

Board of Trustees Meeting- September 15, 2023



Notice is hereby given that the Board of Trustees of the Illinois Police Officers' Pension Investment Fund will conduct a regular meeting on Friday, September 15, 2023 at 8:30 AM at the Marriott Pere Marquette Hotel, Marquette Salon B, 501 Main Street, Peoria, IL. 61602

This meeting will be live-streamed on the Zoom video-conferencing platform. By entering the meeting participants agree to be audio and video recorded.

Topic: Board of Trustee Meeting

Time: Sept 15, 2023, 08:30 AM – 1:30 PM Central Time (US and Canada)

Join Zoom Meeting via Video:

Video: www.zoom.us

Meeting ID: 834 4167 1582

Passcode: 089685

Join Zoom Meeting via Dial-In:

Dial In: 1 (312) 626-6799

Meeting ID: 834 4167 1582

Passcode: 089685

September 15, 2023 08:30 AM - 01:30 PM Central Time (US and Canada)

Agenda Topic

1. Call to Order (8:30 AM)
2. Roll Call
3. Board of Trustees
 - 3.1 [Strategic Goals and Objectives: Discussion and Potential Action](#)
4. Investments
 - 4.1 [Investment Update: Discussion and potential action](#)
 - 4.2 [Verus Quarterly Performance Report: Discussion and potential action](#)
 - 4.3 [Global/International Small-Cap manager search update: Discussion and potential action](#)
 - 4.4 [Bank Loans Manager search request: Discussion and Potential Action](#)
 - 4.5 [Account Review - Principal US Property Account: Discussion and Potential Action](#)

5. Governmental Liaison
 - 5.1 [Governmental Liaison Monthly Report: Discussion and Potential Action](#)
6. Finance
 - 6.1 [Monthly Financial Statement - June 2023: Discussion and potential action](#)
 - 6.2 [Monthly Financial Statement – July 2023: Discussion and potential action](#)
 - 6.3 [Warrant # 2024-02: Discussion and potential action](#)
 - 6.4 [Warrant # 2024-03: Discussion and potential action](#)
7. Operations
 - 7.1 [Trustee Election Report: Discussion and potential action](#)
 - 7.2 [IMRF Employer Contribution- Resolution 2023-xx: Discussion and Potential Action](#)
 - 7.3 [Office Furniture Purchase: Discussion and Potential Action](#)
 - 7.4 [Operations Update Report: Discussion and potential action](#)
8. Minutes
 - 8.1 [Board of Trustee Meeting Minutes - June 9 2023: Discussion and Potential Action](#)
 - 8.2 [Board of Trustee Meeting Minutes- July 21, 2023: Discussion and potential action](#)
 - 8.3 [Governance Committee -Meeting Minutes - March 30, 2023: Discussion and Potential Action](#)
 - 8.4 [Election Committee - Meeting Minutes - March 20, 2023: Discussion and Potential Action](#)
 - 8.5 [Legislative Committee - Meeting Minutes - January 19, 2023: Discussion and Potential Action](#)
 - 8.6 [Contract Committee - Meeting Minutes - May 19, 2023: Discussion and Potential Action](#)
 - 8.7 [Audit and Budget Committee - Meeting Minutes- May 19, 2023: Discussion and Potential Action](#)
 - 8.8 Closed Session Minutes: Discussion and Potential Action*
* denotes possible closed session item
9. General Legal Counsel
 - 9.1 Performance Evaluation of the Executive Director*
* denotes possible closed session item

10. Fiduciary Legal Counsel
11. Closed Session (If necessary)
12. Public Comment
13. Adjournment (1:30 PM)

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM 3.1: STRATEGIC PLAN
DATE: SEPTEMBER 15, 2023

RECOMMENDATION: Approve Strategic Plan Components: (1) Mission Statement; (2) Vision Statement; (3) Core Values Statements; (4) Organization Goals.

The Board of Trustees conducted a Strategic Planning Workshop on July 21, 2023, which was a session facilitated by Sally Choi, Consultant, MCS Consulting, LLC and which was the concluding session which she preceded with interviews with the Board of Trustees, Executive Staff and her research and review of the Fund's operations. This session spanned four hours and at the conclusion of the session, the Board of Trustees identified and reached consensus on various strategic plan components that are detailed in the attached strategic plan document and are presented to the Board of Trustees for approval at today's meeting.

The Board of Trustees also provided feedback on proposed objectives presented by staff which included: (1) provide more detailed descriptions, and (2) include deliverables and performance metrics. The approval of these Strategic Plan components will be the foundation for the further development of the strategic plan goals and objectives into specific actions plans that will be implemented by the Fund. Further, the strategic plan process will be monitored and reported on to the Board of Trustees on a regular basis. The attached chart shows the continuous process loop for the strategic plan development, planning, implementation, monitoring process, and accountability for the strategic plan components.

Additionally, the attached Strategic Plan report details the next steps and the timeline for the further development of the strategic plan all leading towards the presentation and approval of the formal strategic plan document at a future meeting of the Board of Trustees.

Our consultant, Sally Choi, will be engaged to assist and support the Board and Executive team in the further development of the strategic plan.



IPOPIF Strategic Plan

Strategic Planning Overview

Strategic planning is the ongoing organizational process of defining the organization’s vision for the future and developing a plan to achieve long-term goals. A strategic plan documents the established goals of the organization and those actions necessary to achieve them. It includes the mission and vision statements, values that guide the organizations, long-term goals, objectives, and performance measures. Separate action plans details the plans to achieve the stated objectives.

The following describes the strategic plan framework.

The Strategic Plan Framework





Mission, Vision, Values and Goal Setting- Work Session

MCS Consulting LLC was engaged by IPOPIF to conduct a work session with the IPOPIF Board and staff to define IPOPIF's mission, vision, values, and goals for the development of a strategic plan. Planning for the work session involved a process to engage the Board and executive staff to understand IPOPIF's current state, challenges, priorities, and vision for the future. Based upon input from individual trustee interviews, MCS Consulting, in collaboration with staff, prepared various options for the mission, vision, value statements, proposed goals, objectives, and desired outcomes for the Board's consideration.

At the July 21, 2023 Board of Trustees Meeting, MCS Consulting facilitated the work session with the Board and staff to formulate IPOPIF's mission, vision, values and goals and to review staff's proposed objectives. After considering various options, the Board reached consensus on the following:

MISSION:

Build and maintain the long-term stability of the investment fund to enable our partners to meet financial obligations and fund pension benefits for participants and beneficiaries.

VISION:

To be a high performing and trusted provider of institutional investment services to our members, beneficiaries, employers, and taxpayers.

CORE VALUES:

- **ACCOUNTABILITY:** We will take reasonable steps to ensure that the financial condition of one participating police pension fund will have no negative effect on the financial condition of any other participating police pension fund.
- **STEWARDSHIP:** As fiduciaries we discharge our duties solely in the best interest of the participants and beneficiaries of the participating police pension funds and protect their financial assets.
- **EXCELLENCE:** We conduct ourselves with distinction to deliver high quality services.
- **TRUST:** We act with integrity and honesty to provide clear, accurate and timely information fostering a culture of transparency.
- **RESPECT:** We treat everyone with civility, courtesy, and dignity to foster collaboration and cooperation.



GOALS:

1. **INVESTMENTS:** Generate net returns that exceed the actuarial rate of return.
2. **GOVERNANCE:** Ensure good governance by implementing best practices for accountability and transparency.
3. **MANAGEMENT:** Effectively and efficiently administer the fund to achieve desired results.
4. **STAKEHOLDER RELATIONS:** Maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries.

The Board also provided feedback on the proposed objectives presented by staff.

FEEDBACK ON PROPOSED OBJECTIVES:

- Provide more detailed descriptions.
- Include deliverables and performance metrics.



Illinois Police Officers' Pension Investment Fund

Proposed Next Steps

The next step in the process is to return to the Board with those final mission, vision, values, and goals developed at the July 21, 2023 meeting to reaffirm the statements and gain approval from the Board. Staff will continue developing the proposed objectives to include the additional details requested by the Board, which will be presented to the Board at a subsequent meeting. Performance measures which will include metrics and/or targets for each objective will also be included. The objectives along with the performance measures will be the final elements of the strategic plan. After all the elements of the strategic plan are completed, staff will present the final strategic plan for 2024-2026 for the Board’s approval. Detailed action plans for each objective to implement the strategic plan will be provided separately. Implementation of the action plans will be managed and monitored by each objective owner. The status of each objective will be reported to the Board quarterly and annually.

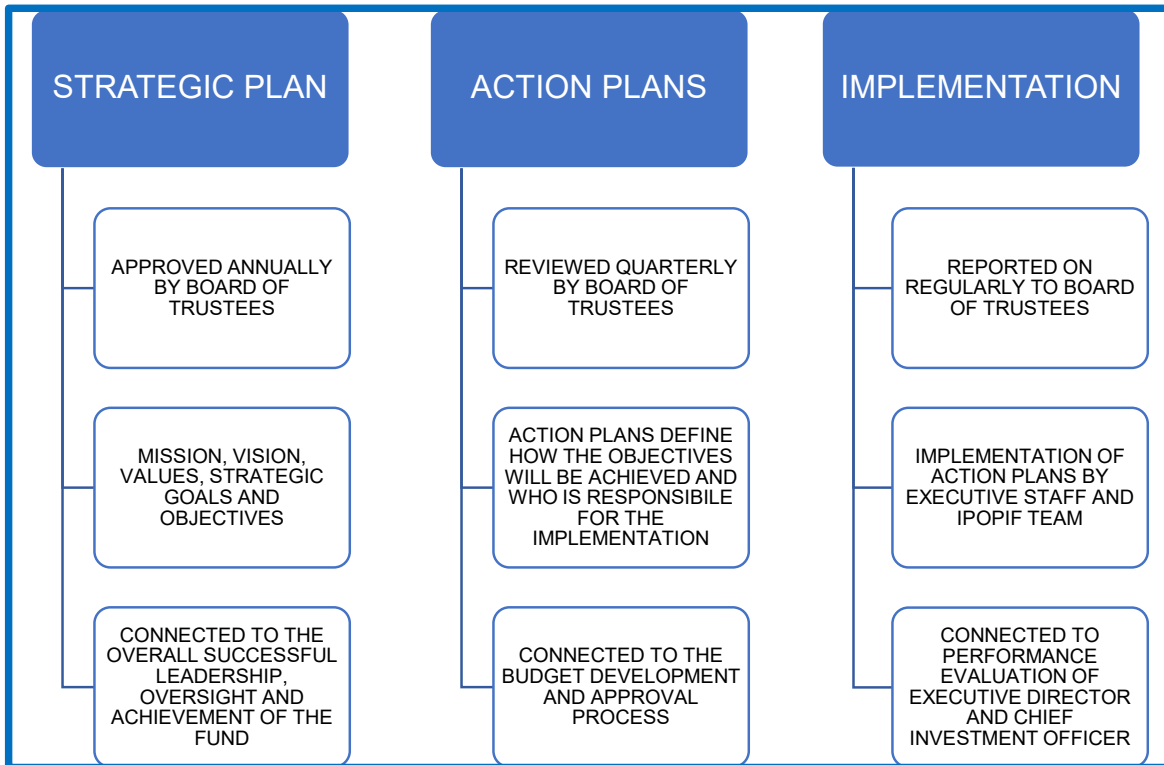
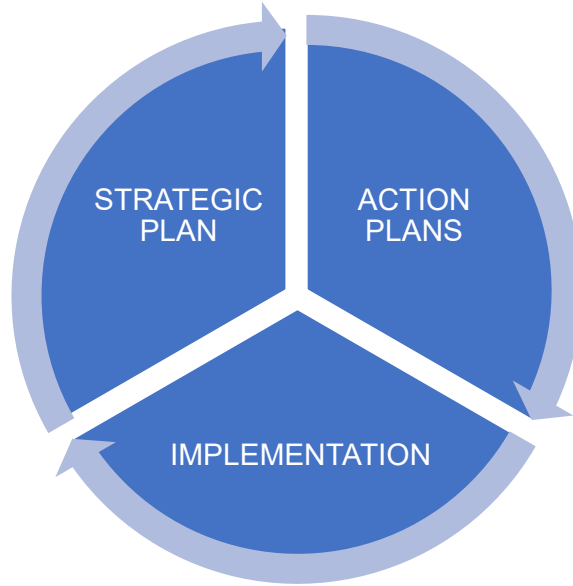
The following describes the proposed next steps and timeline:

Timeline of Next Steps

September 2023	October 2023	December 2023	January 2024- March 2024	January 2024 – March 2024	March 2024
Affirmation of IPOPIF’s mission, vision, values and goals and strategic planning process	Development and Approval of Strategic Plan Objectives for 2024-2026	Approval of the 2024-2026 Strategic Plan	Development and Approval of Individual Action Plans	Begin Implementation and monitoring of Individual Action Plans	Begin Reporting of Strategic Plan
<ul style="list-style-type: none"> Final mission, vision, values and goals that the Board discussed on July 21, 2023, and proposed strategic planning process 	<ul style="list-style-type: none"> Complete the development of proposed strategic plan objectives with detailed descriptions and performance metrics 	<ul style="list-style-type: none"> Final proposed Strategic Plan with mission, vision, goals, objectives, and performance measures Schedule of action plan approvals 	<ul style="list-style-type: none"> Complete action plans for each objective Action plans to include tasks, timelines, milestones, performance metrics and/or targets, resources, roles and responsibilities 	<ul style="list-style-type: none"> Execute action plans according to their tasks, timelines and milestone schedule. Each action plan is monitored and evaluated by each objective owner. 	<ul style="list-style-type: none"> Report the status of each objective to the Board quarterly and annually
<ul style="list-style-type: none"> Present to the Board for approval 	<ul style="list-style-type: none"> Present to the Board for approval 	<ul style="list-style-type: none"> Present to the Board for approval 	<ul style="list-style-type: none"> Present to the Board for approval 	<ul style="list-style-type: none"> Progress is reported to the Executive Director 	<ul style="list-style-type: none"> Present to the Board to receive and file

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

**Strategic Planning Process
Flow Chart**





Illinois Police Officers' Pension Investment Fund

Investment Update As of September 6, 2023

Transfer Status

- Transferred one Article 3 Fund on August 1st with value of \$13M.
- All transferred assets received and reconciled for Participating Police Pension Funds.
- No additional transfers have been requested.
- Participation: 97% of non-litigant funds, 99% of assets
 - 9 non-litigant funds (~\$63M) did not transfer assets
 - 15 litigant funds (~\$1.2B)
- Evaluating requirements and framework for resolving non-transferable assets.

Transfer Schedule

Tranche #	Assigned Transfer	Number of Funds		\$ millions	
		Tranche	Total	Tranche	Total
1	March 1, 2022	14	14	220	220
2	April 1, 2022	18	32	458	678
3	May 2, 2022	14	46	354	1,032
4	June 1, 2022	27	73	770	1,803
5	June 24, 2022	45	118	1,271	3,074
6	August 1, 2022	36	154	1,463	4,537
7	September 1, 2022	63	217	1,922	6,459
8	October 3, 2022	54	271	990	7,449
9	November 1, 2022	35	306	376	7,825
10	December 1, 2022	22	328	738	8,562
12*	May 1, 2023	4	332	35	8,597
13	August 1, 2023	1	333	13	8,610
DNT	Did Not Transfer	9	342	63	8,673
LIT	litigation plaintiffs	15	357	1,233	9,907

*T11 designation used for February transition of assets received since December

Non-Transferred Funds

Litigants (15)	Est. \$M
ARLINGTON HEIGHTS	162
AURORA	245
CHAMPAIGN	121
CHICAGO HEIGHTS	48
CHICAGO RIDGE	29
DEKALB	45
ELGIN	157
ELMHURST	78
EVANSTON	158
MOKENA	25
PALOS HEIGHTS	29
RANTOUL	30
VILLA PARK	36
WOOD DALE	26
WOODRIDGE	45
Total \$M	1,233

Did Not Transfer (9)	Est. \$M
FAIRVIEW HEIGHTS	29
EAST ST LOUIS	19
SOUTH CHICAGO HEIGHTS	4
MARYVILLE	4
STONE PARK (Annuities)	4
MONTICELLO	1.4
WASHINGTON PARK	1.0
VENICE	0.3
ROBBINS (no assets)	0.2
Total \$M	63

As of 9/5/23

Investment Operational Highlights

- State Street custody invoicing paid through 6/30/23.
- Daily value and transaction reporting for Article 3 funds now available on the NRS reporting portal.
- Short-term Asset Allocation Implementation
 - May – transferred \$90M from Core Bonds to Non-US Equity
 - June – transferred \$90M from Cash to US Equity
 - July – transferred \$90M from Core Bonds to Non-US Equity
 - No transfer in August. 5% remains to be reallocated.

Asset Allocation 9/4/23

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
Growth	5,046	53.4%	5,486	58.0%	(440)	-4.6%
RHUMBLINE US LARGE	1,916	20.3%	2,175	23.0%	(260)	-2.7%
RHUMBLINE US SMALL	460	4.9%	473	5.0%	(13)	-0.1%
SSGA NON-US DEVELOPED	1,576	16.7%	1,702	18.0%	(127)	-1.3%
SSGA NON-US DEVELOPED SC	454	4.8%	473	5.0%	(19)	-0.2%
SSGA EM EQUITY	641	6.8%	662	7.0%	(21)	-0.2%
Income	1,490	15.8%	1,513	16.0%	(23)	-0.2%
SSGA HIGH YIELD	936	9.9%	946	10.0%	(10)	-0.1%
SSGA EM DEBT	554	5.9%	567	6.0%	(13)	-0.1%
Inflation Protection	799	8.4%	851	9.0%	(52)	-0.6%
SSGA TIPS	273	2.9%	284	3.0%	(10)	-0.1%
SSGA REITS	355	3.8%	378	4.0%	(23)	-0.2%
PRINCIPAL US PROPERTY	171	1.8%	189	2.0%	(18)	-0.2%
Risk Mitigation	2,123	22.4%	1,608	17.0%	515	5.4%
IPOPIF CASH	306	3.2%	95	1.0%	211	2.2%
SSGA ST GOV-CREDIT	1,367	14.5%	1,230	13.0%	137	1.5%
SSGA CORE BONDS	450	4.8%	284	3.0%	166	1.8%
Total Investment Pool	9,458	100.0%	9,458	100.0%	-	0.0%

* Allocation shifts from Risk Mitigation to US Large Cap and Non-US Developed equity will be implemented gradually at CIO discretion.

Performance Summary

Final	2Q22	3Q22	4Q22	1Q23	2Q23	FY23	Since 4/22
IPOPIF Pool	-10.4%	-4.8%	+6.8%	+4.3%	+2.7%	+8.8%	-2.0%
Policy Benchmark	-10.4%	-5.0%	+6.6%	+4.3%	+3.1%	+8.8%	-2.0%
Broad Benchmark	-13.6%	-6.6%	+8.4%	+5.8%	+3.7%	+11.0%	-3.4%

Preliminary	July	4/22 – 7/23	August
IPOPIF Pool	+2.6%	0.0%	-2.0%
Policy Benchmark	+2.8%	0.2%	N/A
Broad Benchmark	+2.9%	-1.0%	-2.0%

- Policy Benchmark – Weighted average of asset class benchmarks; indicates success of implementation (currently less stock exposure than the broad benchmark)
- Broad Benchmark – 70/30 global stocks/bonds; indicates success of asset allocation.
- Returns for periods longer than one year are annualized.

Key Investment Initiatives (1)

Initiative	Status
Revise Short-term Asset Allocation (STAA)	New STAA approved by Board in April. 8% to be shifted gradually from Risk Mitigation to Public Equity.
Investment Staff Recruitment	Seeking experienced investment professional
International Equity Small Cap search	In process. Board interviews and selection targeted for 10/13/23.
Bank Loan Search	3% long-term allocation, but no current exposure. Not available as passive strategy. Search request for active management detailed in separate agenda item
Private Market Investments	Gradual development. Consultant education in June. Strategic planning under evaluation.
Develop plan for addressing non-transferrable assets	Working with Verus and Counsel to evaluate IPOPIF requirements and to develop a framework for resolving non-transferable assets.

Key Investment Initiatives (2)

Initiative	Status
Develop Investment Communication Materials	Developed 2022 Transfer Performance Summary Developed stakeholder presentation Continuing to build out additional information
Develop compliance review and reporting matrix	Completed review of source documents to capture all requirements. Developing review and reporting structure.
Develop long-term asset allocation implementation plan	Building out project management application with detailed steps with timelines and dependencies.

Preliminary Agenda Planning

9/15/23	10/13/23	12/15/23	January 2024	March 2024
	Intl. small cap recommendation		US small cap search request	
Bank Loan search request		Bank Loan recommendation		Next Credit search request
		Private Markets consultant Search Request		Private Markets Consultant Recommendation
Principal US Property Account Review		Custodian Review		Investment Consultant Review

Quarterly: Investment Update, Performance Review, Compliance Review, Investment Implementation Status

Preliminary Search Queue

Public Markets

- Equity
 - International/Global Small Cap
 - US Small Cap
 - Emerging Markets
 - Evaluate Large Cap
- Credit
 - Bank Loans
 - High Yield
 - Emerging Markets
- Risk Mitigation
 - Need allocation and structure review

Private Markets

- Specialty Consultant?
- Secondary funds for early exposure and vintage diversification
- Equity
- Credit
- Real Estate
- Infrastructure



PERIOD ENDING: June 30, 2023

Investment Performance Review for

Illinois Police Officers' Pension Investment Fund

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SAN FRANCISCO 415.362.3484

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Executive Summary

Illinois Police Officers' Pension Investment Fund

Period Ending: June 30, 2023

Executive Summary

- Total assets grew from \$9.0 billion to \$9.4 billion over the quarter, including asset transfers of \$123 million and investment gains of \$260 million.
- The market recovery that began in late 2022 persisted through the second quarter of 2023, as the S&P 500 returned 8.7% through in the second quarter and 16.9% year-to-date. In this continuing risk-on environment, the IPOPIF Investment Portfolio¹ returned 2.7% for the quarter, which was below the Policy Index return of 3.1%. The Broad-Based Index² performed even better with a return of 3.7% for the period, reflecting higher equity exposure in a risk-on environment.
- The since inception return remained negative at -2.0%, resulting from the difficult market environment in the 2nd and 3rd quarters of last year.
- The market recovery was felt across the portfolio during the quarter with all sub-portfolios excepting Risk Mitigation experiencing positive returns. As would be expected in a risk-on environment, the strongest performance occurred in the Growth portion of the portfolio with a return of 4.8% in the second quarter. The Income sleeve also performed well with a return of 2.0%, as last year's rising rates has translated into more portfolio income this year. The Inflation Protection produced modestly positive returns as REITs continued to rebound from a difficult 2022, while concerns over deteriorating credit conditions negatively impacted the credit component of the Risk Mitigation sleeve, which returned -0.2% for the quarter.
- The vast majority of the IPOPIF Investment Portfolio is currently invested passively. As such and as expected, individual manager performance was closely aligned with their strategy-specific benchmarks during the quarter.
- The IPOPIF investment staff actively monitors the current asset allocation vs. policy targets and conducts re-balancing trades as appropriate. During the second quarter, the Board of Trustees approved a revised asset allocation in order to move the Fund closer to its long-term strategic allocation. Re-balancing trades were executed through the remainder of the quarter and have continued into the third quarter to align the Fund with policy targets³.

