

# ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

456 Fulton Street, Suite 402, Peoria, IL 61602 | (309) 280-6464



IPOPIF

Phil Suess  
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Vice-Chairperson

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Brad Cole  
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Shawn Curry  
Trustee

Elizabeth Holleb  
Trustee

Daniel Hopkins  
Trustee

Michael Inman  
Trustee

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

FRIDAY, JUNE 9, 2023, AT 10:00 A.M.

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was held at the Twin Towers Plaza, Suite 402 (Fourth Floor Training Room), located at 456 Fulton Street, Peoria, IL 61602. The meeting was also livestreamed on the Zoom video-conferencing platform. Members of the public were invited to participate remotely or in person pursuant to the meeting notice and agenda.

**TRUSTEES PRESENT:** Phil Suess  
Paul Swanlund  
Lee Catavu  
Mark Poulos  
Brad Cole  
Daniel Hopkins  
Michael Inman  
Elizabeth Holleb

**TRUSTEES ABSENT:** None

**STAFF PRESENT:** Rich White, Executive Director  
Kent Custer, Chief Investment Officer  
Gina Tuczak, Finance Director/Assistant Executive Director  
Kate Cobb, Administrative Analyst  
Barb Meyer, Investment Officer  
Steve Yoon, Investment Officer  
Amy Zick, Senior Accountant

**OTHERS PRESENT:** Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC  
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP  
Scott Whalen, General Investment Consultant, Verus Advisory, Inc.  
Faraz Shooshani, Private Markets Consultant, Verus Advisory, Inc.  
Megan Holford, Human Resources, Lauterbach & Amen, LLP (Zoom)  
Greg Kiesewetter, CIC, Cook Castle Associates, LLC  
Allie Rysell, Plan Administrator, Foster & Foster, Inc.  
Members of the Public (Zoom)

**CALL TO ORDER:** Chair Suess called the meeting to order at 10:01 a.m.

**ROLL CALL:** As reflected above.

**INVESTMENTS:** *Investment Update:* CIO Kent Custer reviewed his Investment Update presentation with the Board dated June 2<sup>nd</sup>. He informed the Board that 322 participating pension funds have fully

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completed asset transfers to IPOPIF and have been reconciled except for one fund. He provided a status update on the open pension fund transfers, which reflect 15 litigant pension funds and 9 non-litigant funds. One pension fund is scheduled to transfer assets on August 1<sup>st</sup>. Various operational highlights were reviewed that included updates on custody invoicing, cash management, and valuation adjustments. The asset allocation and rebalancing were reviewed with the Board. He advised the Board that \$90 million was transferred from Core Bonds to Non-US Equity, as approved at the April meeting. As of June 1<sup>st</sup>, the allocation was 50.7% Growth, 15.9% Income, 8.6% Inflation Protection, and 24.8% Risk Mitigation. The investment pool totaled \$9.175 billion, and the transition pool totaled \$31 million, bringing total assets to \$9.021 billion. He summarized the performance highlights, key investment initiatives, operational review, and preliminary investment agenda related to search requests and service provider reviews. The long-term investment structure summary was reviewed with the Board. All questions were answered by CIO Custer.

The key investment initiatives were reviewed by CIO Custer with the Board as well as status updates on all items. Staff will also be working with Verus to develop a plan to address non-transferable assets from the participant funds. Several Trustees provided feedback on the non-transferable assets. Trustee Cole recommended that staff focus their efforts on the other investment initiatives and that this task is left at the participant board level. CIO Custer thanked the Trustees for their comments, and staff will evaluate their options based on the feedback from the Board.

*Review Verus Quarterly Performance Report:* The Board received the Quarterly Performance Report for the period ended March 31, 2023 for review in advance of the meeting.

*Approve Small-Cap Search Request:* CIO Custer reviewed a memorandum dated June 1, 2023 regarding the "Investment Manager Search Request: International Small Cap Active" with the Board. He discussed the allocation perspective, search sequence, and portfolio structure with the Board. All questions were answered by CIO Custer. The Board tabled action on the small-cap search request until the request for proposal is prepared by staff for the Trustees to review. Further discussion will be held at the next meeting.

