Pending Litigation: An update regarding the pending litigation will be provided once available.

PUBLIC COMMENT: There were no public comments.

ADJOURNMENT: A motion was made by Trustee Catavu and seconded by Trustee Holleb to adjourn the meeting at 2:37 p.m. Motion carried by roll call vote.

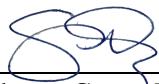
AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Poulos, Suess, and Cole
NAYS: None
ABSENT: Trustee Inman

Respectfully submitted by:

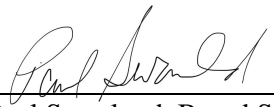


Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Approved by:



Shawn Curry, Board Chairperson



Paul Swanlund, Board Secretary

Date Approved by the Board of Trustees: November 10, 2022

The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on September 9, 2022 at 9:00 a.m. in accordance with Governor Pritzker's Executive Order in effect on the date and time of the meeting and Public Act 101-0640.