Notes

¹The IPOPIF Investment Portfolio does not include Member Fund and Transition Account assets that totaled \$31.1 million at quarter-end, which had not yet been invested in the IPOPIF Investment Portfolio.

²The Broad-Based Policy Index represents a passively invested 70/30 global stock/bond portfolio.

³IPOPIF has implemented a short-term asset allocation, which is primarily passively invested in public markets. IPOPIF is currently in the process of moving toward its long-term asset allocation, including active management and private market assets. The private markets program will take several years to implement, given the deliberate pace with which private markets investments are funded.

Investment Landscape

2nd quarter summary

THE ECONOMIC CLIMATE

- Real GDP increased at a 2.0% rate in Q1 (1.8% growth year-over-year). The slowdown from the prior quarter reflected weaker inventory buildups and slower business investment. An upturn in consumer spending was the greatest support to economic growth, as consumption has ticked along at a steady rate.
- The unemployment rate remained very tight at 3.6% in June. The workforce appears to be experiencing a healthy, and possibly low pain, rebalancing of resources. Many workers are returning to the workforce while fewer job openings are being posted. Both of these effects reduce the mismatch between *workers available* and *available jobs*.

PORTFOLIO IMPACTS

- The U.S. consumer has shown resiliency. Household budgets have been strained by high inflation and a jump in interest rates; however, the boom in wealth over the past decade, fueled by a substantial bull market in stocks and in residential real estate, may provide a cushion in the next downturn. It remains unclear whether the U.S. will face recession in the near-term.
- The Cboe VIX implied volatility index fell to a surprisingly low level, despite broad expectations of recession, regional bank risks, and other not-yet-known consequences of liquidity withdrawal from the financial system. The index fell from 18.7% to 13.6% during the second quarter.

THE INVESTMENT CLIMATE

- The Fed implemented an additional rate hike to a new range of 5.00–5.25%, but longer-term U.S. interest rates remain anchored. This has resulted in the most deeply inverted U.S. yield curve since the early 1980s at -1.06% (defined as 10-year UST yield minus 2-year UST yield).
- Inflation fell further in the U.S., with June CPI coming in at a surprisingly low 3% year-over-year and Core CPI at 4.8%. Weakening energy prices have had a big impact on overall inflation levels, though prices appear to also be softening across many other types of goods and services, suggesting milder inflation is not solely an energy story.

ASSET ALLOCATION ISSUES

- Global equities persisted in their upward trajectory during Q2 (MSCI ACWI +6.2%). International developed markets underperformed domestic equities (S&P 500 +8.7%, MSCI EAFE +3.0%), as did emerging markets (MSCI EM +0.9%). U.S. equities rallied for a third consecutive quarter. A surge in AI-focused hype helped drive an expansion in the valuations of large tech firms.
- Growth stocks (+12.8%) outpaced value (+4.1%) once again, bringing the year-to-date performance differential to +23.9%. Sector-specific drivers, including product launches and upward adjustments to company guidance among Information Technology (+18.6%) mega-caps, drove growth stocks higher. Over recent years, certain style factors have exhibited some of the wildest swings in history.

Equity & credit markets performed strongly during Q2

A variety of risks hang overhead, though markets appear to be expecting a “soft landing”

What drove the market in Q2?

“U.S. inflation cooled in June for the 12th straight month”

HEADLINE CONSUMER PRICE INFLATION (YEAR-OVER-YEAR)					
Jan	Feb	Mar	Apr	May	Jun
6.4%	6.0%	5.0%	4.9%	4.1%	3.0%

Article Source: CNN, July 12th, 2023

“Top U.S. banks raise dividends after sailing through Fed stress tests”

KBW REGIONAL BANKING INDEX (MONTHLY RETURN)					
Jan	Feb	Mar	Apr	May	June
2.9%	0.5%	-20.6%	-3.6%	-8.7%	7.1%

Article Source: Reuters, June 30th, 2023

“This classic recession indicator just hit its lowest level since 1981”

10-YEAR U.S. TREASURY YIELD MINUS 2-YEAR U.S. TREASURY YIELD					
Jan	Feb	Mar	Apr	May	Jun
-0.68%	-0.79%	-0.64%	-0.56%	-0.56%	-0.89%

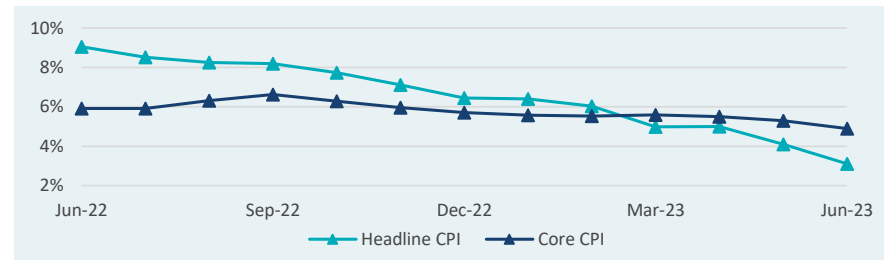
Article Source: CNBC, July 7th, 2023

“Fed pauses interest rate hikes, signals two more increases likely...”

FED FUNDS TARGET RATE – UPPER BOUND					
Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
0.50%	1.75%	3.25%	4.50%	5.00%	5.25%

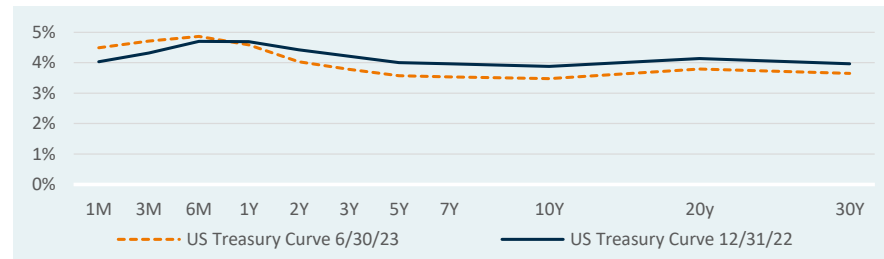
Article Source: USA Today, June 14th, 2023

U.S. HEADLINE VS. CORE INFLATION (YEAR-OVER-YEAR)



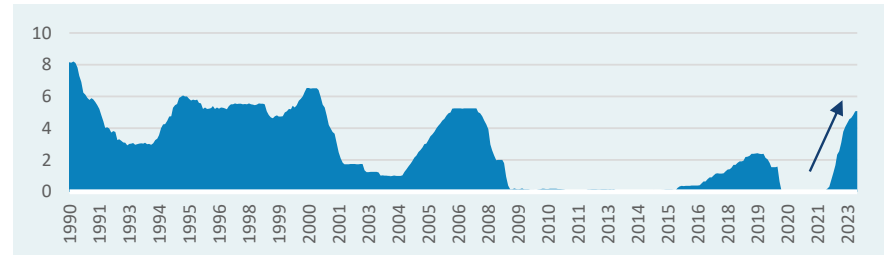
Source: FRED, as of 6/30/23

DEEP U.S. YIELD CURVE INVERSION



Source: Bloomberg, as of 6/30/23

EFFECTIVE FED FUNDS RATE (%)



Source: FRED, as of 6/30/23

U.S. economics summary

- Real GDP increased at a 2.0% rate in the first quarter of 2023 (1.8% growth year-over-year). The slowdown reflected weaker inventory buildups and slower business investment. Despite loftier inflation and higher interest rates, many economic signals are positive and/or improving.
- Inflation fell further in the U.S., with June CPI coming in at a surprisingly low 3% year-over-year and Core CPI at 4.8%. Weaker energy prices have had a large impact on overall inflation levels, though prices appear to also be softening across many other types of goods and services, suggesting milder inflation is not solely an energy story.
- The U.S. consumer has shown resiliency, with spending moving along at a moderate pace—at 2.1% year-over-year in May. These consumption patterns will be worth watching, as spending is the largest driver of economic growth.
- The Fed released its annual banking stress test results, which was applicable to the “too big to fail” class of banks. Results helped ease banking concerns as all 23 banks passed.
- The unemployment rate remained very tight at 3.6% in June. The workforce appears to be experiencing a healthy, and possibly low pain, rebalancing of resources. Many workers are returning to the workforce at the same time that fewer job openings are posted. Both of these effects reduce the mismatch between the total number of workers available relative to available jobs.
- Consumer sentiment improved slightly during the second quarter by most measures but remains pessimistic. The University of Michigan Consumer Sentiment survey showed that the outlook has improved due to factors such as the debt ceiling resolution and falling inflation.

	Most Recent	12 Months Prior
Real GDP (YoY)	1.8% 3/31/23	3.7% 3/31/22
Inflation (CPI YoY, Core)	4.8% 6/30/23	8.9% 6/30/22
Expected Inflation (5yr-5yr forward)	2.3% 6/30/23	2.1% 6/30/22
Fed Funds Target Range	5.00–5.25% 6/30/23	1.50–1.75% 6/30/22
10-Year Rate	3.81% 6/30/23	2.98% 6/30/22
U-3 Unemployment	3.6% 6/30/23	3.6% 6/30/22
U-6 Unemployment	6.9% 6/30/23	6.7% 6/30/22

GDP growth

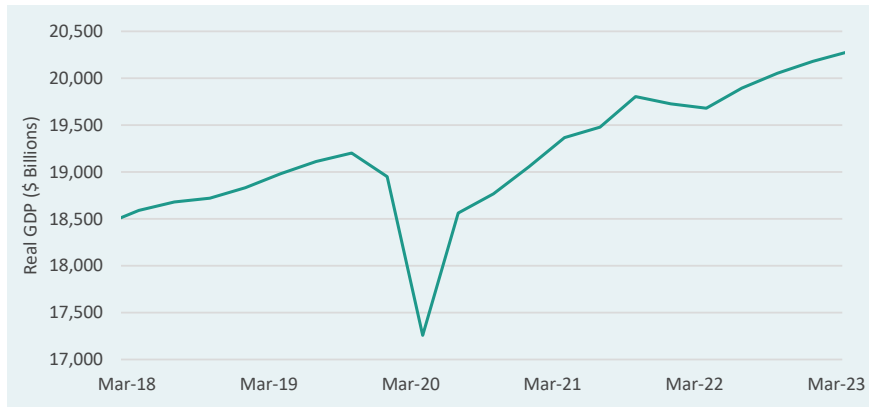
Real GDP increased at a 2.0% rate in the first quarter of 2023 (1.8% growth year-over-year). The slowdown from the prior quarter reflected weaker inventory buildups and slower business investment. An upturn in consumer spending was the greatest support to economic growth, as consumption has ticked along at a steady rate despite higher costs of borrowing. Second quarter GDP growth is expected to be 2.3%, according to the Atlanta Fed GPDNow forecast, as of July 10th.

Growth varied across industries, with service-producing industries producing 2.6% growth, government-related growing 2.7%, and goods-producing industry growth falling by -0.7%.

The economy has increasingly shown signs of resilience, casting doubt on whether a recession is imminent. Markets seem to be interpreting this resilience as a negative development, due to implications for even tighter monetary policy and a more aggressive Federal Reserve in the fight against inflation. This *bad news is good news* dynamic was illustrated on July 6th when ADP’s National Employment Report indicated that 497,000 private sector jobs were added in June—double the expected number. This strong report sent bond yields higher and equity markets lower.

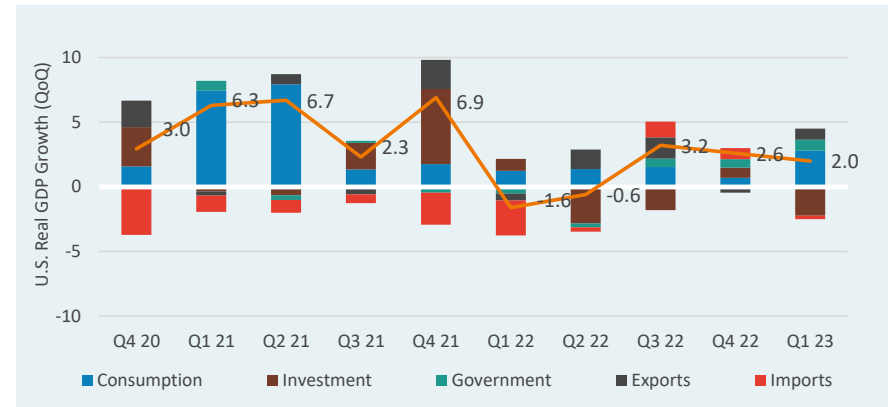
The U.S. economy continues to show resilience despite aggressive monetary tightening & low consumer confidence

U.S. REAL GROSS DOMESTIC PRODUCT



Source: FRED, as of 3/31/23

U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 3/31/23

Inflation

Inflation has continued to move lower in the U.S., with June CPI coming in at a surprisingly low 3% year-over-year and Core CPI (ex-food & energy) at 4.8%. Weaker energy prices have had a significant impact on overall inflation levels, as well as *base effects* as larger price moves of 2022 begin to fall out of the official twelve-month inflation calculation. In recent months, prices appear to also be softening across many other types of goods and services, suggesting milder inflation is not solely an energy story. Inflation concerns are now centered on core inflation (ex-food & energy) which remains stubbornly high and has shown fewer signs of abating.

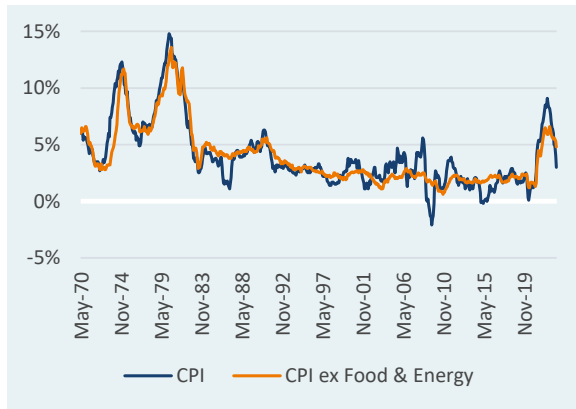
rising faster than wages which contributed to an environment where real household incomes were falling (wages not keeping up with goods and services prices). Recently this trend has reversed. This may lead to an environment in which households are benefiting from inflation as wages rise faster than inflation in the prices of goods and services.

In past editions of this document, we predicted that inflation (CPI) was very likely to fall to around 4% in Q2 for technical reasons related to the twelve-month window with which inflation is calculated. These effects have played out as expected.

U.S. inflation continues to fall, though persistent monthly core inflation (ex-food & energy) is a concern

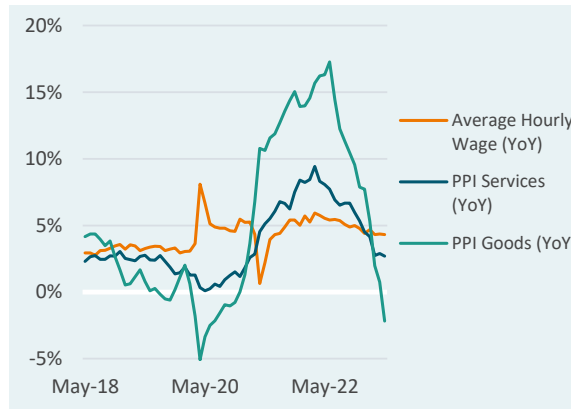
Earlier in the U.S. inflationary cycle business input costs were

U.S. CPI (YOY)



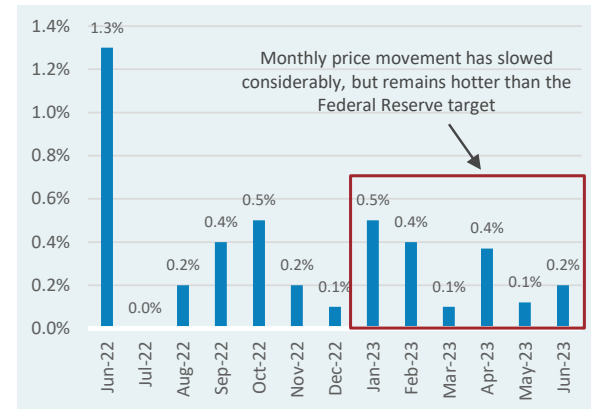
Source: BLS, as of 6/30/23

HIGHER PRICES MAY NOW BENEFIT CONSUMERS



Source: FRED, BLS, as of 5/31/23

MONTHLY PRICE MOVEMENT



Source: BLS, as of 6/30/23

Labor market

The unemployment rate remained very tight at 3.6% in June, despite far higher interest rates, liquidity withdrawal from the Federal Reserve, and concerns of a possible recession.

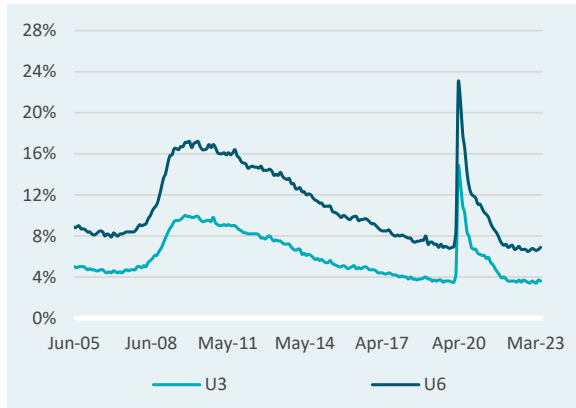
Labor participation rates further recovered over the quarter as many workers who had left the labor force during the pandemic are once again seeking employment. This recovery has been highly concentrated in the core age cohort (25-54 years). In fact, the labor participation rate of this age group has surpassed the pre-pandemic level. Workers aged 55 and older have overall not been returning to the workforce. Participation of these workers has actually declined slightly

over the past year.

Overall, the workforce appears to be experiencing a healthy, and possibly relatively low pain, rebalancing of resources. Many workers are returning to the workforce at the same time that fewer job openings are posted. Both of those effects reduce the mismatch between the number of *workers available* and the *available jobs*. These unique dynamics could allow for a reduction in labor market tightness without a major cycle of layoffs, while potentially also helping ease inflation pressure if a looser labor market helps dampen wage growth.

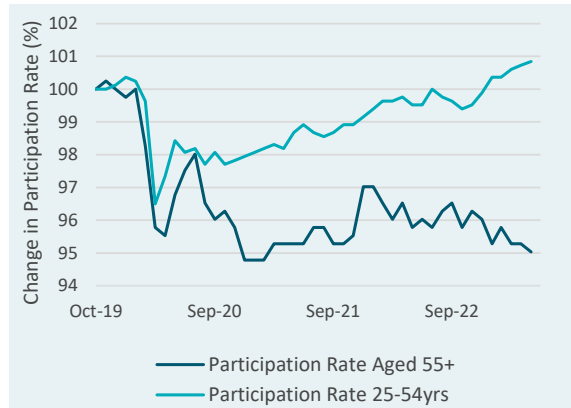
Many workers who left the labor force during the pandemic are returning to the job market, helping to rebalance labor conditions

U.S. UNEMPLOYMENT



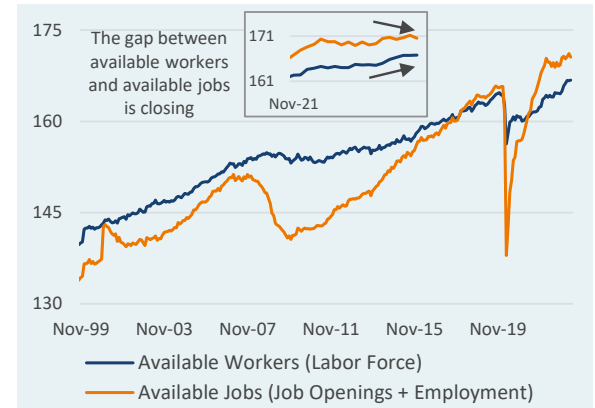
Source: FRED, as of 6/30/23

LABOR FORCE PARTICIPATION RATE



Source: FRED, as of 6/30/23

WORKERS AVAILABLE VS. AVAILABLE JOBS



Source: BLS, as of 5/31/23

The consumer

The U.S. consumer has shown resiliency, with real (inflation-adjusted) personal consumption expenditures moving along at a moderate pace—at 2.1% year-over-year in May. These consumption patterns will be worth watching, as spending is the largest driver of economic growth and is likely the greatest determinant of whether recession occurs in the near-term.

Personal savings rates remain depressed, but this does not seem to be resulting in stronger spending behavior. We suspect lower savings rates are at least partly a product of

high inflation and falling real (inflation-adjusted) incomes.

Household budgets have come under strain due to high inflation in recent years and a sharp increase in interest rates which impacted borrowing costs. However, it is important to contrast this with the fact that Americans have experienced a boom in wealth and prosperity over the past decade, fueled by substantial bull markets in stocks and in residential real estate, among other assets. This wealth may serve as somewhat of a unique buffer against economic weakness.

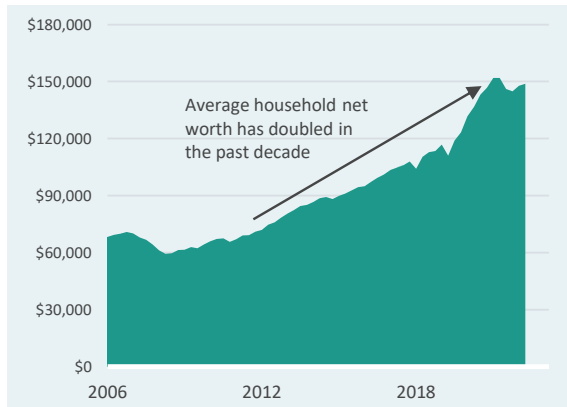
The vast wealth created over the past decade may serve as a unique buffer against economic weakness

REAL PERSONAL SPENDING



Source: FRED, as of 5/31/23

AVERAGE HOUSEHOLD NET WORTH



Source: FRED, as of 1/31/23

PERSONAL SAVINGS RATE



Source: FRED, as of 5/31/23

Housing

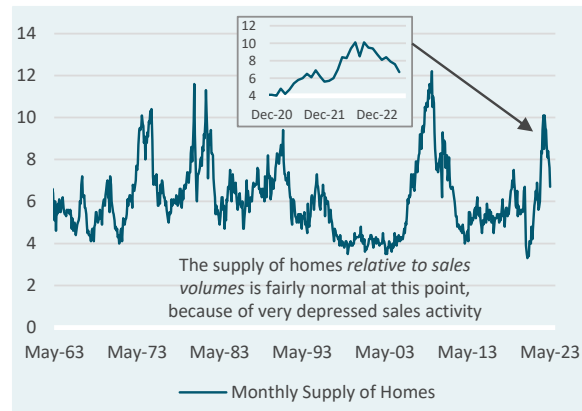
The U.S. housing market continues to face difficult conditions. High mortgage rates and extremely poor affordability have led to the slowest existing home sales activity since the depths of the bear market following the 2008-2009 Housing Crisis. However, conditions are currently very different from that time, as there are few signs of distressed sales. Many sellers are simply refusing to list their homes rather than selling at lower prices—effectively reducing available inventory. Additionally, many potential sellers with very low mortgage interest rates are choosing not to list their homes due to the high financial costs of giving up their low mortgage rate. These dynamics

have contributed to very low housing supply, effectively providing an ongoing support to higher home values.