*Trustee Education – Private Markets:* CIO Custer provided background information on private markets education. Mr. Shooshani reviewed Verus' Private Markets Education presentation with the Board. The key items to consider when investing in private markets such as risk, allocation, and fees were discussed with the Board. All questions were answered by Mr. Shooshani and CIO Custer.

*Staff Review of Passive Investment Managers SSGA and Rhumblin:* CIO Custer presented the "Passive Manager Review" dated June 9, 2023 to the Board. He provided background information and introductory comments on Rhumblin Advisors and State Street Global Advisors. The performance for the period ended March 31, 2023 and fees for both managers were reviewed with the Board. All questions were answered by CIO Custer.

*Approve Investment Officer Job Description and Salary Ranges:* CIO Custer reviewed a memorandum dated June 2, 2023 regarding the "Investment Officer Job Description and Salary Range" with the Board. The job description and salary range for the Investment Analyst and Investment Officer positions were approved in 2021 and must be reviewed every two years. No changes were recommended to the Investment Officer Job Description. Ms. Holford conducted a new compensation



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analysis at the request of CIO Custer due to the current Investment Officer search. The results of the Market Analysis report were discussed with the Board. CIO Custer requested Board approval to expand the salary range for the Investment Officer position from \$125,000-\$175,000 to \$135,000-\$200,000.

The Board discussed the request to expand the salary range for the Investment Officer position. Trustee Cole did not see a need to increase the range since the Fund was able to attract the two Investment Officers currently employed by the Fund. He raised concerns on how on how the increase could affect current personnel. He recommended that the range remain, and CIO Custer can return to the Board to request to expand the range if there is a standout candidate that he finds warrants an increase. Trustee Hopkins informed the Board that he would like CIO Custer to have the flexibility to offer a higher salary if the pay is justified to ensure the Fund has longevity with employees.

CIO Custer provided an update on the Investment Officer search and provided additional information to support his request to expand the salary range. He is seeking an individual with expertise in Private Markets which may drive the need for the requested salary increase. The expanded salary range would provide CIO Custer with the discretion to make an offer if the right candidate comes along without the need to call for a meeting.

Trustee Holleb noted that the Audit & Budget Committee directed staff to prepare a pay plan at the May 19<sup>th</sup> meeting which could resolve some of the concerns raised by Trustee Cole. She also inquired if a Private Investment Officer position job description and salary range should be prepared if the expertise falls beyond the current Investment Officer position. Chair Suess stated that he finds the recommended increase beneficial and will provide CIO Custer with the discretion to hire an Investment Officer in the expanded salary range if needed. A motion was made by Trustee Hopkins and seconded by Trustee Catavu to approve the Investment Officer position description and salary range of \$135,000 to \$200,000. Motion carried by roll call vote.

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

**BOARD RECESS:** A motion was made by Trustee Suess and seconded by Trustee Catavu to recess at 12:58 p.m. Motion carried unanimously by voice vote.

**RESUME OPEN SESSION:** The Board resumed open session at 1:35 p.m. All Trustees were present.

**GOVERNMENTAL LIAISON'S REPORT:** *Monthly Report – May/June 2023:* Executive Director White summarized the details of Ms. Bello's Monthly Report with the Board dated May 31, 2023.

*Review IPOPIF Legislative Items:* Executive Director White provided status updates on IPOPIF's legislative agenda items as follows:

- Senate Bill 2100
- Senate Bill 2102
- House Bill 3817

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Discussion ensued between Trustees and Staff regarding the Open Meetings Act (no changes made) as well as compliance audits. Executive Director White also reviewed the DOI Audit Examination Fees. This fee could be very significant and merits further evaluation as it would go into effect in July 1, 2023. Further discussion regarding the Illinois DOI Audit Examination Fees will be discussed at the next meeting.

**ADMINISTRATION AND OPERATIONS:** *Finance:* Finance Director Tuczak provided background information on new hire Amy Zick as a Senior Accountant with the Fund.

*Approve Monthly Financial Statements:* The March and April 2023 Monthly Financial Statements were reviewed with the Board. A motion was made by Trustee Inman and seconded by Trustee Poulos to approve the monthly statements for March and April 2023. Motion carried by roll call vote.