Together, very low home inventories and weak sales activity have resulted in a fairly normal supply of homes *relative to demand*. It remains to be seen whether the market will experience a cooling and leveling off in the near-term, or whether price depreciation will need to occur to rebalance the market and incentivize potential buyers to make a purchase.

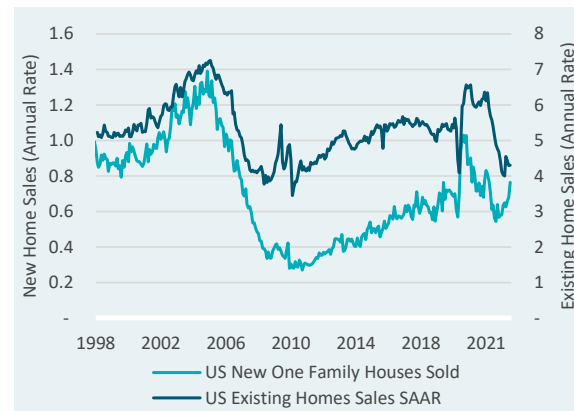
Home sales have slowed to a crawl as affordability is poor, and potential sellers don't want to lose their low interest rates

HOUSING SUPPLY



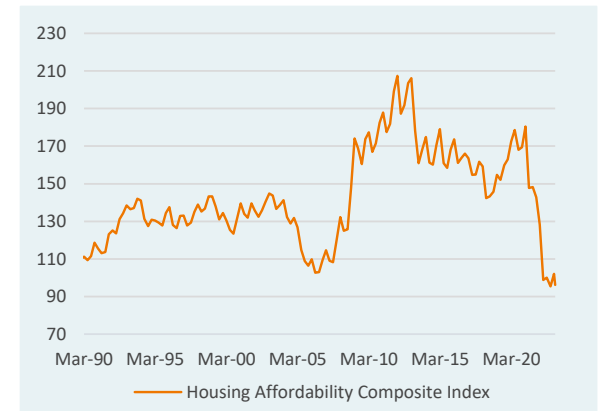
Source: FRED, as of 5/31/23

HOME SALES: NEW & EXISTING (MILLIONS)



Source: FRED, as of 5/31/23

HOUSING AFFORDABILITY



Source: FRED, as of 4/30/23

Default & issuance

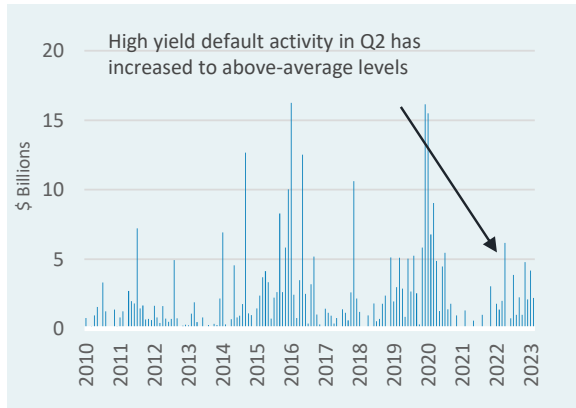
Default activity, while remaining below the long-term trend, increased during the second quarter. Twelve companies defaulted, which were concentrated in the Technology, Industrial, Retail, and Financial-related sectors. A total of \$32.2 billion was affected by default or distressed exchanges during Q2, up from \$20.8 billion in the prior quarter. Notable company defaults included Diebold (Technology), WeWork (Financials), Westco (Industrial) and Bed, Bath & Beyond (Retail).

Past twelve-month default rates for both high-yield bonds and bank loans increased as the cost of borrowing jumped. At the end of the quarter, the trailing one-year default rate of high-yield bonds rose to 2.4%, up from 1.9% in the prior quarter. While defaults have increased, they remain

below the long-term annual average of roughly 3.2% for high-yield bonds. High-yield default recovery rates fell, ending the period at 33.0%, down -11.5% from the previous quarter.

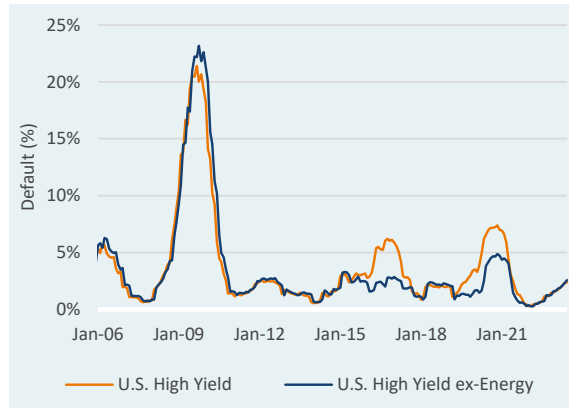
The pace of investment-grade credit issuance slowed, with \$333 billion of issuance compared to \$412 billion in the first quarter. Conditions were different in levered credit, which saw high-yield bond issuance accelerate to \$56 billion—up from \$40.2 billion in Q1. In contrast to prior years, the 2023 level of investment-grade issuance is on track to match 2022, while high-yield issuance is significantly ahead of the pace set during that same period.

U.S. HY MONTHLY DEFAULTS (PAR WEIGHTED)



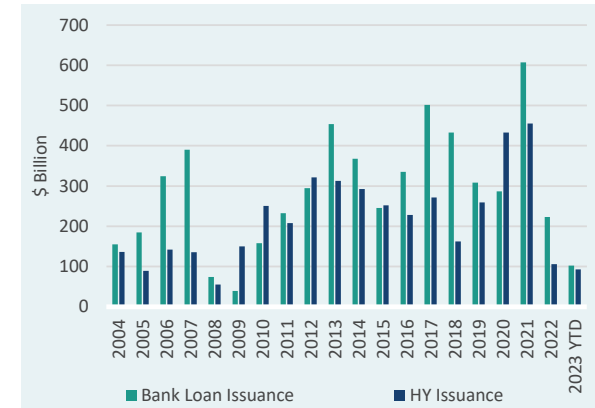
Source: BofA Merrill Lynch, as of 6/30/23

U.S. HY SECTOR DEFAULTS (LAST 12 MONTHS)



Source: BofA Merrill Lynch, as of 6/30/23 – par weighted

DEVELOPED MARKET ISSUANCE (\$ BILLIONS)



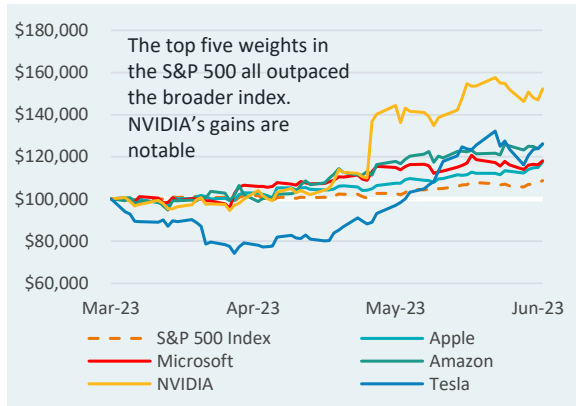
Source: BofA Merrill Lynch, all developed markets, as of 6/30/23

Domestic equity

U.S. equities rallied (S&P 500 Index +8.7%) for a third consecutive quarter as mega-cap technology stocks remained top performers. A surge in AI-focused hype helped drive an expansion in the valuations of tech firms such as Apple, which became the first company to exceed \$3 trillion in market cap, and Nvidia, which became the fifth trillion-dollar company in the S&P 500 following its recent ascent. This trend was apparent from the strong overall outperformance of the Information Technology sector. Breadth improved near quarter-end as investors digested a pause in Fed rate hikes and expectations for a U.S. recession eased, providing a tailwind for sectors excluded from the tech rally.

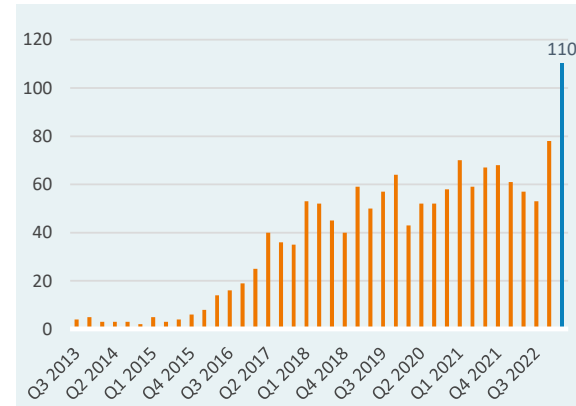
The Financial sector (+5.3%) saw some reprieve in the second quarter and recovered slightly from steep March declines which resulted from the collapse of three mid-sized banks. In its annual stress test, the Federal Reserve found the 23 largest U.S. banks capable of weathering a severe recession while proceeding with their respective lending businesses. Despite the results, the industry faces mounting headwinds including a deeply-inverted yield curve and the prospect of further Fed tightening.

GROWTH OF \$100,000 QUARTER TO DATE



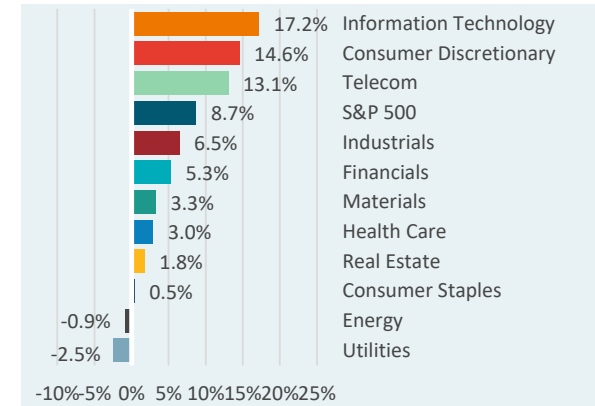
Source: Bloomberg, as of 6/30/23

OF S&P COMPANIES CITING "AI" ON EARNINGS CALLS



Source: FactSet, as of 6/30/23

Q2 2023 SECTOR PERFORMANCE



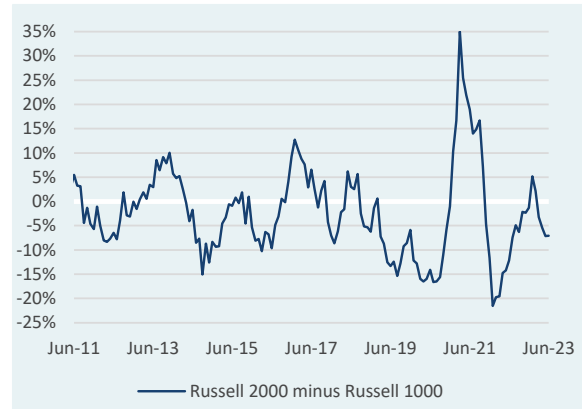
Source: Morningstar, as of 6/30/23

Domestic equity size & style

Growth stocks (+12.8%) continued to outpace value (+4.1%), bringing the year-to-date performance difference to +23.9%. Sector-specific drivers, including product launches and upward adjustments to company guidance among Information Technology (+18.6%) heavyweights, drove growth index performance. Sector behavior has persistently contributed to style factor disparity. This was evident in Q2 alongside large gains in Information Technology (+17.2%) and notable underperformance from Energy and Utilities (-0.9% and -2.5%, respectively).

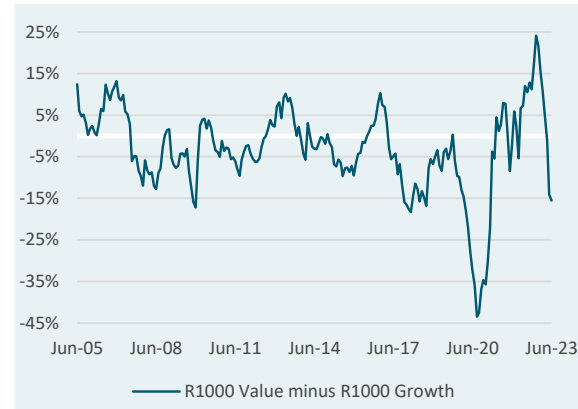
Over recent years, style factors (ex: small vs large, value vs growth) have exhibited some of the wildest swings in history. We maintain our view that factor timing should rarely be pursued for most investors. There are occasions when market mispricing offers a compelling case to tilt into a style factor, though these occasions come along perhaps every few decades rather than every few years. We believe that style investing is most appropriately pursued in a strategic manner based on each individual investor’s market beliefs and long-term goals.

SMALL CAP VS LARGE CAP (YOY)



Source: FTSE, as of 6/30/23

VALUE VS GROWTH (YOY)



Source: FTSE, as of 6/30/23

1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	11.5%	19.4%	27.1%
Mid Cap	10.5%	14.9%	23.1%
Small Cap	6.0%	12.3%	18.5%

Source: Bloomberg, as of 6/30/23

Equity valuations

Equity valuation disparities continued to be wide. U.S. equities are priced at a 50% valuation premium (Price/Earnings) over international developed, at 21.0 and 14.2, respectively. Although domestic markets arguably face more attractive conditions on a relative basis, high valuations have historically acted as a material headwind to medium- and longer-term performance.

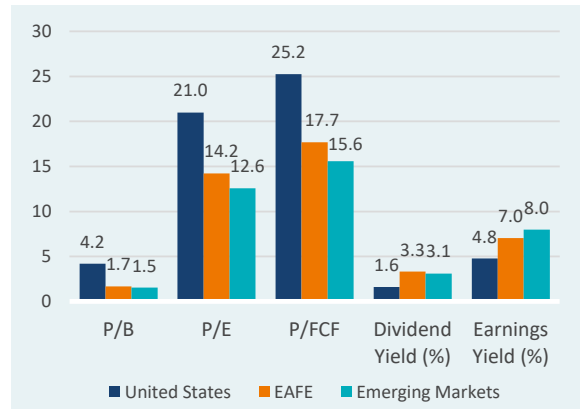
Emerging market equities are now priced near their longer-term average, though valuations differ considerably from country-to-country. For example, Taiwan is cheap by historical standards, with prices likely reflecting a discount for risks

related to China and slowing semiconductor demand. India is richly priced relative to history, perhaps in recognition of the country's high growth and greater potential as Chinese growth has moderated.

Quickly rising interest rates should theoretically result in a sharp fall in equity valuations, in order to maintain the "equity risk premium" of stock returns over bond returns. This effect has not yet occurred, which means the yield of equity is now only slightly more than the yield of high-quality bonds. Many investors may find bonds relatively attractive (and stocks relative less unattractive) in the current environment.

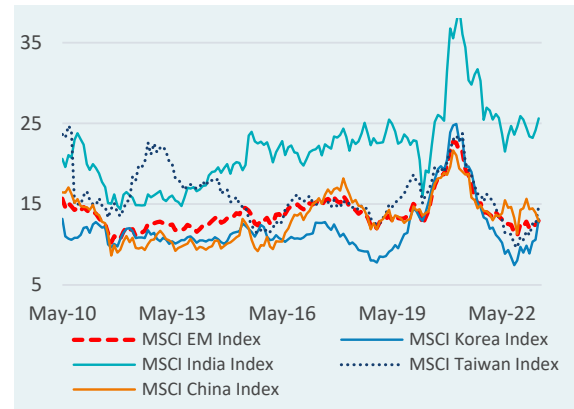
High-quality bonds are yielding nearly as much as equities, increasing the relative attractiveness of bonds

MSCI VALUATION METRICS (3-MONTH AVG)



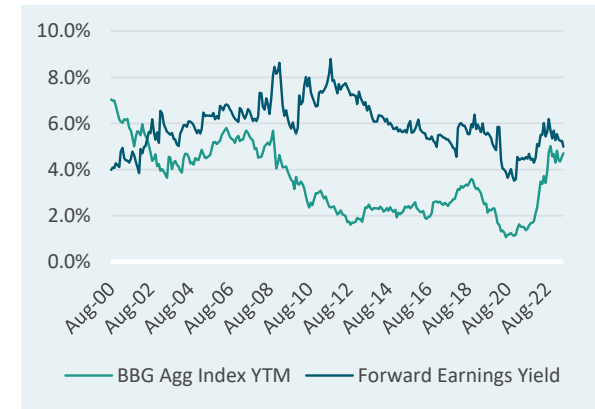
Source: Bloomberg, as of 6/30/23

P/E EMERGING MARKETS



Source: MSCI, Bloomberg, as of 5/31/23

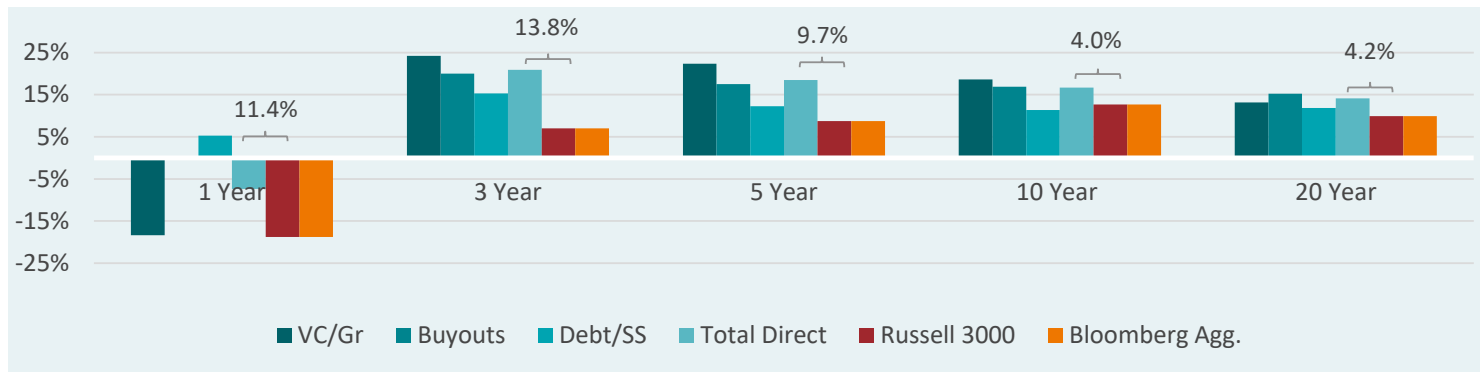
U.S. VALUATIONS: BONDS VS. STOCKS



Source: Bloomberg, Standard & Poor's, as of 6/30/23

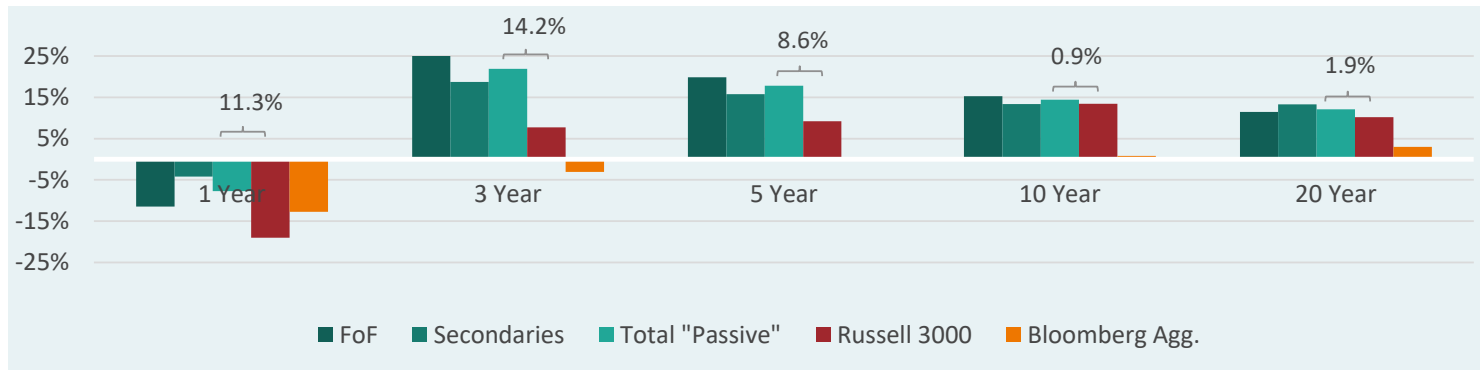
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed comparable public equities across all time periods.

“PASSIVE” STRATEGIES



“Passive” strategies outperformed comparable public equities across all time periods.

Sources: Refinitiv PME: U.S. Private Equity Funds sub asset classes as of December 31, 2022. Public Market Equivalent returns resulted from “Total Passive” and Total Direct’s identical cash flows invested into and distributed from respective traditional asset comparable.

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	6.6	8.7	16.9	19.6	14.6	12.3	12.9
S&P 500 Equal Weighted	7.7	4.0	7.0	13.8	15.8	10.2	11.5
DJ Industrial Average	4.7	4.0	4.9	14.2	12.3	9.6	11.3
Russell Top 200	6.2	9.9	19.4	20.9	14.6	13.2	13.5
Russell 1000	6.8	8.6	16.7	19.4	14.1	11.9	12.6
Russell 2000	8.1	5.2	8.1	12.3	10.8	4.2	8.3
Russell 3000	6.8	8.4	16.2	19.0	13.9	11.4	12.3
Russell Mid Cap	8.3	4.8	9.0	14.9	12.5	8.5	10.3
Style Index							
Russell 1000 Growth	6.8	12.8	29.0	27.1	13.7	15.1	15.7
Russell 1000 Value	6.6	4.1	5.1	11.5	14.3	8.1	9.2
Russell 2000 Growth	8.3	7.1	13.6	18.5	6.1	4.2	8.8
Russell 2000 Value	7.9	3.2	2.5	6.0	15.4	3.5	7.3

INTERNATIONAL EQUITY

Broad Index							
MSCI ACWI	5.8	6.2	13.9	16.5	11.0	8.1	8.8
MSCI ACWI ex US	4.5	2.4	9.5	12.7	7.2	3.5	4.7
MSCI EAFE	4.6	3.0	11.7	18.8	8.9	4.4	5.4
MSCI EM	3.8	0.9	4.9	1.7	2.3	0.9	3.0
MSCI EAFE Small Cap	2.9	0.6	5.5	10.2	5.7	1.3	6.2
Style Index							
MSCI EAFE Growth	3.5	2.8	14.2	20.2	6.3	5.4	6.4
MSCI EAFE Value	5.6	3.2	9.3	17.4	11.3	2.9	4.1
Regional Index							
MSCI UK	3.9	2.2	8.4	13.2	12.6	2.8	3.9
MSCI Japan	4.1	6.4	13.0	18.1	5.7	3.1	5.2
MSCI Euro	6.4	3.8	19.9	32.7	11.7	5.2	6.2
MSCI EM Asia	2.7	(0.8)	4.0	(0.9)	1.2	1.2	4.7
MSCI EM Latin American	12.0	14.0	18.5	29.8	16.4	4.8	1.1

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	(0.3)	(1.4)	1.9	(1.4)	(0.1)	2.5	2.1
Bloomberg US Treasury Bills	0.4	1.2	2.3	3.6	1.2	1.5	1.0
Bloomberg US Agg Bond	(0.4)	(0.8)	2.1	(0.9)	(4.0)	0.8	1.5
Bloomberg US Universal	(0.2)	(0.6)	2.3	(0.0)	(3.4)	1.0	1.8
Duration							
Bloomberg US Treasury 1-3 Yr	(0.5)	(0.6)	1.0	0.1	(1.1)	0.9	0.8
Bloomberg US Treasury Long	(0.0)	(2.3)	3.7	(6.8)	(12.1)	(0.9)	1.8
Bloomberg US Treasury	(0.8)	(1.4)	1.6	(2.1)	(4.8)	0.4	1.0
Issuer							
Bloomberg US MBS	(0.4)	(0.6)	1.9	(1.5)	(3.7)	0.0	1.1
Bloomberg US Corp. High Yield	1.7	1.7	5.4	9.1	3.1	3.4	4.4
Bloomberg US Agency Interm	(0.5)	(0.4)	1.5	(0.2)	(2.0)	0.7	0.9
Bloomberg US Credit	0.3	(0.3)	3.1	1.4	(3.4)	1.7	2.5
OTHER							
Index							
Bloomberg Commodity	4.0	(2.6)	(7.8)	(9.6)	17.8	4.7	(1.0)
Wilshire US REIT	5.4	3.3	6.7	(0.3)	8.6	4.4	6.4
CS Leveraged Loans	2.2	3.1	6.3	10.1	6.2	4.0	4.1
S&P Global Infrastructure	3.0	(0.1)	3.8	4.2	10.6	5.3	6.7
Alerian MLP	4.5	6.2	9.8	31.5	31.2	5.9	0.8
Regional Index							
JPM EMBI Global Div	2.2	2.2	4.1	7.4	(3.1)	0.6	2.8
JPM GBI-EM Global Div	3.3	2.5	7.8	11.4	(1.4)	0.3	(0.6)
Hedge Funds							
HFRI Composite	2.2	2.2	3.5	5.1	8.2	5.0	4.7
HFRI FOF Composite	1.2	1.5	2.3	3.7	5.0	3.3	3.4
Currency (Spot)							
Euro	2.3	0.4	2.2	4.4	(1.0)	(1.4)	(1.7)
Pound Sterling	2.6	2.8	5.7	4.7	1.0	(0.8)	(1.8)
Yen	(3.3)	(7.9)	(8.7)	(6.0)	(9.3)	(5.2)	(3.7)

Source: Morningstar, HFRI, as of 6/30/23.

Investment Performance

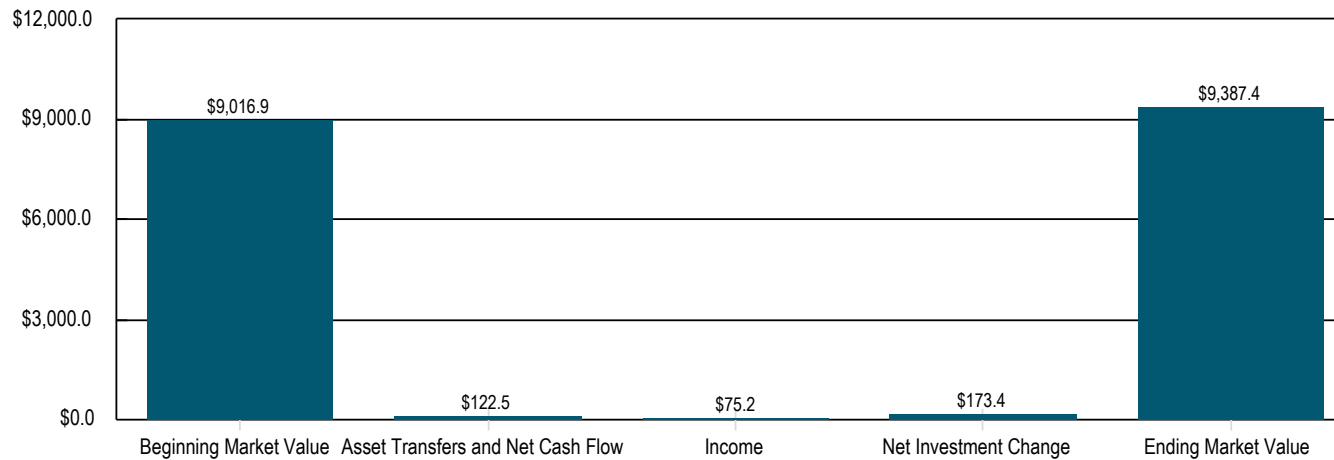
Total Fund
Portfolio Reconciliation

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

Portfolio Reconciliation

	Quarter-To-Date	Fiscal Year-To-Date
Beginning Market Value	\$9,016,924,151	\$2,746,308,452
Asset Transfers and Net Cash Flow	\$122,538,068	\$5,999,936,200
Income	\$75,156,162	\$221,018,434
Net Investment Change	\$173,365,163	\$420,745,149
Ending Market Value	\$9,387,424,024	\$9,387,424,024

Change in Market Value
Last Three Months

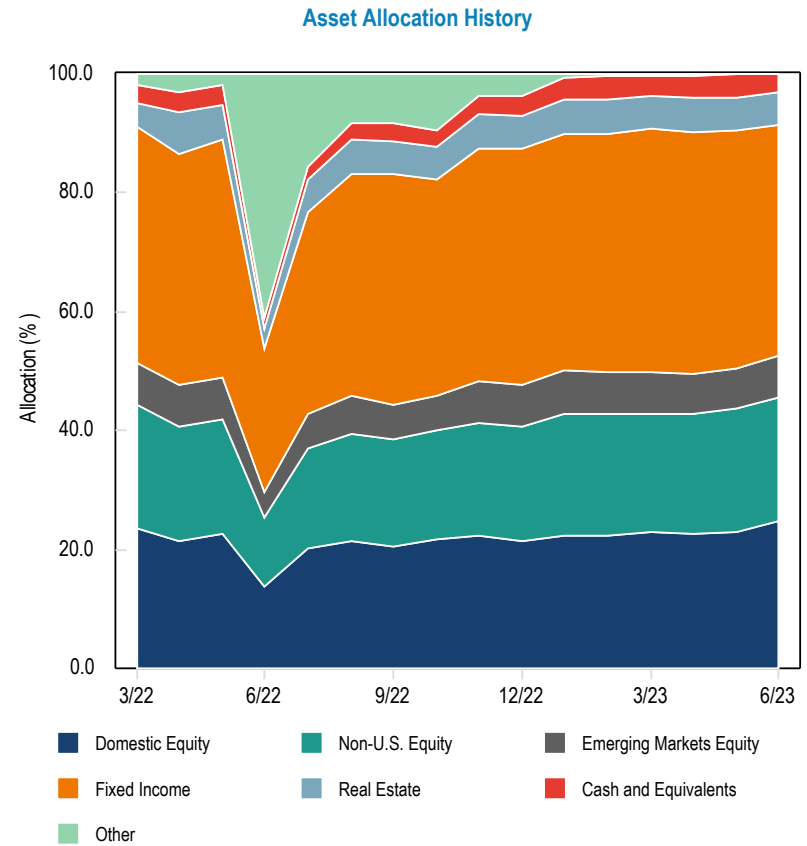
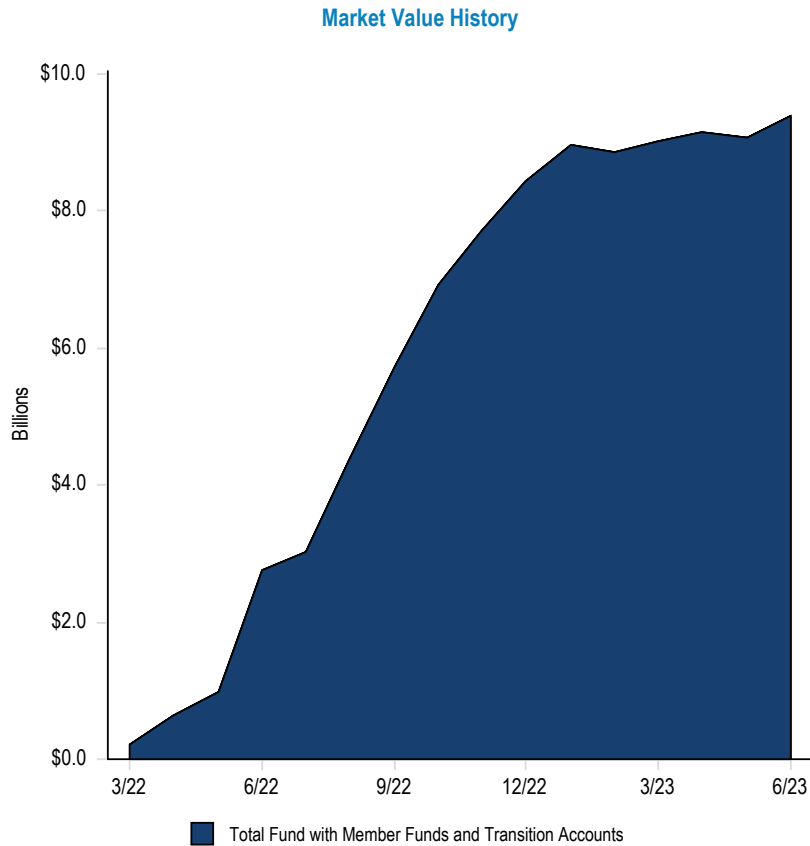


The portfolio reconciliation includes the Member Funds and Transition Account. Income excludes Member Funds and Transition Account. Income is calculated using the actual dividend and income received from separate accounts and estimated income and dividends for commingled funds. The income and dividends for RhumbLine Russell 1000 Index, RhumbLine Russell 2000 Index, SSgA US TIPS Index and Cash are sourced from State Street custodial reports. The income and dividends for the SSGA commingled funds are an estimate based on the current yield for bond funds and the dividend yield for equity funds. SSGA can use dividend and income to cover fund expenses, so the actual income that flows to the IPOPIF may be different than reported. Income for the Principal RE fund is based on a monthly income spreadsheet received from Principal via email.



Total Fund
Asset Allocation History

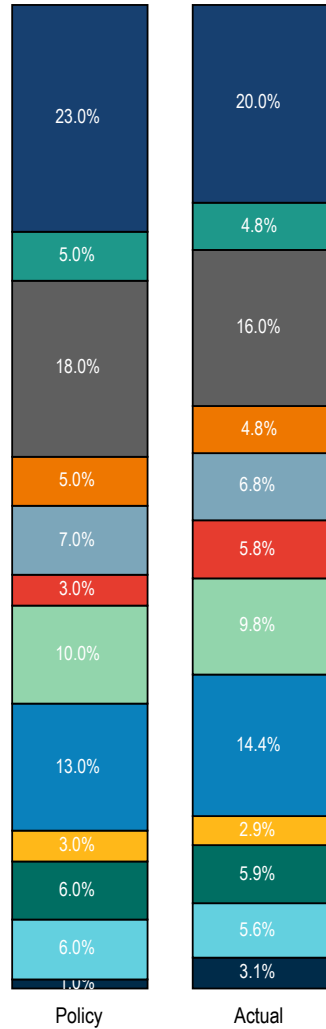
Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023



**Market value and asset class history includes Transition Accounts and Member Funds as represented by the Other category in the asset allocation history chart. The large allocation to the Other Category for 6/22 reflects assets in transition associated with the 6/24/22 Transfer Date.*

IPOPIF Investment Portfolio
Asset Allocation vs. Policy

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023



	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Excess Allocation (%)	Excess Allocation (\$)	Policy Range (%)	Within IPS Range?
Domestic Equity Large Cap	1,880,266,517	20.0	23.0	-3.0	-278,841,009	21.0 - 25.0	No
Domestic Equity Small Cap	451,066,858	4.8	5.0	-0.2	-18,304,343	4.0 - 6.0	Yes
International Equity Large Cap	1,501,340,863	16.0	18.0	-2.0	-188,395,461	16.0 - 20.0	No
International Equity Small Cap	449,740,693	4.8	5.0	-0.2	-19,630,508	4.0 - 6.0	Yes
Emerging Markets Equity	641,444,318	6.8	7.0	-0.2	-15,675,364	6.0 - 8.0	Yes
Domestic Fixed Income Core	545,434,819	5.8	3.0	2.8	263,812,098	2.0 - 4.0	No
Domestic Fixed Income High Yield	919,511,235	9.8	10.0	-0.2	-19,231,168	9.0 - 11.0	Yes
Domestic Fixed Income Short Term	1,356,344,424	14.4	13.0	1.4	135,979,301	11.0 - 15.0	Yes
Domestic Fixed Income Real Return	271,520,898	2.9	3.0	-0.1	-10,101,823	2.0 - 4.0	Yes
Emerging Markets Fixed Income	552,950,477	5.9	6.0	-0.1	-10,294,965	5.0 - 7.0	Yes
Real Estate	529,371,583	5.6	6.0	-0.4	-33,873,858	5.0 - 7.0	Yes
Cash and Equivalents	288,431,340	3.1	1.0	2.1	194,557,100	0.0 - 2.0	No
Total	9,387,424,024	100.0	100.0	0.0			

Asset Allocation reflects short-term policy targets and excludes the Transition Account and Member Funds.

Total Fund
Executive Summary (Net of Fees)

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	Inception	Inception Date
Total Fund with Member and Transition Accounts	9,387,424,024	100.0	2.7	7.1	8.2	8.2	-1.4	03/01/22
<i>Policy Index</i>			3.1	7.5	8.8	8.8	-1.5	
<i>Policy Index- Broad Based</i>			3.7	9.7	11.0	11.0	-2.7	
IPOPIF Investment Portfolio	9,387,424,024	100.0	2.7	7.1	8.8	8.8	-2.0	04/01/22
<i>Policy Index</i>			3.1	7.5	8.8	8.8	-2.0	
<i>Policy Index- Broad Based</i>			3.7	9.7	11.0	11.0	-3.4	
Growth	4,923,859,249	52.5	4.8	11.6	14.9	14.9	-2.2	04/01/22
<i>Growth Benchmark</i>			4.8	11.6	14.1	14.1	-2.5	
Income	1,472,461,712	15.7	2.0	5.0	8.3	8.3	-3.6	04/01/22
<i>Income Benchmark</i>			1.9	4.9	8.6	8.6	-1.8	
Inflation Protection	800,892,481	8.5	0.6	1.8	-2.6	-2.6	-6.0	04/01/22
<i>Inflation Protection Benchmark</i>			0.6	2.2	-1.6	-1.6	-7.8	
Risk Mitigation	2,190,088,238	23.3	-0.2	1.7	0.7	0.7	-0.9	04/01/22
<i>Risk Mitigation Benchmark</i>			-0.3	1.5	0.5	0.5	-1.0	
IPOPIF Pool Fixed Income Transition	122,345	0.0						
Transition Accounts	-	0.0						
Member Accounts	-	0.0						

Effective 5/1/2023: Policy Index constituents include 1% 90 day T-bill, 13% Bloomberg 1-3 Year Gov/Credit Index, 3% Bloomberg U.S. Aggregate Index, 3% Bloomberg U.S. TIPS 0-5 Year, 10% Bloomberg U.S. Corporate High Yield Index, 6% JPM EMBI Global Diversified, 23% Russell 1000, 5% Russell 2000, 18% MSCI World Ex US (Net), 5% MSCI World Ex US Small Cap (Net), 7% MSCI Emerging Markets (Net), 4% Wilshire U.S. REIT Index and 2% NFI-ODCE Equal Weight. Broad Based Policy Index constituents: 70% MSCI ACWI IMI (Net), 30% Bloomberg Global Multiverse. The growth, income, inflation protection and risk mitigation benchmarks are underlying asset class benchmarks normalized for composite weights.

Total Fund
Executive Summary (Net of Fees)

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	Inception	Inception Date
Total Fund with Member and Transition Accounts	9,387,424,024	100.0	2.7	7.1	8.2	8.2	-1.4	03/01/22
<i>Policy Index</i>			3.1	7.5	8.8	8.8	-1.5	
<i>Policy Index- Broad Based</i>			3.7	9.7	11.0	11.0	-2.7	
<i>All Public Plans > \$1B-Total Fund Rank</i>			39	32	37	37		
IPOPIF Investment Portfolio	9,387,424,024	100.0	2.7	7.1	8.8	8.8	-2.0	04/01/22
<i>Policy Index</i>			3.1	7.5	8.8	8.8	-2.0	
<i>Policy Index- Broad Based</i>			3.7	9.7	11.0	11.0	-3.4	
<i>All Public Plans > \$1B-Total Fund Rank</i>			39	32	23	23		
Growth	4,923,859,249	52.5	4.8	11.6	14.9	14.9	-2.2	04/01/22
<i>Growth Benchmark</i>			4.8	11.6	14.1	14.1	-2.5	
RhumbLine Russell 1000 Index	1,880,266,517	20.0	8.6	16.7	19.3	19.3	6.2	03/15/22
<i>Russell 1000 Index</i>			8.6	16.7	19.4	19.4	6.3	
<i>eV US Large Cap Core Equity Rank</i>			24	22	26	26		
RhumbLine Russell 2000 Index	451,066,858	4.8	5.2	8.1	12.3	12.3	-1.0	03/15/22
<i>Russell 2000 Index</i>			5.2	8.1	12.3	12.3	-0.6	
<i>eV US Small Cap Core Equity Rank</i>			38	60	66	66	--	
SSgA Non-US Developed Index	1,501,340,863	16.0	3.2	11.6	17.8	17.8	5.4	03/10/22
<i>MSCI World ex U.S. (Net)</i>			3.0	11.3	17.4	17.4	4.9	
<i>eV EAFE Core Equity Rank</i>			34	36	33	33		
SSgA Non-US Developed SC Index	449,740,693	4.8	0.4	5.5	10.2	10.2	-3.3	03/10/22
<i>MSCI World ex U.S. Small Cap Index (Net)</i>			0.5	5.5	10.0	10.0	-3.4	
<i>eV EAFE Small Cap Core Rank</i>			50	74	63	63		
SSgA Emerging Markets Equity Index	641,444,318	6.8	1.0	5.1	1.8	1.8	-5.2	03/10/22
<i>MSCI Emerging Markets (Net)</i>			0.9	4.9	1.7	1.7	-4.2	
<i>eV Emg Mkts Equity Rank</i>			71	75	79	79		
Income	1,472,461,712	15.7	2.0	5.0	8.3	8.3	-3.6	04/01/22
<i>Income Benchmark</i>			1.9	4.9	8.6	8.6	-1.8	
SSgA High Yield Corporate Credit	919,511,235	9.8	1.9	5.6	9.0	9.0	-1.5	03/18/22
<i>Bloomberg U.S. High Yield Very Liquid Ind</i>			1.6	5.5	9.1	9.1	-1.5	
<i>eV US High Yield Fixed Inc Rank</i>			24	18	31	31		
SSgA EMD Hard Index Fund	552,950,477	5.9	2.2	4.1	6.9	6.9	-3.2	03/14/22
<i>JPM EMBI Global Diversified Index</i>			2.2	4.1	7.4	7.4	-2.9	
<i>Emerging Markets Bond Rank</i>			48	48	68	68		

Effective 5/1/2023: Policy Index constituents include 1% 90 day T-bill, 13% Bloomberg 1-3 Year Gov/Credit Index, 3% Bloomberg U.S. Aggregate Index, 3% Bloomberg U.S. TIPS 0-5 Year, 10% Bloomberg U.S. Corporate High Yield Index, 6% JPM EMBI Global Diversified, 23% Russell 1000, 5% Russell 2000, 18% MSCI World Ex US (Net), 5% MSCI World Ex US Small Cap (Net), 7% MSCI Emerging Markets (Net), 4% Wilshire U.S. REIT Index and 2% NFI-ODCE Equal Weight. Broad Based Policy Index constituents: 70% MSCI ACWI IMI (Net), 30% Bloomberg Global Multiverse.. Principal USPA does not show a Since 4/1/2022 return because the fund was inception on 4/6/2022.



Total Fund
Executive Summary (Net of Fees)

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	Inception	Inception Date
Inflation Protection	800,892,481	8.5	0.6	1.8	-2.6	-2.6	-6.0	04/01/22
<i>Inflation Protection Benchmark</i>			0.6	2.2	-1.6	-1.6	-7.8	
SSgA US TIPS Index	271,520,898	2.9	-0.7	1.5	-0.1	-0.1	-2.0	03/17/22
<i>Blmbg. U.S. TIPS 0-5 Year</i>			-0.7	1.5	0.1	0.1	-1.8	
<i>eV US TIPS / Inflation Fixed Inc Rank</i>			6	83	12	12		
SSgA REITs Index	356,432,029	3.8	2.9	5.8	-0.7	-0.7	-11.5	03/16/22
<i>Wilshire U.S. REIT Index</i>			3.3	6.7	-0.3	-0.3	-11.5	
<i>eV US REIT Rank</i>			35	40	32	32		
Principal USPA	172,939,554	1.8	-1.9	-5.0	-10.5	-10.5	-6.4	04/06/22
<i>NCREIF ODCE</i>			-2.9	-6.2	-10.7	-10.7	-5.4	
Risk Mitigation	2,190,088,238	23.3	-0.2	1.7	0.7	0.7	-0.9	04/01/22
<i>Risk Mitigation Benchmark</i>			-0.3	1.5	0.5	0.5	-1.0	
SSgA Core Fixed Income Index	545,434,819	5.8	-0.8	2.3	-0.9	-0.9	-4.8	03/17/22
<i>Blmbg. U.S. Aggregate Index</i>			-0.8	2.1	-0.9	-0.9	-4.7	
<i>eV US Core Fixed Inc Rank</i>			70	52	74	74		
SSgA Short-Term Gov't/Credit Index	1,356,222,079	14.4	-0.4	1.2	0.6	0.6	-0.4	03/17/22
<i>Blmbg. 1-3 Year Gov/Credit index</i>			-0.4	1.1	0.5	0.5	-0.5	
<i>eV US Short Duration Fixed Inc Rank</i>			78	81	74	74		
Cash	288,431,340	3.1	1.5	2.3	3.1	3.1	2.5	03/22/22
<i>90 Day U.S. Treasury Bill</i>			1.2	2.3	3.6	3.6	2.9	
IPOPIF Pool Fixed Income Transition	122,345	0.0						
Transition Account	-	0.0						
Member Accounts	-	0.0						

Effective 5/1/2023: Policy Index constituents include 1% 90 day T-bill, 13% Bloomberg 1-3 Year Gov/Credit Index, 3% Bloomberg U.S. Aggregate Index, 3% Bloomberg U.S. TIPS 0-5 Year, 10% Bloomberg U.S. Corporate High Yield Index, 6% JPM EMBI Global Diversified, 23% Russell 1000, 5% Russell 2000, 18% MSCI World Ex US (Net), 5% MSCI World Ex US Small Cap (Net), 7% MSCI Emerging Markets (Net), 4% Wilshire U.S. REIT Index and 2% NFI-ODCE Equal Weight. Broad Based Policy Index constituents: 70% MSCI ACWI IMI (Net), 30% Bloomberg Global Multiverse.. Principal USPA does not show a Since 4/1/2022 return because the fund was inception on 4/6/2022.