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

*Ratify Warrants #64 and #65:* The Board reviewed Warrant #64 with expenses totaling \$114,245.17 and Warrant #65 with expenses totaling \$581,555.89. A motion was made by Trustee Catavu and seconded by Trustee Inman to ratify warrants #64 and #65. Motion carried by roll call vote.

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

*Fiscal Year 2024 Budget:*

*Review Software Purchases:* Executive Director White provided the Board with information on three software purchases to aid bringing tasks and responsibilities in-house going forward. Trustee Holleb indicated that this item was reviewed at a recent Audit and Budget Committee Meeting. The Committee directed Staff to inform the Board of the purchase since it falls within the purchasing policy and no action is required.

*Insurance Contracts:* Executive Director White summarized a memorandum dated June 9, 2023 regarding the "IPOPFI Commercial Insurance Coverage Renewal" with the Board. Mr. Kieswetter presented the insurance renewal options and new coverage options to the Contract Committee at their May 19, 2023 meeting. The Commercial Insurance Renewal Summary was revised as directed by the Contract Committee and was presented for Board approval. The proposed premium of \$107,017 consisted of the following policies for the period of July 1, 2023 through June 30, 2024: Fiduciary Liability Insurance with Hudson Insurance Company in the amount of \$81,386; Management Liability Insurance with Hudson Insurance Company in the amount of \$10,863; Cyber Risk Insurance with Chubb in the amount of \$8,711; Business Owners Insurance with Chubb in the amount of \$2,442; and Workers' Compensation Insurance with Chubb in the amount of \$3,615. A motion was made by Trustee Hopkins and seconded by Trustee Holleb to approve the insurance policy contracts for the period of July 1, 2023 through June 30, 2024. Motion carried by roll call vote.



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

*Service Provider Contracts:* Executive Director White reviewed the request for approval for an extension of services – L&A will be used for monthly financial accounting to close out fiscal year 2023 and to support the annual comprehensive financial audit for 2023, assist with the migration to an in-house general ledger system and support the transitioning of any Article 3 fund in Fiscal Year 2024. Also L&A's professional services of the Chief Financial Officer will be eliminated as of June 30, 2023. It is only going to be a 1-year contract with hourly fee schedule and Executive Director White will revisit the need for this contract going forward. Second contract with Sheppard Public Relations for communications will be re-evaluated in light of bringing on in-house staff but will continue to use them for certain functions. A motion was made by Trustee Inman and seconded by Trustee Hopkins to approve the Executive Director executing the contracts subject to attorney review. Motion carried by roll call vote.

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

*Furniture Purchase:* A motion was made by Trustee Hopkins and seconded by Trustee Inman to approve the furniture purchase to accommodate the hiring of new staff members in the amount of \$32,466.16. Total amount spent on furniture after this purchase will be \$163,744.53 and this should be the end of large furniture expenditures. The motion failed by roll call vote.

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

*Resolution Designating Authorized Signers for Lake Forest Bank & Trust Account:* A motion was made by Trustee Inman and seconded by Trustee Swanlund to authorize the approval of the designation of authorized signers for the Lake Forest Bank & Trust account. Motion carried by roll call vote.

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

*Resolution Adopting Fiscal Year 2024 Budget:* Ms. Tuczak reviewed the memo and the items are reflected in the analysis, including some tweaks to the budget. Overall the proposed budget totaled \$5,993,733. Ms. Tuczak explained what changed from the last budget, including a slight increase in the board of trustee meeting expenses. Discussion with the Board and Staff ensued on various budget items. Ms. Tuczak is also working on an overall pay plan to provide to the Board for its review at the next Board meeting and, with Executive Director White, also addressed individual staff member salary increases and the process to approve same.

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A motion was made by Trustee Inman and seconded by Trustee Hopkins to approve the budget as presented. Motion carried by roll call vote.

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

*Review Transition Audit Report:* Finance Director Tuczak reviewed the memorandum provided to the Board. The testing is expected to be complete next week. They asked for additional documentation for additional testing that needs to be performed. The timing of the audit is to be performed within 6 months. Staff recommendation is to approve this report and if changes need to be made it will be brought back as a final report for approval at the July Board meeting. Discussion ensued. No Board action taken. Decision made to review final report at the July meeting.