IPOPIF Investment Portfolio
Investment Fund Fee Analysis

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

Name	Asset Class	Vehicle Type	Market Value	% of Portfolio	Estimated Fee Value	Expense Fee (%)
RhumbLine Russell 1000 Index	Domestic Equity	Separate Account	\$1,880,266,517	20.0296	\$94,013	0.005
RhumbLine Russell 2000 Index	Domestic Equity	Separate Account	\$451,066,858	4.8050	\$22,553	0.005
SSgA Non-US Developed Index	Non-U.S. Equity	Commingled Fund	\$1,501,340,863	15.9931	\$240,215	0.016
SSgA Non-US Developed SC Index	Non-U.S. Equity	Commingled Fund	\$449,740,693	4.7909	\$71,959	0.016
SSgA Emerging Markets Equity Index	Emerging Markets Equity	Commingled Fund	\$641,444,318	6.8330	\$102,631	0.016
SSgA High Yield Corporate Credit	Fixed Income	Commingled Fund	\$919,511,235	9.7951	\$147,122	0.016
SSgA EMD Hard Index Fund	Fixed Income	Commingled Fund	\$552,950,477	5.8903	\$88,472	0.016
SSgA US TIPS Index	Fixed Income	Separate Account	\$271,520,898	2.8924	\$43,443	0.016
Principal USPA	Real Estate	Commingled Fund	\$172,939,554	1.8422	\$1,383,516	0.800
SSgA REITs Index	Real Estate	Commingled Fund	\$356,432,029	3.7969	\$57,029	0.016
SSgA Core Fixed Income Index	Fixed Income	Commingled Fund	\$545,434,819	5.8103	\$87,270	0.016
SSgA Short-Term Gov't/Credit Index	Fixed Income	Commingled Fund	\$1,356,222,079	14.4472	\$216,996	0.016
Cash	Cash and Equivalents	Commingled Fund	\$288,431,340	3.0725		
IPOPIF Investment Portfolio			\$9,387,424,024	100.0000	\$2,555,219	0.027

SSGA charges a flat 0.0155% fee through 2Q 2023 and an aggregate asset-based fee thereafter.

Total Fund
Cash Flow by Manager - Last Three Months

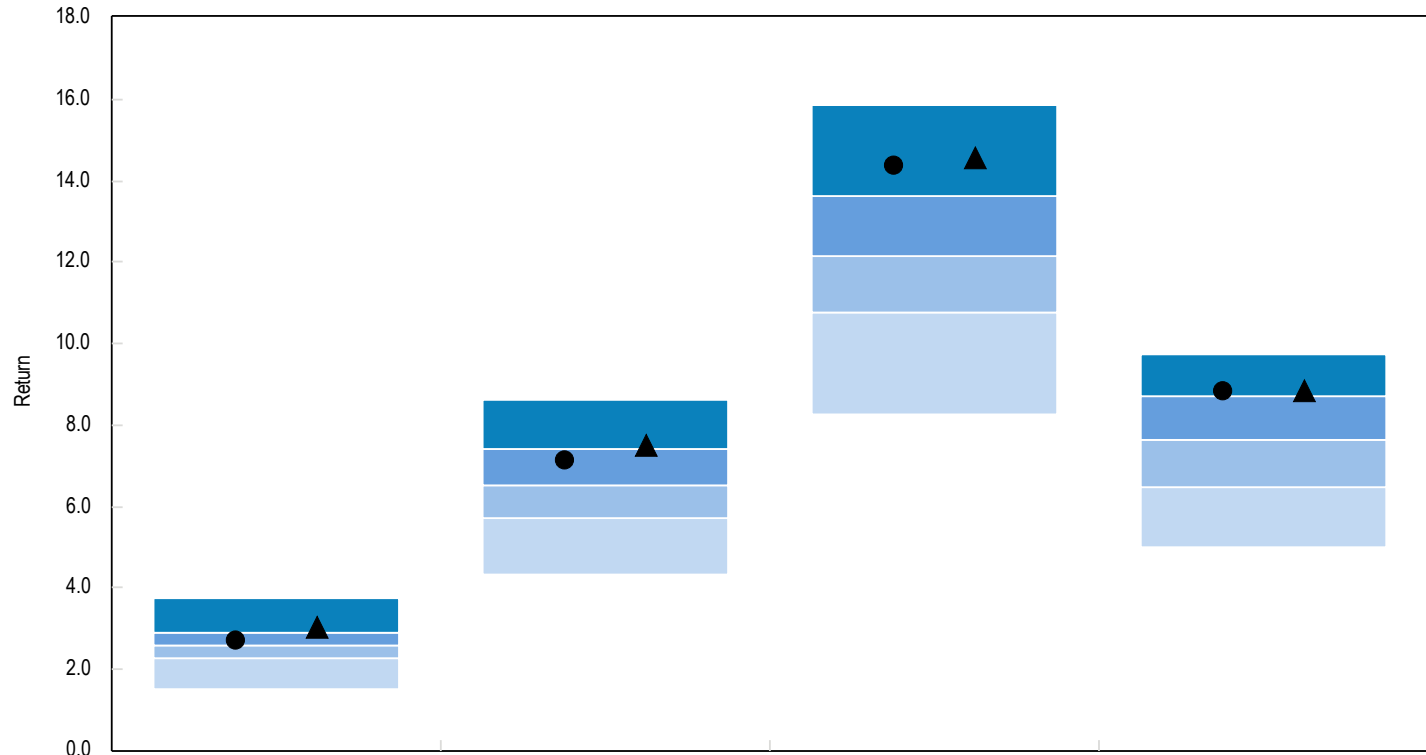
Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

Name	Beginning Market Value	Contributions	Distributions	Net Cash Flows	Income	Fees	Net Investment Change	Ending Market Value
RhumbLine Russell 1000 Index	\$1,634,473,270	\$102,475,640	-	\$102,475,640	\$6,696,714	-\$33,212	\$136,654,105	\$1,880,266,517
RhumbLine Russell 2000 Index	\$425,256,624	\$3,445,177	-	\$3,445,177	\$1,799,655	-\$7,085	\$20,572,487	\$451,066,858
SSgA Non-US Developed Index	\$1,354,428,782	\$100,371,688	-	\$100,371,688	\$11,242,750	-\$111,867	\$35,409,510	\$1,501,340,863
SSgA Non-US Developed SC Index	\$443,433,194	\$4,224,832	-\$22	\$4,224,810	\$3,397,636	-\$36,129	-\$1,278,819	\$449,740,693
SSgA Emerging Markets Equity Index	\$630,311,503	\$4,921,276	-	\$4,921,276	\$4,682,593	-\$50,512	\$1,579,459	\$641,444,318
SSgA High Yield Corporate Credit	\$895,381,257	\$7,069,471	-	\$7,069,470	\$15,080,157	-\$73,626	\$2,053,976	\$919,511,235
SSgA EMD Hard Index Fund	\$536,818,786	\$4,206,787	-\$1,341	\$4,205,446	\$8,018,703	-\$42,659	\$3,950,201	\$552,950,477
SSgA US TIPS Index	\$271,260,172	\$2,077,659	-	\$2,077,659	\$266,585	-\$22,058	-\$2,061,459	\$271,520,898
Principal USPA	\$176,225,353	-	-	-	\$1,795,856	-	-\$5,081,654	\$172,939,554
SSgA REITs Index	\$342,064,940	\$4,075,865	-	\$4,075,865	\$3,562,702	-\$25,592	\$6,754,115	\$356,432,029
SSgA Core Fixed Income Index	\$637,599,953	\$3,500,506	-\$90,000,000	-\$86,499,494	\$4,766,584	-\$50,113	-\$10,382,111	\$545,434,819
SSgA Short-Term Gov't/Credit Index	\$1,350,576,692	\$10,626,269	-\$2	\$10,626,268	\$8,819,869	-\$106,665	-\$13,694,085	\$1,356,222,079
Cash	\$287,978,562	\$218,451,983	-\$223,025,319	-\$4,573,336	\$5,026,114	-	-	\$288,431,340
IPOPIF Pool Fixed Income Transition	-	\$2,603,233	-\$2,367,000	\$236,233	\$245	-	-\$114,132	\$122,345
Transition Account	\$31,110,292	\$40,153,429	-\$70,433,409	-\$30,279,980	-	-	-\$830,312	-
Member Accounts	\$4,771	\$46,435,494	-\$46,274,147	\$161,347	-	-	-\$166,118	-
Total Fund with Member Funds and Transition Accounts	\$9,016,924,151	\$554,639,309	-\$432,101,240	\$122,538,068	\$75,156,162	-\$559,520	\$173,365,163	\$9,387,424,024

IPOPIF Investment Portfolio
Peer Universe Comparison: Cumulative Performance (Net of Fees)

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

IPOPIF Investment Portfolio vs. All Public Plans > \$1B-Total Fund



	Quarter	2 Quarters	3 Quarters	1 Year
● IPOPIF Investment Portfolio	2.7 (39)	7.1 (32)	14.4 (13)	8.8 (23)
▲ Policy Index	3.1 (24)	7.5 (21)	14.6 (13)	8.8 (23)
5th Percentile	3.7	8.6	15.8	9.7
1st Quartile	2.9	7.4	13.6	8.7
Median	2.6	6.5	12.1	7.6
3rd Quartile	2.3	5.7	10.8	6.5
95th Percentile	1.5	4.3	8.3	5.0
Population	92	89	87	87

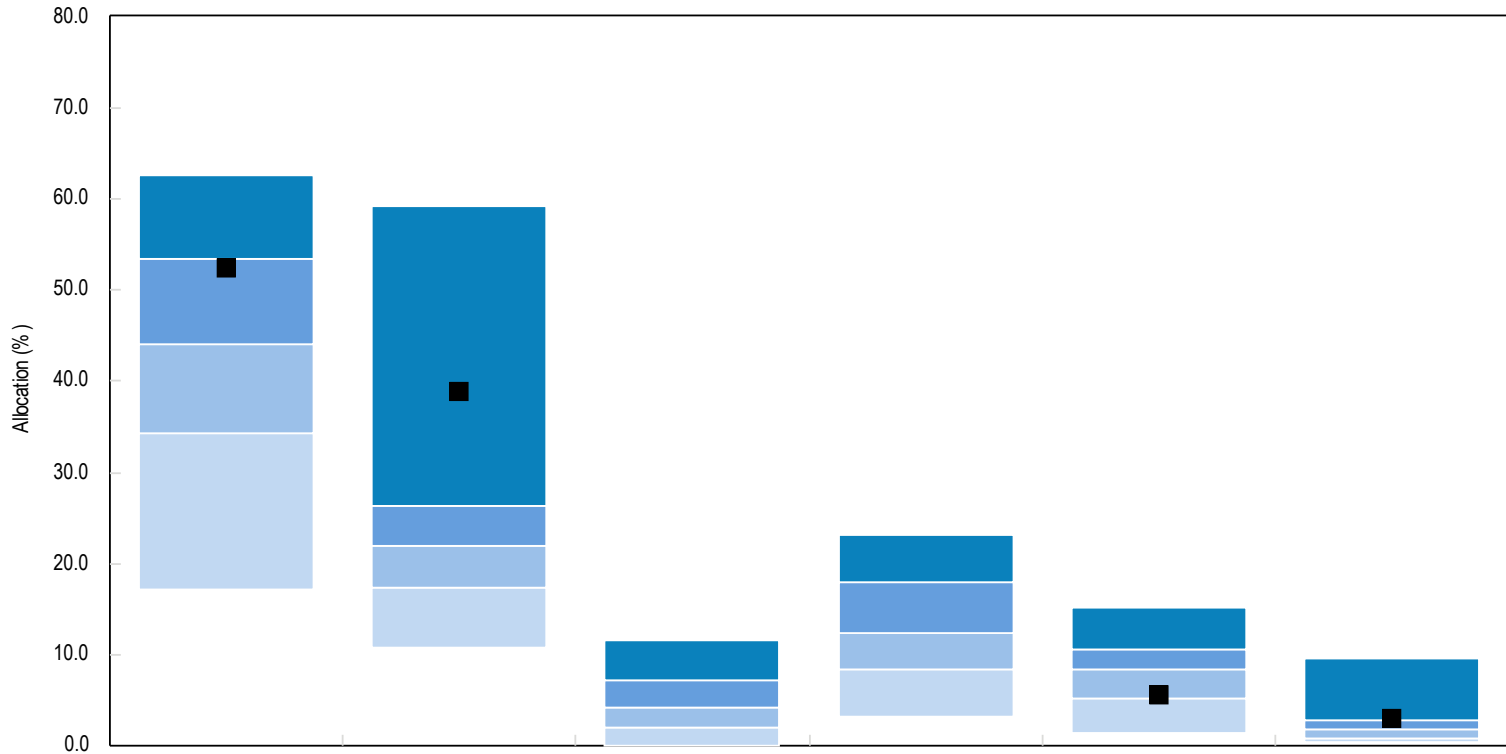
Parentheses contain percentile rankings. Performance shown for IPOPIF Investment Fund which excludes the Transition Account and Member Funds.



IPOPIF Investment Portfolio
Peer Universe Comparison: Asset Allocation

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

Total Plan Allocation vs. All Public Plans > \$1B-Total Fund
As of June 30, 2023



	Total Equity 52.5 (30)	Total Fixed Income 38.8 (8)	Hedge Funds -	Private Equity -	Total Real Estate 5.6 (72)	Cash & Equivalents 3.1 (24)
■ IPOPIF Investment Portfolio						
5th Percentile	62.6	59.2	11.6	23.1	15.1	9.6
1st Quartile	53.4	26.3	7.2	17.9	10.6	2.8
Median	44.0	22.0	4.2	12.4	8.3	1.7
3rd Quartile	34.3	17.4	1.9	8.3	5.2	0.8
95th Percentile	17.1	10.7	0.0	3.3	1.5	0.3
Population	133	141	43	66	112	106

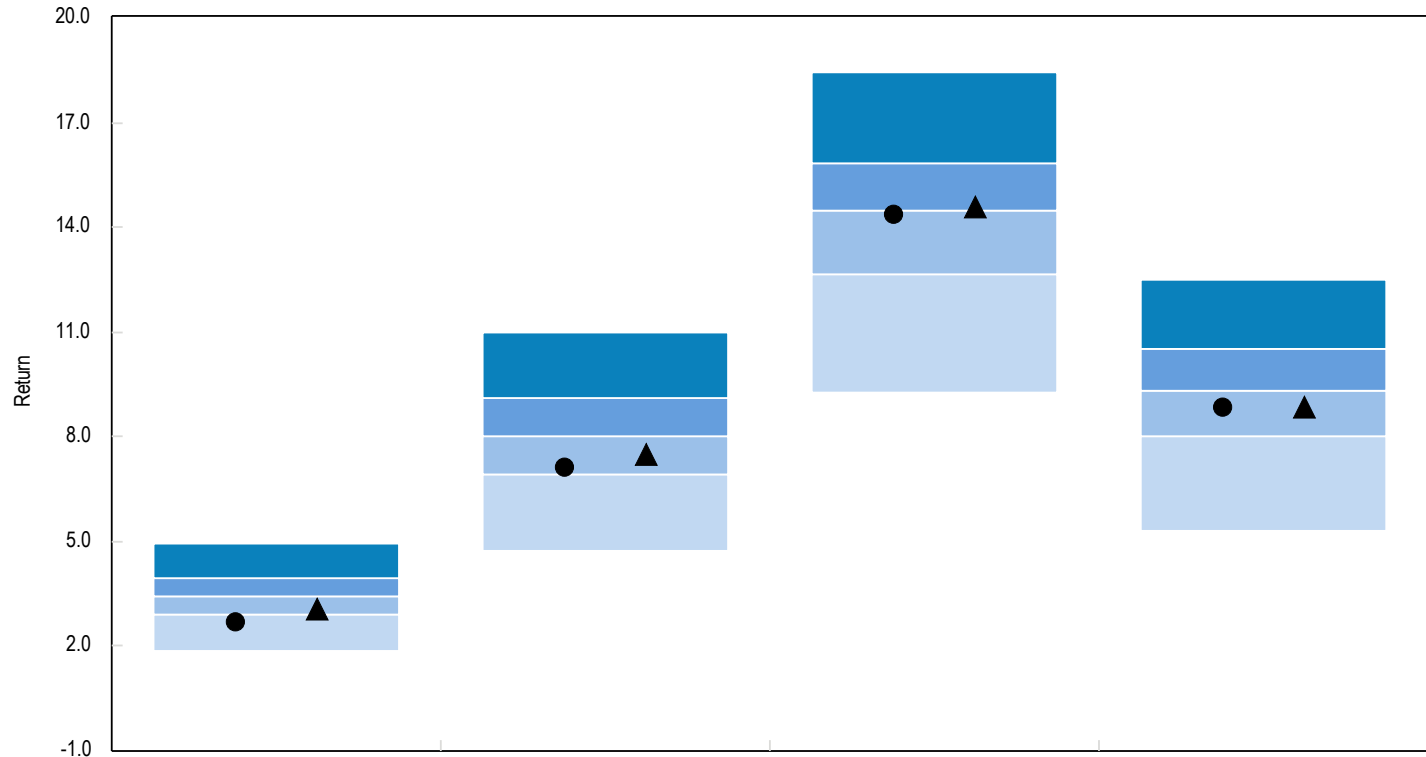
Parentheses contain percentile rankings. Excludes Transition Account and Member Funds. Real Assets contains Core Real Estate and REITs.



IPOPIF Investment Portfolio
Peer Universe Comparison: Cumulative Performance (Net of Fees)

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

IPOPIF Investment Portfolio vs. All Public Plans < \$1B-Total Fund



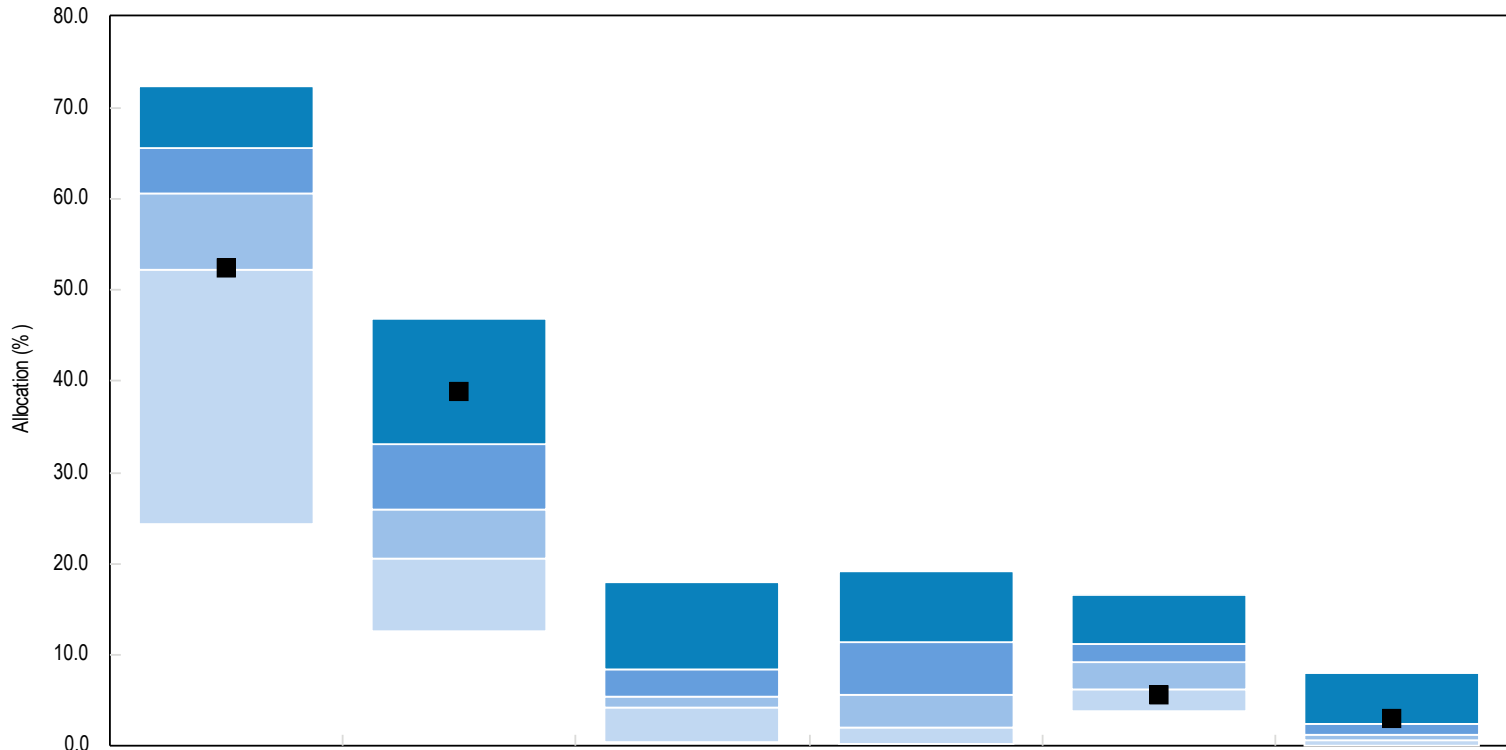
	Quarter	2 Quarters	3 Quarters	1 Year
● IPOPIF Investment Portfolio	2.7 (81)	7.1 (72)	14.4 (51)	8.8 (61)
▲ Policy Index	3.1 (69)	7.5 (63)	14.6 (49)	8.8 (62)
5th Percentile	4.9	11.0	18.4	12.5
1st Quartile	4.0	9.1	15.8	10.5
Median	3.4	8.0	14.5	9.3
3rd Quartile	2.9	6.9	12.7	8.0
95th Percentile	1.9	4.7	9.3	5.3
Population	547	541	534	534

Parentheses contain percentile rankings. Performance shown for IPOPIF Investment Fund which excludes the Transition Account and Member Funds.

IPOPIF Investment Portfolio
Peer Universe Comparison: Asset Allocation

Illinois Police Officers' Pension Investment Fund
Period Ending: June 30, 2023

Total Plan Allocation vs. All Public Plans < \$1B-Total Fund
As of June 30, 2023



	Total Equity	Total Fixed Income	Hedge Funds	Private Equity	Total Real Estate	Cash & Equivalents
■ IPOPIF Investment Portfolio	52.5 (75)	38.8 (10)	-	-	5.6 (79)	3.1 (18)
5th Percentile	72.5	46.8	18.0	19.3	16.5	8.0
1st Quartile	65.6	33.2	8.5	11.4	11.2	2.3
Median	60.7	26.0	5.3	5.6	9.2	1.2
3rd Quartile	52.2	20.5	4.2	2.0	6.1	0.6
95th Percentile	24.3	12.5	0.4	0.3	3.8	0.1
Population	526	543	60	118	343	456

Parentheses contain percentile rankings. Excludes Transition Account and Member Funds. Real Assets contains Core Real Estate and REITs.



Total Fund

Data Sources and Methodology Page

Period Ending: June 30, 2023

Performance Return Calculations

Performance is calculated using Time Weighted Rates of Return (TWRR) methodologies. Monthly returns are geometrically linked and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Manager Line Up

Manager	Inception Date	Data Source
RhumbLine Russell 1000 Index Fund	3/15/2022	State Street
RhumbLine Russell 2000 Index Fund	3/15/2022	State Street
SSgA Non-US Developed Index Fund	3/10/2022	State Street
SSgA Non-US Developed SC Index Fund	3/10/2022	State Street
SSgA Emerging Markets Equity Index Fund	3/10/2022	State Street
SSgA High Yield Corporate Credit	3/18/2022	State Street
iShares JPM Emerging Market Bond Index ETF	3/14/2022	State Street

Manager	Inception Date	Data Source
SSgA US TIPS Index Fund	3/17/2022	State Street
Principal USPA	4/6/2022	State Street
SSgA REITs Index Fund	3/10/2022	State Street
SSgA Core Fixed Income Index Fund	3/17/2022	State Street
SSgA Short-Term Gov't/Credit Index Fund	3/17/2022	State Street
Cash	3/22/2022	State Street

Policy Index Composition

As of 5/1/2023	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 1000	23%	39.7%			
Russell 2000	5%	8.6%			
MSCI World ex U.S.	18%	31.0%			
MSCI World ex U.S. Small Cap	5%	8.6%			
MSCI Emerging Markets	7%	12.1%			
Bloomberg US Aggregate Index	3%				17.6%
Bloomberg 1-3 Year Gov/Credit Index	13%				76.5%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
JPM EMBI Global Diversified Index	6%		37.5%		
NFI-ODCE Equal-Weighted Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	1%				5.9%

As of 1/1/2023	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 1000	18%	36.0%			
Russell 2000	5%	10.0%			
MSCI World ex U.S.	15%	30.0%			
MSCI World ex U.S. Small Cap	5%	10.0%			
MSCI Emerging Markets	7%	14.0%			
Bloomberg US Aggregate Index	7%				28.0%
Bloomberg 1-3 Year Gov/Credit Index	15%				60.0%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
JPM EMBI Global Diversified Index	6%		37.5%		
NFI-ODCE Equal-Weighted Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	3%				12.0%

As of 3/31/2022	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 3000	23%	46.0%			
MSCI ACWI ex USA IMI	20%	40.0%			
MSCI Emerging Markets IMI	7%	14.0%			
Bloomberg US Aggregate Index	7%				28.0%
Bloomberg 1-3 Year Gov/Credit Index	15%				60.0%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
50% JPM EMBI GD/50% JPM GBI EM GD	6%		37.5%		
NCREIF Property Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	3%				12.0%

Glossary

Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha: The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: $\text{Portfolio Return} - [\text{Risk free Rate} + \text{Portfolio Beta} \times (\text{Market Return} - \text{Risk free Rate})]$.

Benchmark R squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R squared, the more appropriate the benchmark is for the manager.

Beta: A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book to Market: The ratio of book value per share to market price per share. Growth managers typically have low book to market ratios while value managers typically have high book to market ratios.

Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price to Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price to earnings ratios whereas value managers hold stocks with low price to earnings ratios.

R Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: $\text{Portfolio Excess Return} / \text{Portfolio Standard Deviation}$.

Sortino Ratio: Measures the risk adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation: A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

DATE: September 6, 2023
 TO: IPOPIF Board of Trustees
 FROM: IPOPIF Investment Staff
 SUBJECT: International Small Cap Search – Status Update

- The Board approved a search for active investment managers focusing on small international companies at the Board meeting of 7/21/23 and the RFP was posted on 7/24/23.
- A press release was issued on 7/26/23 describing the search and encouraging MWDBE and veteran owned firms to provide indications of interest.
- As of the 8/4/23 database submission deadline, the database universe included 390 relevant products from 230 firms.
- Staff conducted qualitative and quantitative screening of information available in the eVestment database and conferred with Verus to identify the highest caliber candidates. This process took a week longer than scheduled due to the large number of strong candidates.
- An amended schedule was posted on Friday, 8/25/23.
- Following the posting of the amended schedule on 8/25/23 emails were sent to the 15 highest caliber candidates inviting them to submit proposals. In accordance with the RFP, any firm may submit a proposal.
- Two of the 15 firms are classified as MWDBE.
- Answers to questions were posted on the IPOPIF website as soon as feasible. All questions were answered by the amended deadline of 9/6/23.
- Staff continues to target the October 13, 2023, Board meeting for finalist interview and selection, however this timeline is tight and may be extended.

MWDBE and Veteran owned firms

- A press release was issued on 7/26/23 describing the search and encouraging MWDBE and veteran owned firms to provide indications of interest.
- IPOPIF forwarded the RFP press release to contacts at NASP (National Association of Security Professionals), NAA (New American Alliance), and AAAIM (The Association of Asian American Investment Managers) as part of the effort to inform MWDBE firms about the search.
- The eVestment database provides MWDBE ownership information but does not provide information regarding veteran ownership.
- Seven firms, two MWDBE, contacted IPOPIF to indicate their interest in the RFP.
- As part of the qualitative and quantitative screening process, staff analyzed all MWDBE and Emerging managers in the database to identify the highest caliber MWDBE/Emerging candidates.

- Of the 15 high caliber firms IPOPIF contacted and asked to submit a proposal, two were MWDBE firms (one woman-owned firm, and one Asian-American owned firm).
- Additional thorough analysis will be done on all MWDBE, Emerging, and Veteran-owned proposals prior to choosing finalist firms to interview with the Board.
- The strongest emerging, MWDBE, and veteran-owned firms will be invited to interview with the Board.

Amended Schedule

Amended Deadline	Original Deadline	Milestone
7/24/23	7/24/23	RFP posted
8/4/23	8/4/23	Investment firms update data through 6/30/2023 in the eVestment database
<u>8/25/23</u>	8/18/23	Highest caliber candidates are invited to submit proposals
<u>9/4/23</u>	8/25/23	Deadline for written questions (by 5 pm central)
<u>9/6/23</u>	9/1/23	Response to questions posted on IPOPIF website
<u>9/13/23</u>	9/8/23	Proposal Due by 5 pm central
<u>9/26/23-</u> <u>9/29/23</u>	9/18/23- 9/22/23	Semifinalist interviews with Verus and IPOPIF staff
10/13/23	10/13/23	Board review, interviews (TBD), and approval

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

DATE: September 1, 2023
 TO: IPOPIF Board of Trustees
 FROM: IPOPIF Investment Staff
 SUBJECT: Investment Manager Search Request: Bank Loans

Recommendation

That the Board of Trustees approve a search for active investment managers for bank loan investments.

Procurement of Investment Services Policy

The Board of Trustees established the Procurement of Investment Services Policy ("Policy"), PP-2021-07, so that all decisions to procure Investment Services will be made with respect for the principles of competitive selection, full disclosure, objective evaluation, and proper documentation. The Policy establishes, among other provisions, competitive selection procedures (Section D), including evaluation factors (Section D.6). Section D.2 establishes that "The Board shall approve when there shall be a search for Investment Services and the parameters of the search based on a recommendation from investment staff or Investment Consultant.

Allocation

- The long-term asset allocation dedicates 3% to the Bank Loans asset class.
- The role of Bank Loan investments is to provide current income and long-term appreciation as well as portfolio diversification.
- The IPOPIF short-term asset allocation has zero exposure to bank loans as the asset class is not available in passive strategies.
- Funding for new bank loan strategies would come from the current allocation to high-yield debt which has a current allocation of 10% and a long-term allocation of 3%.

Portfolio Structure

- The 3% allocation to bank loans equates to \$300 million at a total fund size of \$10 billion.
- The asset class is not available in passive management.
- Staff anticipates recommending the selection of two investment managers with complementary approaches that provide diversification within the asset class, however, a single-manager implementation may be considered.
- Due to investment complexity, commingled funds are the preferred vehicle for bank loans. However, other vehicles such as separate accounts, mutual funds, or ETFs may be considered, if deemed advantageous for IPOPIF.

Fees and Budget Impact

- For reference only, we observe that investment management fees for bank loans are in the neighborhood of 50 basis points, which would equate to \$1.5 million annually for \$300 million.
- Due to uncertainty regarding implementation timing and structure, active manager fees are not included in the FY24 budget. Budget amendments will be proposed with the final selection recommendation.

Utilization of Investment Manager Database

Section D.4 of the Policy provides that IPOPIF may utilize a third-party industry database (the "IPOPIF Database") of institutional-quality registered investment advisers to serve as the primary pool from which the IPOPIF will identify and evaluate candidates in a search for Investment Advisers. The Policy further details requirements to ensure comprehensive access and evaluation of the potential service provider universe. IPOPIF uses the eVestment database.

Staff intends to use the IPOPIF Database to conduct an initial evaluation of the provider universe to (i) determine whether candidates meet certain initial evaluation criteria for the search and (ii) identify the highest caliber candidates. Candidates who do not meet the initial evaluation criteria will not be requested to submit additional information as part of the RFP. Candidates who the IPOPIF Staff, in consultation with the Investment Consultant, identify as the highest caliber candidates will be requested to submit additional information; provided, however, that nothing will prevent candidates who meet the minimum criteria from submitting additional information.

All MWDBE and Veteran-Owned investment advisers that meet the initial evaluation criteria in the RFP will be requested to submit additional information as part of the RFP.

Preliminary Universe Analysis

- Based on evaluation of the IPOPIF Database as of 6/30/2023.
- There were a total of 125 potential bank loan strategies offered by 94 managers.
- 38 of those products from 31 firms screened as having higher potential based on data completion, product size, and performance metrics.

Request for Proposal and Preliminary Timeline

The Request for Proposal is attached for reference and includes a search timeline. Manager interviews and selection are targeted for the December 15 Board meeting.

Education Presentation Attached

Please refer to the attached presentation in your packet prepared by Verus on bank loans. Scott Whalen, Investment Consultant, will provide an overview of the asset class and the Staff and Mr. Whalen will answer any additional questions.



SEPTEMBER 2023

Bank Loan Primer

Illinois Police Officers' Pension Investment Fund

Introduction to bank loans

Bank loans or “floating-rate” loans are debt obligations arranged by banks and other financial institutions that consist of loans made to companies that are then sold through syndication into the secondary market

— Characteristics

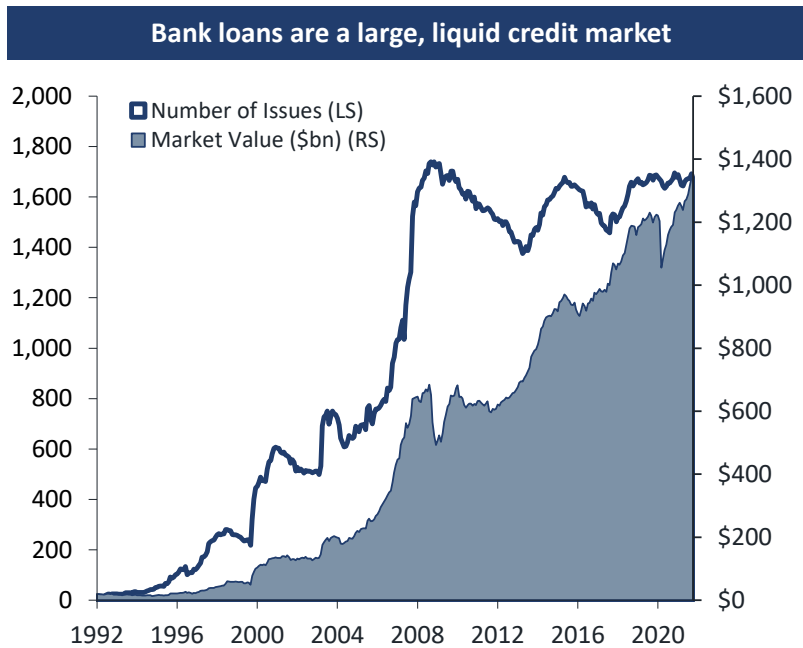
- Senior Secured
 - Loans are the most senior part of the capital structure and typically have first priority in receiving payments from the borrower
 - Generally backed by assets of the borrower
 - In the event of a default, loans have a historical recovery rate of 64.4% vs. 39.9% for high yield bonds
- Floating Rate
 - Coupon is tied to SOFR / LIBOR and will float as base rate fluctuates
- Below Investment Grade
 - Generally issued by companies rated BB+/Ba1 or lower

— Primary Usage

- Acquisitions
- LBOs
- Refinancings
- Dividend Payments
- Working Capital
- Other General Corporate Purposes

History

The bank loan market began in the late 1980s with banks syndicating, or selling, their corporate loans to third party investors. Today, bank loans are the third largest credit sector behind corporate and high yield bonds.



History of bank loans	
1980s	Banks begin reducing corporate exposure by offering bank loans to non-bank institutions
1988	Creation of the first “floating rate” mutual funds
1990s	LSTA is formed, indexes are created, ratings become standardized, first CLO issuance, evolution of 3 rd party pricing
2000s	Creation of Loan CDS derivatives, loan issuance eclipses \$300bn annually, settlements become more standardized, CLO issuance drives demand
2008	Excess demand from leveraged participants and banks leads to forced selling and first negative return in index history
Today	Floating rate asset class over \$1 trillion in size, with demand from retail, institutional, and CLO investors

Source: Pacific Asset Management, Credit Suisse Leverage Loan Index, as of 10/31/2021
 The Credit Suisse Index was used as it presents the longest track record of any major loan index.

Structural features

Bank loans have structural features that are unique relative to high yield and corporate bonds

Characteristic	Description	Benefit
Senior Secured	Typically secured by assets and senior in a capital structure to bonds and equity	Downside protection and higher recoveries - Loans typically provide a higher recovery in the case of default and seniority in the capital structure allows the lender to be repaid first
Restrictive Covenants	Bank loans typically require that borrowers maintain pre-determined credit metrics	Control – This provides a lender more control over a borrower’s strategic initiatives and allows a lender options to control a borrower when performance deteriorates
Floating Rate Coupon	Bank loans typically set the interest payments to a floating rate index, such as LIBOR, plus a spread compensating you for the credit risk	Mitigates interest rate risk – The floating rate coupon helps keep pace with the market in rising rate environments
Recovery vs. Bonds	Being senior in the capital structure has historically led to higher recovery rates in the event of default.	

Source: Pacific Asset Management

Bank Loans vs. High Yield

- Bank loans have many similarities to high yield bonds but two important differentiations; seniority in the capital structure and floating rate coupons.
- Being senior in the capital structure has historically led to higher recovery rates in the event of default. This leads to lower downside risk relative to unsecured high yield bonds.
- Bank loans have floating rate coupons, generally determined from two components, a short term interest rate (generally LIBOR) and a spread compensating the lender for the credit risk of an issuer. Because the coupon generally resets every 30-90 days, bank loans carry little to no duration risk but will underperform in a falling rate environment.

	Bank Loans	High Yield Bonds
Coupons	Floating Rate (LIBOR + Spread)	Fixed Rate
Duration	Around 3 months	3 to 10 years
Callable	At any time	Usually after 3-5 years
Seniority	First lien	Subordinated
Security	Secured/Unsecured	Unsecured
Covenants	Deal Specific	No

Where Do Asset Classes Fall in the Capital Structure?

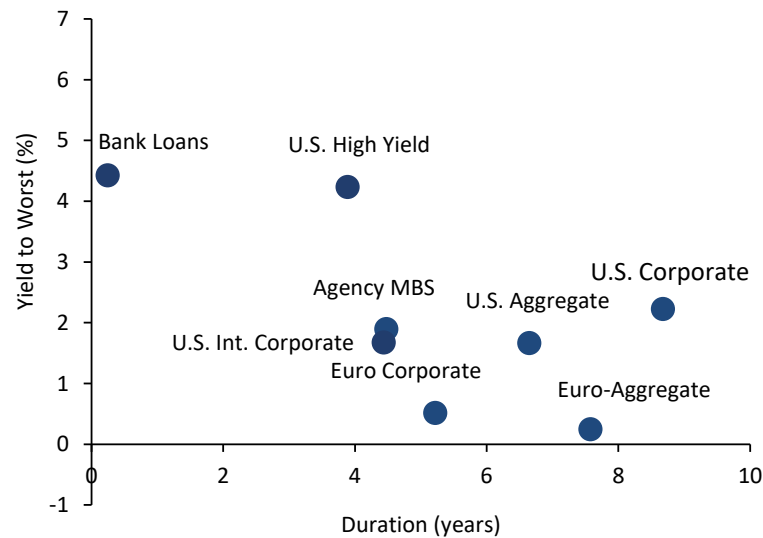
Bank Loans (Secured)
High Yield Unsecured
Preferred
Equity

Source: Pacific Asset Management

Diversification

- Bank loans provide credit risk over interest rate risk
- With unique structural characteristics, bank loans have limited correlations to most major asset classes, providing portfolio diversification across various fixed income and equity asset classes

Bank loans have the highest yield per unit of duration¹

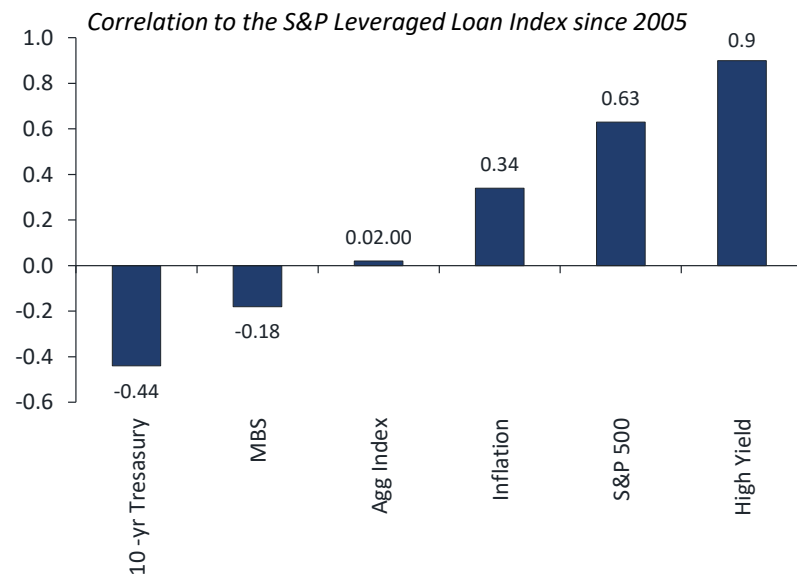


Source: Pacific Asset Management

¹Credit Suisse, Bloomberg, as of 10/29/2021

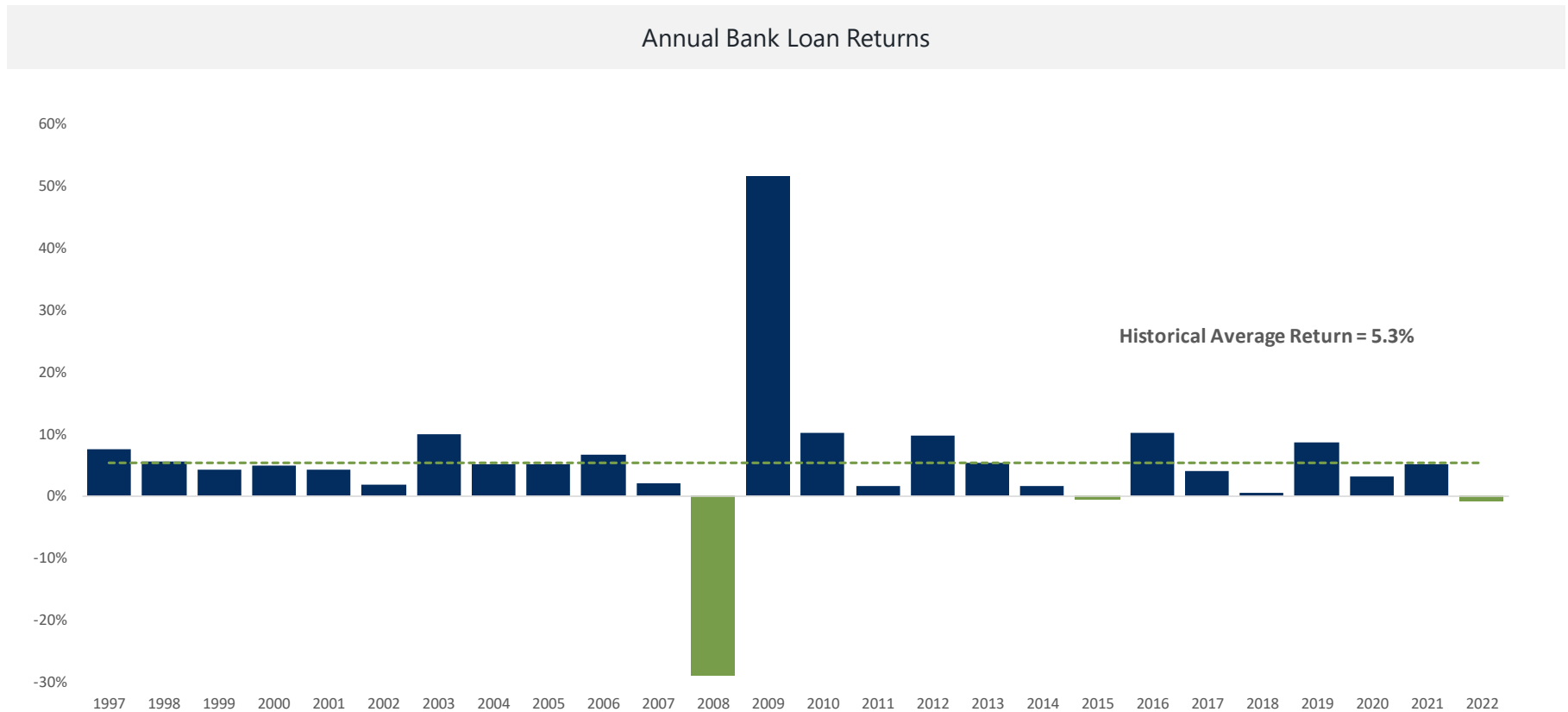
²JPMorgan; S&P/LCD, fifteen years ended 12/31/2020