**OPERATIONS:** *Approve Selection Process for Vacant Participant Trustee Position:* Executive Director White provided an update on the process to appoint a trustee to serve. Senate Bill 2100 passed but has not yet been signed into law (Governor has 60 days from receipt of bill to sign it). Executive Director White and Fiduciary Counsel Muzzy discussed the current vacancy and the need to hold an election to fill that position. Recommendation to direct staff to amend the election policy to allow staff to conduct a special election to fill the vacancy. The amended policy and procedure will be brought back to the Board at the next meeting. A motion was made by Trustee Cole and seconded by Trustee Poulos that the board has determined that a vacancy exists and to direct staff to open the election process in accordance with its election policy. Motion carried by roll call vote.

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

*Administration Status Update:* Executive Director White reviewed the Administration and Operations Update with the Board. It is anticipated additional staff will be brought onboard on or about July 1. Amy Zick joined on June 1<sup>st</sup>. No specific updates on legal services (general counsel and fiduciary counsel) and office management aside from general ongoing items. Executive Director White indicated that the reports will be available on the website for the Article 3 funds to review via the online portal. Mr. White also provided brief updates on external communications, website items, media updates and upcoming speaking engagements at conferences/associations. Further, Mr. White provided finance and accounting, actuarial and audit updates. Mr. White also provided an update on the upcoming Regional Stakeholder Meeting on June 27, 2023 in Collinsville. Finally, Executive Director White provided an overview of the upcoming special (8:30AM-12:30PM) and regular meeting (1:00PM-5:00PM) on July 21, 2023 and the agendas for same.

*Review Meeting Calendar and Schedule Additional Meetings if needed:* Executive Director White provided an update on the upcoming committee and Board meetings on September 14-15, 2023 as follows:

Committee Meetings: September 14, 2023 (afternoon session; agenda provided to Board) and Board of Trustees Meeting: Friday, September 15, 2023 (morning session)

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**MEETING MINUTES:** *Approve Board Meeting Minutes – March 17, 2023, Regular Board Meeting:* The Board reviewed the draft meeting minutes from the March 17<sup>th</sup> regular meeting. A motion was made by Trustee Cole and seconded by Trustee Holleb to approve the March 17<sup>th</sup> meeting minutes. Motion carried by roll call vote.

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

*April 14, 2023, Regular Board Meeting and Closed Session:* The Board reviewed the draft meeting minutes from the April 14<sup>th</sup> regular Board meeting and closed session. A motion was made by Trustee Inman and seconded by Trustee Hopkins to approve the April 14<sup>th</sup> meeting minutes. Motion carried by roll call vote.

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

*Accept Approved Committee Meeting Minutes – Audit & Budget Committee: April 5, 2023:* The Board reviewed the approved minutes from the April 5<sup>th</sup> Audit and Budget Committee meeting. A motion was made by Trustee Hopkins and seconded by Trustee Holleb. Motion carried by roll call vote.

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

*Accept Approved Committee Meeting Minutes – Contract Committee: March 31, 2023:* The Board reviewed the approved minutes from the March 31<sup>st</sup> Contract Committee Meeting. A motion was made by Trustee Inman and seconded by Trustee Hopkins to accept the approved meeting minutes. The approved closed session minutes will be reviewed at the next meeting. Motion carried by roll call vote.

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

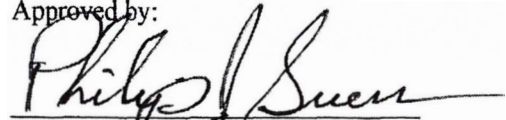

**LEGAL UPDATES:** *General Legal Counsel's Report – Approve Resolution to Revise Participation in 115 Health Care Trust and 401(a) Defined Contribution Plan:* A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve the resolution to revise participation in the 115 Health Care Trust and 401(a) Defined Contribution Plan. Motion carried by roll call vote.

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

Respectfully submitted by:

\_\_\_\_\_  
Allie Rysell, Plan Administrator  
Foster & Foster, Inc.

Approved by:

  
\_\_\_\_\_  
Phil Suess, Board Chairperson  
  
\_\_\_\_\_  
Lee Catavu, Board Secretary

Date Approved by the Board of Trustees: SEPTEMBER 15<sup>TH</sup>, 2023

*The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on July 21, 2023, in accordance with Governor Pritzker's Executive Order in effect on the date and time of the meeting and Public Act 101-0640.*