Limited correlation provides portfolio diversification²



Performance

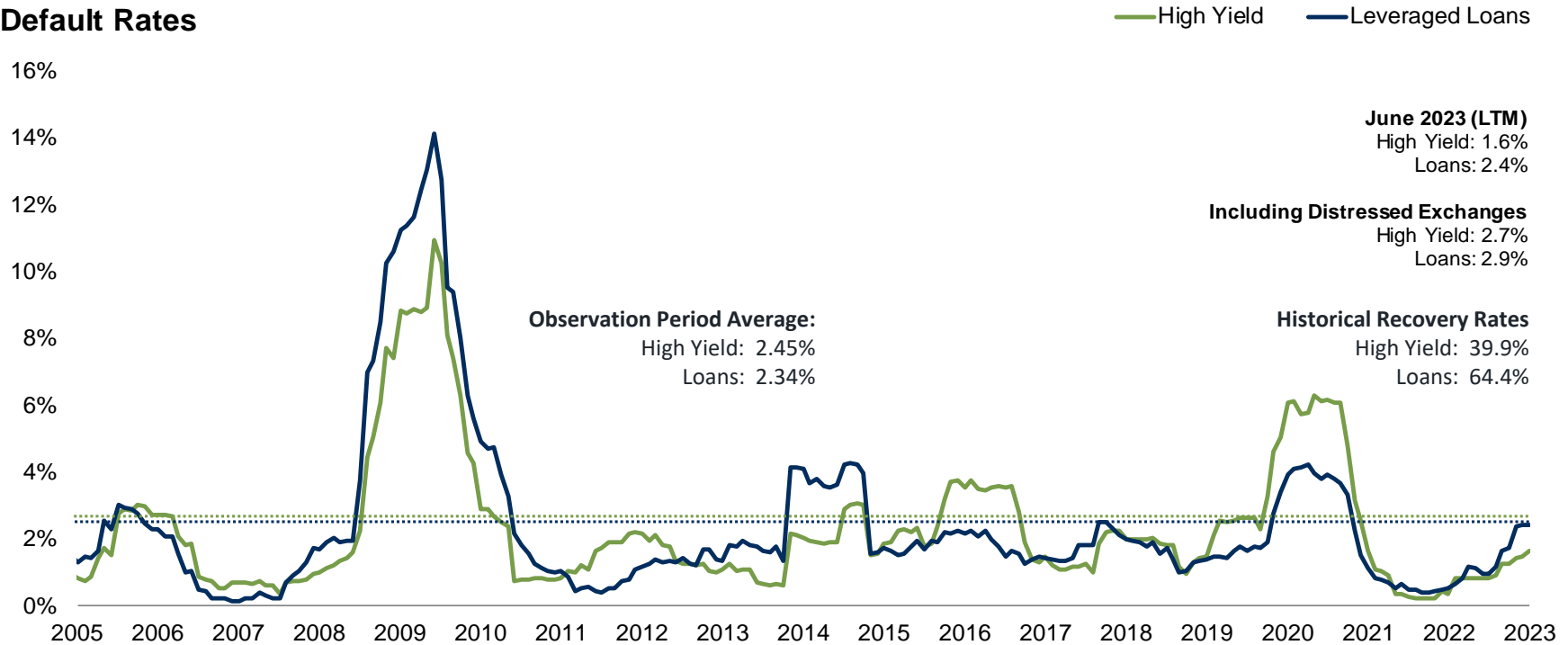
Bank loans have experienced three years of negative total return since 1997



Source: PIMCO, Bloomberg
Bank Loans are represented by the Morningstar LSTA US Leveraged Loan Index.

Defaults: rising from near-record lows but still reasonable relative to history

Default Rates



Source: PIMCO, JPMorgan

Outlook

Fundamentals

+/-	Total leverage is lower than pre-pandemic levels, though rising rates on floating rate debt are putting incremental pressure on company free cash flows.
+/-	Bank loans remain sensitive to negative macro headlines, rising cash interest costs, inflation, and equity market volatility. We expect default rates to pick up toward mid-single-digits over the next 12 months, but to remain below default levels of prior recession peaks.

MIXED:
Credit metrics good, but pressure on cash flows leading to incrementally higher, but manageable, defaults

Technicals

-	Loan funds have experienced continued outflows in recent months after outflows persisted through the second half of 2022
+	Loan primary market activity has lightened significantly amid higher volatility. New CLO issuance continues at a moderate pace in 2023.

BALANCED:
Waning demand for loans is offset by a slow primary market

Valuations

+/-	Total yield remains elevated following a sizable increase in rates in 2022 and into 2023, though markets are recalibrating a potential end to rate increases and pricing in rate decreases in 2023.
+	Bank loans may provide value relative to other credit sectors in a rising rate or steady-state rate environment given their floating rate nature.

FAIR:
Yields remain elevated as the economy potentially moves closer to the end of rate increases

Source: PIMCO, JPMorgan

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

DATE: September 6, 2023
TO: IPOPIF Board of Trustees
FROM: IPOPIF Investment Staff
SUBJECT: Principal USPA Review

In support of Board monitoring of IPOPIF investments, a review of the Principal U.S. Property Account (USPA) is scheduled for the Board meeting of 9/15/23. Bill Grayson, Principal Managing Director, Institutional Sales & Relationship Management and Darren Kleis, Managing Director, Portfolio Management, will present to the Board. A detailed presentation is attached.

Investment Summary

Principal U.S. Property Account (USPA) is an open-ended private core real estate strategy. Core real estate strategies have low levels of leverage with exposure to four primary sectors: multifamily, retail, industrial, and office properties. It is designed to provide real estate investments exposure while providing diversification benefits and steady income flow from the properties it owns.

IPOPIF's short-term allocation target for real estate is 6%. It is split up between Real Estate Investment Trust (REIT) index strategy (~4%) and USPA (~2%). At the commencement of consolidation, there were 25 Article 3 funds that had exposures to USPA totaling approximately \$253 million. As of August 31, 2023, 20 of those funds have transferred representing 74% of legacy value. Five Article 3 Funds with USPA exposure have not yet transferred. All transferred USPA exposure was transitioned to the IPOPIF pool, providing exposure to all participating funds.

Prior to consolidation, IPOPIF Investment Staff conducted thorough due diligence of the strategy. Numerous meetings with the Principal portfolio management team were conducted and perspective was provided by the Head of Real Assets at Verus Investments. In November 2021 the Board approved staff's recommendation to maintain exposure to the Principal USPA following transfer to IPOPIF.

Consolidation resulted in fee savings due to moving to a lower fee tier based on the larger aggregate investment size. The estimated fee savings were approximately 21% (\$550 thousand annually) based on total legacy Article 3 exposure and valuation.

Performance Perspective

Recent performance of core real estate market has suffered significantly due to rising interest rate and slowing economic environment putting downward pressure on property valuation. Furthermore,

Office sector continues to experience challenges as work-from-home trend remain and slow back-to-office implementation.

Since inception, USPA has lost 6.4% compared to -5.4% for the NCREIF ODCE index. We believe the relative underperformance to the index likely reflects more conservative valuation practices. Recent performance as of 6/30/2023, while continuing to decline on an absolute basis , has rebounded on a relative basis, as year-to-date performance has led the benchmark by 1.2% (-5.0% USPA vs -6.2% NCREIF ODCE).

USPA continues to explore opportunities within the growth markets (areas of population growth and job creation) and alternative property subsectors such as student housing, life science, data centers, self-storage, etc.

Conclusion

Overall, USPA has performed in line with our expectations. Relative underperformance to NCREIF ODCE since inception makes sense given the Fund's conservative nature in its valuation approach. Staff maintains conviction in Principal U.S. Property Account.



VISION M.A.I. Consulting
Lobbyist Report – September 15, 2023

ILLINOIS POLICE OFFICERS’ PENSION INVESTMENT FUND

I. ENACTED LEGISLATION – RELEVANT OR BILLS OF INTEREST

Bill Number: HB1363

Description: Expands the responsibilities of an employer to respond to gender-related violence in the workplace.

Action: Signed

Effective: Immediately

Bill Number: HB1767

Description: Waives the Illinois residence requirement for public university system law enforcement examinations.

Action: Signed

Effective: January 1, 2024

Bill Number: HB2297

Description: Expands reporting requirements for state agencies to include non-binary or gender non-confirming in their employment reports.

Action: Signed

Effective: July 1, 2025

Bill Number: HB2431

Description: Makes it unlawful to videoconference while driving.

Action: Signed

Effective: January 1, 2024

Bill Number: HB2493

Description: Expands unpaid leave from work so an employee can take a total of not more than 2 workweeks of unpaid leave for specified reasons relating to a family or household member who is killed in a crime of violence, which must be completed within 60 days after the date on which the employee receives notice of the death of the victim.

Action: Signed

Effective: January 1, 2024

Bill Number: HB2782

Description: Requires investment managers of governmental units to provide a description of how sustainability factors are integrated into investment decisions, analysis, the portfolio, and ownership.

Action: Signed

Effective: January 1, 2024

Bill Number: HB3249

Description: Allows injured law enforcement officers, corrections, and firefighting employees and their surviving spouses and children to choose between any health insurance plan available to current employees.

Action: Signed

Effective: January 1, 2024

Bill Number: HB3751

Description: Non-citizens may apply to be police officers.

Action: Signed

Effective: Immediately

Bill Number: HB3819

Description: Authorizes law enforcement to development and implement deflection programs in Illinois that offer immediate pathways to services as an alternative to criminal justice involvement and unnecessary admission to emergency departments.

Action: Signed

Effective: Immediately

Bill Number: HB3903

Description: Includes several prohibitions on engagement with public officials for contractors that provide equipment and services for automated law enforcement, automated speed enforcement, or automated railroad grade crossing enforcement systems to municipalities or counties, as well as any political action committee created by such a contractor.

Action: Signed

Effective: Immediately

Bill Number: SB1543

Description: Establishes a new position within the Illinois Law Enforcement Training Standards Board (ILETSB) to serve as the Statewide PTSD Mental Health Coordinator.

Action: Signed

Effective: January 1, 2024

Bill Number: SB1515

Description: Amends the Right to Privacy in the Workplace Act. Places restrictions on the use of Employment Eligibility Verification Systems.

Action: Veto

Bill Number: HB1122

Description: Creates the Freelance Worker Protection Act. Protects freelance workers from intimidation, harassment, and discrimination from hiring parties, requires timely compensation and requires employers to provide freelance workers with written contracts.

Action: Signed

Effective: July 1, 2024

Bill Number: SB1824

Description: Amends the General Provisions and Illinois Municipal Retirement Fund

(IMRF) Articles of the Illinois Pension Code. Exempts wage increases above 6 percent or 1.5 times CPI when calculating final average earnings if required by State or Federal law.

Action: Signed

Effective: January 1, 2024

Bill Number: SB2100

Description: Amends the Police Officers' Pension Investment Fund Article of the Illinois Pension Code. Updates provisions for the Board of Trustees of the Fund.

Action: Signed

Effective: Immediately

Bill Number: SB2152

Description: Provides that the State Treasurer may manage, upon the affirmative vote of three-fifths of each Board, the State Universities, Downstate Teachers' and the Board of Investment's domestic and international proxy voting activity and execute required ballots on behalf of the System or Investment Board.

Action: Signed

Effective: Immediately

Bill Number: SB2034

Description: Creates the Child Extended Bereavement Leave Act. Provides that an employee of a large employer that employs 250 or more full-time employees is entitled to use a maximum of 12 weeks of unpaid leave if the employee experiences the loss of a child by suicide or homicide. Provides that an employee of a company that employs between 50 and 250 full-time employees is entitled to 6 weeks of unpaid leave.

Action: Signed

Effective: January 1, 2024

II. HOUSE PERSONNEL AND PENSIONS SUBJECT MATTER HEARINGS

- a. On August 23, 2023, the House Personnel and Pensions Committee held a subject matter hearing to evaluate the proposal in HB 4098 regarding the states' consideration Deferred Retirement Option Plan (DROP).
- b. The following entities testified: Teachers' Retirement System, State Universities Retirement System, State Employees' Retirement System, and the Fraternal Order of Police Labor Council and Troopers Lodge 41 to speak to Article 3 and 4.
- c. The consensus from many of the systems was that any consideration of a DROP program by the Illinois General Assembly should under a rigorous actuarial and legal analysis to ensure there is no negative fiscal impact to the system, and thus the participants.
- d. Additionally, members of the committee learned of a GFOA Advisory that stated government defined benefit plans should not include DROPs for a variety of reasons:
 - i. The cost impact of a DROP is difficult to assess.
 - ii. DROPs may conflict with goals of a pension design.
 - iii. Employee choice frequently increases employer cost.

- iv. Specific DROP characteristics and features often add additional cost.
- v. Partial lump sum option plans (PLOPs).
- e. On September 6, 2023, the House Personnel and Pensions Committee held a subject matter hearing reviewing Tier 2 benefits and continued discussions with the Teachers' Retirement System and State Universities Retirement Systems involving HB 4098 and HB 4099.
- f. The following entities testified: Chicago Teachers' Pension Fund, AFSCME, AFL-CIO, Illinois Education Association (IEA), Illinois Federation of Teachers (IFT), Teachers' Retirement System of Illinois, State Universities Retirement System of Illinois, State Employees' Retirement System of Illinois,
- g. The committee also delved into the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) provisions that impact a large portion of public employees.
- h. The Chairwoman of the committee informed the members of the committee that additional amendments would be filed on HB 4098 and HB 4099.
- i. Additional subject matter hearings will be convened to continue these discussions on the Safe Harbor Provisions, Tier 2 benefits, and buyout provisions.

III. ADDITIONAL BACKGROUND INFORMATION ON HB 4098 AND HB 4099

- a. HB 4098 was introduced by the House Personnel and Pensions Committee Chairwoman earlier in the session. HB 4098 makes changes to Tier 2 benefits for members or participants under the 5 State-funded retirement systems and the Chicago Teachers Pension Fund, including changes to automatic annual increases, age and service requirements for retirement, and limits on the amount of salary for annuity purposes.
- b. HB 4099 was also introduced by the House Personnel and Pensions Committee Chairwoman earlier this session. HB 4099 would:
 - a. Amend the General Provisions, Downstate Police, Downstate Firefighter, and State Employees Articles of the Illinois Pension Code. Provides that a security employee of the Department of Corrections or the Department of Juvenile Justice or a security employee of the Department of Human Services subject to the Tier 2 provisions is entitled to an annuity calculated under the alternative retirement annuity provisions, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 55, regardless of whether the attainment of age 55 occurs while the person is still in service.
 - b. Provide that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". In the Downstate Police and Downstate Firefighter Articles, in a provision that reduces the amount of the pension for a Tier 2 firefighter or Tier 2 police officer who retires with at least 10 years of creditable service before attaining age 55,

provides that the pension of a Tier 2 firefighter or Tier 2 police officer who is retiring after attaining age 50 with 20 or more years of creditable service shall not be reduced.

- c. Provides that each annual increase for Tier 2 firefighters shall be increased on the January 1 occurring either on or after the attainment of age 55 (instead of age 60) or the first anniversary of the pension start date, whichever is later.
- d. Neither bill was voted on during the regular Spring session, as the Chairwoman believed more discussion needed to take place on the topic. This will be the second subject matter hearing on HB 4098 and HB 4099 since they were first introduced in May.

IV. FALL VETO SESSION SCHEDULE

- a. The House & Senate have published their 2023 Veto session schedules.
- b. Both chambers will meet the following days:

- Tuesday, October 24, 2023
- Wednesday, October 25, 2023
- Thursday, October 26, 2023

- Tuesday, November 7, 2023
- Wednesday, November 8, 2023
- Thursday, November 9, 2023

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



MONTHLY FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED JUNE 30, 2023

Illinois Police Officers' Pension Investment Fund
Statement of Fiduciary Net Position
As of June 30, 2023

Assets**Cash**

Lake Forest B&T	\$ 105,553
Total Cash	105,553

Receivables and Prepaid Expenses

Accrued Investment Income	3,759,563
Total Receivables and Prepaid Expenses	3,759,563

Investments

Investments	9,383,664,462
Total Investments	9,383,664,462

Total Assets	9,387,529,578
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Liabilities**Accrued Expenses**

Payroll & Related	205,242
Professional	774,686
Administrative	22,538
Computer & Equipment	7,216
General	11,612
Total Accrued Expenses	1,021,294

Total Liabilities	1,021,294
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Net Position Restricted	9,386,508,284
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Illinois Police Officers' Pension Investment Fund
Statement of Changes in Fiduciary Net Position
For the Twelve Months Ended June 30, 2023

Additions	
Proceeds	
Cash Received from Local Funds	456,489,074
Investments Received from Local Funds	5,725,925,760
Total Proceeds	<u>6,182,414,834</u>
Investment Income (Loss)	
Lake Forest Bank & Trust - Checking	1,158
Lake Forest Bank & Trust - Max Safe	6,762
Interest	62,022,901
Net appreciation (depreciation) in fair value of investments	579,855,103
Net Investment Income (Loss)	<u>641,885,924</u>
Total Additions	<u>6,824,300,758</u>
Deductions	
Administrative Expenses	
Board of Trustees & Meetings	(75,150)
Administrative Operations	(2,454,250)
Investment Operations	(3,650,193)
Total Administrative Expenses	<u>(6,179,593)</u>
Participating Fund Withdrawals	(166,361,315)
Total Deductions	<u>(172,540,908)</u>
Net Increase (Decrease)	<u>6,651,759,850</u>
Net Position Restricted	
Beginning of the Year	2,734,748,434
End of the Period	<u>9,386,508,284</u>

Illinois Police Officers' Pension Investment Fund

Additions Report for the Twelve Months Ended June 30, 2023

	<u>Received this Month</u>	<u>Budgeted* this Month</u>	<u>Received this Fiscal Year</u>	<u>Budgeted* this Fiscal Year</u>
Additions				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	61,255,927	-	456,489,074	-
Investments Received from Local Funds	-	-	5,725,925,760	-
	61,255,927	-	6,182,414,834	-
<u>Investment Income (Loss)</u>				
Interest & Dividends	6,221,432	-	62,030,821	-
Net appreciation (depreciation)	284,167,837	-	579,855,103	-
	290,389,269	-	641,885,924	-
Total Additions	351,645,196	-	6,824,300,758	-

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Twelve Months Ended June 30, 2023

	Expended this Month	Budgeted* this Month	Expended this Year	Budgeted* this Year
Expenditures				
Board of Trustees and Meetings				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	31,588	5,400	51,500	64,800
<i>Election Services</i>	-	(531)	(6,366)	(6,366)
Education and Training	-	1,500	11,125	18,000
Meeting Expenses	4,579	788	16,797	9,461
Board Member Reimbursements	1,127	875	2,094	10,500
	37,294	8,032	75,150	96,395
Administrative Operations				
<u>Personnel</u>				
Administrative Personnel	96,732	49,642	529,272	595,698
Employment Expenses				
<i>FICA/Medicare</i>	5,362	3,123	33,197	37,481
<i>Medical/Dental Benefits</i>	2,649	4,076	14,675	48,912
<i>Unemployment</i>	-	250	-	3,000
<i>Retirement Benefits</i>	7,233	3,446	36,753	41,352
	111,976	60,537	613,897	726,443
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	8,000	2,000	24,000	24,000
<i>Audit - Financial</i>	13,750	2,292	41,250	27,500
<i>Audit - Certified Asset List</i>	7,690	37,077	360,335	444,924
<i>Audit - Transition</i>	-	1,146	-	13,752
<i>Chief Financial Officer</i>	23,400	17,077	181,369	204,918
Administrative Services	19,838	12,792	77,200	153,500
Government Liaison	17,100	5,700	62,700	68,400
Actuarial Services	52,688	15,271	187,350	183,250
Outsourced Human Resources	16,258	2,000	17,589	24,000
Legal Services				
<i>Legal Services - General</i>	24,643	5,833	53,099	70,000
<i>Legal Services - Fiduciary</i>	25,464	8,333	70,687	100,000
<i>Legal Services - Litigation</i>	-	-	5,988	-
Technology Services	1,080	7,020	58,092	84,245
Other Consulting Services	8,400	-	8,400	-
Communication Services	2,000	2,000	24,000	24,000
	220,311	118,541	1,172,059	1,422,489

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Twelve Months Ended June 30, 2023

	Expended <u>this Month</u>	Budgeted* <u>this Month</u>	Expended <u>this Year</u>	Budgeted* <u>this Year</u>
Expenditures				
<u>Bank Services and Fees</u>				
Local Bank Fees	194	417	3,426	5,000
Loan Interest Expense	-	19,334	230,565	232,011
	194	19,751	233,991	237,011
<u>Services & Supplies</u>				
Assets under \$5,000	28,661	11,808	153,804	141,690
Insurance	-	7,035	84,418	84,418
Office Lease/Rent	5,375	4,031	48,375	48,375
Printing & Postage	292	3,000	7,759	36,000
Supplies & Maintenance	1,977	1,167	12,479	14,000
Telecommunication	4,076	1,099	15,182	13,193
Contingency	(2)	1,000	-	12,000
Dues / Licenses	31,215	941	65,623	11,295
Training & Education	-	1,000	135	12,000
Travel & Transportation	162	1,000	2,868	12,000
Utilities	4,193	425	5,821	5,100
Website	573	4,167	37,839	50,000
	76,522	36,673	434,303	440,071
Investment Operations				
<u>Personnel</u>				
Investment Operations Personnel	96,740	59,375	627,082	712,500
Employment Expenses				
<i>FICA/Medicare</i>	5,020	4,542	36,341	54,506
<i>Medical/Dental Benefits</i>	9,298	3,879	59,794	46,548
<i>Unemployment</i>	-	208	-	2,500
<i>Retirement Benefits</i>	11,033	5,011	73,080	60,135
	122,091	73,015	796,297	876,189
<u>Investment & Banking</u>				
General Investment Consultant	106,875	35,625	427,500	427,500
Database Subscription(s)	-	3,088	37,050	37,050
Investment Management	522,223	75,149	849,323	901,790
Custodial Services	405,435	38,750	376,368	465,000
	1,034,533	152,612	1,690,241	1,831,340

Illinois Police Officers' Pension Investment Fund Deductions Report for the Twelve Months Ended June 30, 2023

	Expended <u>this Month</u>	Budgeted* <u>this Month</u>	Expended <u>this Year</u>	Budgeted* <u>this Year</u>
Expenditures				
<u>Professional Services</u>				
Project Architect	-	2,348	28,175	28,175
Transition Management	-	70,645	847,718	847,734
Transition Consultant/Services	-	23,980	287,762	287,762
	<u>-</u>	<u>96,973</u>	<u>1,163,655</u>	<u>1,163,671</u>
Total Expenditures	1,602,921	566,134	6,179,593	6,793,609
Participating Fund Withdrawals		32,403,623	166,361,315	
Total Deductions		34,006,544	172,540,908	

*Including All Budget Amendments as of June 30, 2023

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



MONTHLY FINANCIAL REPORT

FOR THE ONE MONTH ENDED JULY 31, 2023

MODIFIED CASH BASIS

PREPARED BY: THE STAFF OF THE ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Illinois Police Officers' Pension Investment Fund
Statement of Fiduciary Net Position
As of July 31, 2023

Assets

Cash

Lake Forest Bank & Trust	\$ 113,541
Total Cash	<u>113,541</u>

Investments

Investments	9,641,962,786
Total Investments	<u>9,641,962,786</u>

Total Assets	9,642,076,327
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Liabilities

Accrued Expenses

Payroll & Related	142,924
Professional	570,207
Administrative	12,939
Computer & Equipment	7,216
General	6,214
Total Accrued Expenses	<u>739,500</u>

Total Liabilities	739,500
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Net Position Restricted	9,641,336,827
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Illinois Police Officers' Pension Investment Fund
Statement of Changes in Fiduciary Net Position
For the One Month Ended July 31, 2023

Additions	
Proceeds	
Cash Received from Local Funds	48,514,992
Total Proceeds	48,514,992
Investment Income (Loss)	
Lake Forest Bank & Trust	51
Interest	4,127,102
Net appreciation (depreciation) in fair value of investments	237,663,709
Net Investment Income (Loss)	241,790,862
Total Additions	290,305,854
Deductions	
Administrative Expenses	
Administrative Operations	(151,798)
Investment Operations	(28,142)
Total Administrative Expenses	(179,940)
Participating Fund Withdrawals	(35,297,371)
Total Deductions	(35,477,311)
Net Increase (Decrease)	254,828,543
Net Position Restricted	
Beginning of the Year	9,386,508,284
End of the Period	9,641,336,827

Illinois Police Officers' Pension Investment Fund

Additions Report for the One Month Ended July 31, 2023

	<u>Received</u> <u>this Month</u>	<u>Budgeted</u> <u>this Month</u>	<u>Received this</u> <u>Fiscal Year</u>	<u>Budgeted this</u> <u>Fiscal Year</u>
Additions				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	48,514,992	-	48,514,992	-
	<u>48,514,992</u>	<u>-</u>	<u>48,514,992</u>	<u>-</u>
<u>Investment Income (Loss)</u>				
Interest & Dividends	4,127,153	-	4,127,153	-
Net appreciation (depreciation)	237,663,709	-	237,663,709	-
	<u>241,790,862</u>	<u>-</u>	<u>241,790,862</u>	<u>-</u>
Total Additions	290,305,854	-	290,305,854	-

Illinois Police Officers' Pension Investment Fund

Deductions Report for the One Month Ended July 31, 2023

	<u>Expended this Month</u>	<u>Budgeted this Month</u>	<u>Expended this Year</u>	<u>Budgeted this Year</u>
Expenditures				
Board of Trustees and Meetings				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	-	4,950	-	59,400
Education and Training	-	3,000	-	36,000
Meeting Expenses	-	4,583	-	55,000
Board Member Reimbursements	-	2,787	-	33,440
Municipal Reimbursements	-	992	-	11,900
	<u>-</u>	<u>16,312</u>	<u>-</u>	<u>195,740</u>
Administrative Operations				
<u>Personnel</u>				
Administrative Personnel	27,708	71,674	27,708	860,088
Employment Expenses				
<i>FICA/Medicare</i>	2,114	4,921	2,114	59,052
<i>Medical/Dental Benefits</i>	734	10,399	734	124,788
<i>Unemployment</i>	57	113	57	1,354
<i>Retirement Benefits</i>	-	4,464	-	53,570
	<u>30,613</u>	<u>91,571</u>	<u>30,613</u>	<u>1,098,852</u>
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	-	4,883	-	58,600
<i>Audit - Financial</i>	-	4,792	-	57,500
<i>Audit - Certified Asset List</i>	-	2,934	-	35,205
Administrative Services	-	3,975	-	47,700
Government Liaison	5,700	5,700	5,700	68,400
Actuarial Services	-	15,292	-	183,500
Outsourced Human Resources	-	1,000	-	12,000
Legal Services				
<i>Legal Services - General</i>	-	6,250	-	75,000
<i>Legal Services - Fiduciary</i>	-	10,417	-	125,000
Technology Services	-	1,000	-	12,000
Other Consulting Services	-	1,771	-	21,250
Communication Services	1,500	1,500	1,500	18,000
	<u>7,200</u>	<u>59,514</u>	<u>7,200</u>	<u>714,155</u>

Illinois Police Officers' Pension Investment Fund

Deductions Report for the One Month Ended July 31, 2023

	<u>Expended this Month</u>	<u>Budgeted this Month</u>	<u>Expended this Year</u>	<u>Budgeted this Year</u>
Expenditures				
<u>Bank Services and Fees</u>				
Local Bank Fees	208	375	208	4,500
	208	375	208	4,500
<u>Services & Supplies</u>				
Assets under \$5,000	1,495	4,167	1,495	50,000
Insurance	106,906	8,918	106,906	107,017
Office Lease/Rent	5,375	5,375	5,375	64,500
Printing & Postage	-	2,833	-	34,000
Supplies & Maintenance	-	1,167	-	14,000
Telecommunication	-	1,417	-	17,000
Contingency	1	1,000	1	12,000
Dues / Licenses	-	6,549	-	78,586
Training & Education	-	1,000	-	12,000
Travel & Transportation	-	1,000	-	12,000
Utilities	-	667	-	8,000
Website	-	1,667	-	20,000
	113,777	35,760	113,777	429,103
Investment Operations				
<u>Personnel</u>				
Investment Operations Personnel	26,625	83,333	26,625	1,000,000
Employment Expenses				
<i>FICA/Medicare</i>	1,149	5,279	1,149	63,344
<i>Medical/Dental Benefits</i>	368	8,795	368	105,542
<i>Unemployment</i>	-	66	-	790
<i>Retirement Benefits</i>	-	5,923	-	71,072
	28,142	103,396	28,142	1,240,748
<u>Investment & Banking</u>				
General Investment Consultant	-	35,625	-	427,500
Database Subscription(s)	-	3,178	-	38,135
Investment Management	-	115,417	-	1,385,000
Custodial Services	-	38,333	-	460,000
	-	192,553	-	2,310,635

Illinois Police Officers' Pension Investment Fund Deductions Report for the One Month Ended July 31, 2023

	<u>Expended this Month</u>	<u>Budgeted this Month</u>	<u>Expended this Year</u>	<u>Budgeted this Year</u>
Expenditures				
<u>Professional Services</u>				
Total Expenditures	179,940	499,481	179,940	5,993,733
Participating Fund Withdrawals	35,297,371		35,297,371	
Total Deductions	35,477,311		35,477,311	

Warrant #24-02 Paid 8-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

BOARD OF TRUSTEES and MEETINGS

Professional Services - Election Services

	Survey & Ballot Systems Inc	
7/10/2023	Election services for the 2023 Special Paper Election, Phase 01, Invoice #18011	\$3,500.00

Meeting Expenses

	Kent Custer	
6/26/2023	Out of pocket reimbursement for presentation material copies for Regional Stakeholder Meeting on June 27, 2023	\$122.40
	Sound & Light Creations by Scott Fort	
7/17/2023	Sound system with table top microphones for Committee Meetings on May 19, 2023, and Board Meetings on June 9 and July 21, 2023, Invoice #4262301	\$2,607.00
	Richard White	
7/21/2023	Out of pocket reimbursement for meeting space at Collinsville Gateway Convention Center for Regional Stakeholder Meeting on June 27, 2023	\$1,107.00
7/28/2023	Out of pocket reimbursement for Board dinner prior to Board Meeting and meeting space at Peoria Marriott Pere Marquette for Board Meeting on July 21, 2023	\$3,277.67
	Total Board of Trustees and Meetings Meeting Expense	\$7,114.07

Board Member Reimbursements

	Michael Inman	
7/24/2023	Out of pocket reimbursement for hotel and travel for Board Meeting on July 21, 2023	\$219.40

TOTAL BOARD OF TRUSTEES AND MEETINGS EXPENSES **\$10,833.47**

ADMINISTRATIVE OPERATIONS

Professional Services - Finance

Accounting

	Lauterbach & Amen, LLP	
6/28/2023	Monthly accounting and payroll for April 2023, Invoice #79501	\$2,000.00
6/28/2023	Monthly accounting and payroll for May 2023, Invoice #79504	\$2,000.00
7/10/2023	Monthly accounting and payroll for June 2023, Invoice #80147	\$2,000.00
	Total Accounting Professional Services Expenses	\$6,000.00

Warrant #24-02 Paid 8-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

Chief Financial Officer

	Lauterbach & Amen, LLP	
6/28/2023	Professional services rendered (Tier 1) for April 2023, Invoice #79501	\$5,400.00
6/28/2023	Professional services rendered (Tier 1) for May 2023, Invoice #79504	\$5,400.00
7/10/2023	Professional services rendered (Tier 1) for June 2023, Invoice #80147	\$5,400.00
	Total Chief Financial Officer Professional Services Expenses	\$16,200.00

Professional Services - Government Liaison

	Vision M.A.I. Consulting	
8/1/2023	Professional services rendered for August 2023, Invoice #8	\$5,700.00

Professional Services - Human Resources

	Lauterbach & Amen, LLP	
6/28/2023	Professional services rendered for April 2023 and Indeed cost, Invoice #79501	\$2,984.98
6/28/2023	Professional services rendered for May 2023 and Indeed cost, Invoice #79504	\$3,943.37
	Total Human Resources Professional Services Expenses	\$6,928.35

Professional Services - Legal

General

	Reimer Dobrovlny & Labardi PC	
7/17/2023	Legal Services Rendered and Disbursements for the period April - June 2023, Invoice #2851-29401	\$11,547.90

Professional Services - Technology

	Levi, Ray & Shoup, Inc.	
7/7/2023	Network support services, June 2023, Invoice #299876	\$270.00

Professional Services - Communication

	Shepherd Communications	
7/28/2023	Professional Service Fee for August 2023	\$1,500.00

Professional Services - Other Consulting Services

	MCS Consulting LLC	
7/8/2023	Consulting Services for Strategic Planning for June 2023, Invoice #1121	\$8,400.00
	Total Administrative Operations Professional Services Expenses	\$56,546.25

Services and Supplies

Assets under \$5,000

	Levi, Ray & Shoup, Inc.	
7/25/2023	Dell Latitude 5540 laptops, video conference monitor, hub monitor, qty 3 each, Invoice #300302	\$7,216.41

Warrant #24-02 Paid 8-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

Office Lease

	City of Peoria	
8/1/2023	Rent for August 2023	\$5,375.00

Printing & Postage

	Katherine Cobb	
7/17/2023	Out of pocket reimbursement for postage for certified mailing of Tranche letters to Article 3 Funds, July 2023	\$5.01

Supplies & Maintenance

	The Cleaning Source	
7/25/2023	Weekly cleaning service for July 2023, Invoice #IP0723	\$186.00
	Katherine Cobb	
7/17/2023	Out of pocket reimbursement for office key cutting and administrative office supplies, July 2023	\$53.51
	ODP Business Solutions, LLC	
7/13/2023	Office supplies, Business cards, qty 2, Name Plates, qty 4, Invoice #321520371001	\$195.94
7/14/2023	Office supplies, Easel pad, Easel, Markers, Invoice #320627519001	\$42.92
7/18/2023	Office supplies, Name Plates, qty 2, Invoice #320626556001	\$37.98
7/19/2023	Office supplies, Business cards, Invoice #320626556002	\$59.99
7/19/2023	Office supplies, Wireless Keyboard Mouse Combo, qty 3, Invoice #320925943001	\$75.57
	Sean Zears	
7/20/2023	Out of pocket reimbursement for cell phone case and laptop bag	\$34.19
	Total Services and Supplies, Supplies & Maintenance	\$686.10

Telecommunications

	AmeriCALL	
7/4/2023	Monthly telephone charges, 7/4/2023 to 8/3/2023, Invoice #2936645	\$509.16
	Richard White	
7/21/2023	Out of pocket expense reimbursement for 2 months of AT&T charges and iphone order fees	\$1,056.04
7/21/2023	Out of pocket expense reimbursement for 2 months of Comcast internet charges	\$472.64
	Total Services and Supplies, Telecommunications	\$2,037.84

Warrant #24-02 Paid 8-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

Dues & Licenses

	ADP, Inc.	
5/12/2023	Processing charges for period ending April 30, 2023, Debit #632901363	\$8.95
6/16/2023	Processing charges for period ending May 31, 2023, Debit #635667806	\$8.95
7/14/2023	Processing charges for period ending June 30, 2023, Debit #637714428	\$98.18
	Association of International Certified Professional Accountants (AICPA)	
7/14/2023	Annual membership dues for Regular Membership, RTuczak	\$340.00
	Levi, Ray & Shoup, Inc.	
7/7/2023	LRS Axcient CloudFinder for Office 365 backup, 25 licenses, Invoice #299879	\$125.00
	Thomson Reuters	
7/20/2023	NetStaff CS-VO CS Web Services fees, June 2023, Invoice #WS11013669	\$466.00
	Richard White	
7/21/2023	Out of pocket expense reimbursement for Adobe license for the period of July 16, 2023 to May 18, 2024	\$727.87
7/29/2023	Out of pocket expense reimbursement for Zoom license for the period of July 28, 2023 to July 27, 2024	\$599.60
	Total Services and Supplies, Dues & Licenses	\$2,374.55

Training & Education

	Illinois Government Finance Officers Association	
7/11/2023	Professional development webinar, Economic Outlook, RTuczak	\$20.00
8/1/2023	Annual conference registration, September 2023, RTuczak	\$375.00
	Total Services and Supplies, Training & Education	\$395.00

Travel & Transportation

	Samantha Lambert	
7/17/2023	Out of pocket reimbursement for parking fees, July 2023	\$109.00
	Interview Candidate - SR	
7/25/2023	Out of pocket reimbursement for hotel and travel, Interview July 24, 2023	\$658.91
	Interview Candidate - MS	
7/30/2023	Out of pocket reimbursement for hotel and travel, Interview July 27, 2023	\$1,010.67
	Sean Zears	
7/18/2023	Out of pocket reimbursement for parking fees, July 2023	\$53.50
	Total Services and Supplies, Travel & Transportation	\$1,832.08

Warrant #24-02 Paid 8-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

Website

	Levi, Ray & Shoup, Inc.	
7/7/2023	Website maintenance, June 2023, Invoice #299877	\$57.50
7/7/2023	Website hosting and related support, Invoice #299878	\$200.00
	Total Services and Supplies, Website	\$257.50
	Total Administrative Operations Services and Supplies Expenses	\$20,179.49
	TOTAL ADMINISTRATIVE OPERATIONS EXPENSES	\$76,725.74

INVESTMENT OPERATIONS

Investment & Banking

General Investment Consultant

	Verus Advisory, Inc.	
6/30/2023	Services for the quarter ending June 2023, Invoice #INV034735	\$106,875.00

Investment Management

	RhumbLine Advisors	
7/6/2023	Investment Management Services for June 2023 \$2,331,333,375 AUM, .5bps, Invoice #gipop12023June	\$9,442.66
	State Street Global Advisors	
7/21/2023	Investment Management services for June 2023 - Emerging Markets Equity Index Fund \$646,348,502 AUM, 1.55 bps Invoice #SSGABA3780568	\$8,348.67
7/21/2023	Investment Management services for June 2023 - Non-US Small Cap Index Fund \$451,899,289 AUM, 1.55 bps Invoice #SSGABA3780570	\$5,837.03
7/21/2023	Investment Management services for June 2023 - Non-US Developed Index Fund \$1,491,269,490, 1.55 bps, Invoice #SSGABA3780576	\$19,262.23
7/21/2023	Investment Management services for June 2023 - US Agg Bond Index Fund \$546,471,765, 1.55 bps, Invoice #SSGABA3780572	\$7,058.59
7/21/2023	Investment Management services for June 2023 - US REIT Index Fund \$349,937,725, 1.55 bps, Invoice #SSGABA3780571	\$4,520.03
7/21/2023	Investment Management services for June 2023 - US ST Gov/Credit Bond Fund \$1,360,651,418, 1.55 bps, Invoice #SSGABA3780573	\$17,575.08
7/21/2023	Investment Management services for June 2023 - US High Yield Bond Index Fund \$915,961,833, 1.55 bps, Invoice #SSGABA3780574	\$11,831.17
7/21/2023	Investment Management services for June 2023 - US TIPS 0-5 Yrs Fund \$271,141,052, 1.55 bps, Invoice #SSGABA3780577	\$3,502.24

Warrant #24-02 Paid 8-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

Investment Management (continued)

7/21/2023	Investment Management services for June 2023 - Emerging Markets Bond Index Fund \$548,500,731, 1.55 bps, Invoice #SSGABA3780578	\$7,084.80
Total Investment Management Investment & Banking Expenses		\$94,462.50

Custodial Services

State Street Bank & Trust Company		
7/19/2023	Custody Fees, Charges and Expenses for January 2023 Invoice #2301149465-6011	\$35,236.66
7/19/2023	Custody Fees, Charges and Expenses for February 2023 Invoice #2302149465-6011	\$37,086.40
7/18/2023	Custody Fees, Charges and Expenses for March 2023 Invoice #2303149465-6011	\$46,804.08
Total Investment Operations Investment & Banking Expenses		\$119,127.14

TOTAL INVESTMENT OPERATIONS EXPENSES **\$320,464.64**

TOTAL EXPENSES FOR RATIFICATION **\$408,023.85**

Warrant #24-03 Paid 9-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

BOARD OF TRUSTEES and MEETINGS

Professional Services - Administrative Services

	Foster & Foster	
8/21/2023	Plan administration services for the month of June, including the June 9, 2023, Board Meeting, Invoice #28095	\$3,200.00
8/21/2023	Plan administration services for the month of July, including the July 21, 2023, Board Meeting, Invoice #28095	\$3,200.00
	Total Board of Trustees and Meetings Administrative Services Expense	\$6,400.00

Meeting Expenses

	Sound & Light Creations by Scott Fort	
8/17/2023	Full range audio system, video screen, and video projector at the Normal Marriott for the Regional Stakeholder Meeting on October 17, 2023, Invoice #817202301	\$950.00
	Regina Tuczak	
8/21/2023	Out of pocket reimbursement for travel to ILMTA Conference and Regional Shareholder Meeting, June 2023	\$267.90
	Total Board of Trustees and Meetings Meeting Expense	\$1,217.90

Board Member Reimbursements

	Elizabeth Holleb	
8/7/2023	Out of pocket reimbursement for hotel and travel for July 21, 2023, Board Meeting	\$383.15
	Philip Sues	
8/23/2023	Out of pocket reimbursement for hotel and travel for July 21, 2023, Board Meeting	\$332.06
	Total Board of Trustees and Meetings Board Member Reimbursements	\$715.21

TOTAL BOARD OF TRUSTEES AND MEETINGS EXPENSES **\$8,333.11**

ADMINISTRATIVE OPERATIONS

Professional Services - Finance

Audit - Transition

	Sikich LLP	
8/11/2023	Professional services rendered in connection with Agreed Upon Procedures performed as of December 31, 2022, Invoice #24774	\$13,750.00

Professional Services - Human Resources

	Lauterbach & Amen, LLP	
8/18/2023	Professional services rendered for June 2023, Invoice #81337	\$1,518.75
8/18/2023	Professional services rendered for July 2023, Invoice #81336	\$418.75
	Total Human Resources Professional Services Expenses	\$1,937.50

Warrant #24-03 Paid 9-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

Professional Services - Legal

General

8/21/2023	Reimer Dobrovoly & Labardi PC Legal Services Rendered and Disbursements for the period July 2023, Invoice #2851-29563	\$2,729.40
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Fiduciary & Litigation

7/17/2023	Jacobs Burns Orlove & Hernandez LLP Legal services rendered in June 2023 regarding general matters and litigation re: PA 101-610, Invoice #159	\$10,886.87
8/14/2023	Legal services rendered in July 2023 regarding general matters and litigation re: PA 101-610, Invoice #234	\$5,074.00

Total Fiduciary & Litigation Legal Professional Services Expenses **\$15,960.87**

Professional Services - Technology

8/8/2023	Levi, Ray & Shoup, Inc. Network support services, July 2023, Invoice #301855	\$1,822.50
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Professional Services - Communication

8/29/2023	Shepherd Communications Professional Service Fee for September 2023	\$1,500.00
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Professional Services - Other Consulting Services

8/3/2023	MCS Consulting LLC Consulting Services for Strategic Planning for July 2023, and travel expenses for July 21, 2023, Board Meeting, Invoice #1122	\$11,572.69
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Total Administrative Operations Professional Services Expenses **\$49,272.96**

Services and Supplies

Assets under \$5,000

6/21/2023	Central Illinois Security Office security system equipment, software, and installation, Invoice #197440	\$8,652.00
6/21/2023	Office security system access reader for exterior double doors Invoice #196419	\$1,190.00

Total Services and Supplies, Assets under \$5,000 **\$9,842.00**

Office Lease

9/1/2023	City of Peoria Rent for September 2023	\$5,375.00
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Warrant #24-03 Paid 9-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

Printing & Postage

	Katherine Cobb	
8/22/2023	Out of pocket reimbursement for postage for certified mailing of Tranche letters to Article 3 Funds, August 2023	\$10.02

Supplies & Maintenance

	The Cleaning Source	
8/27/2023	Weekly cleaning service for August 2023, Invoice #IP0823	\$186.00
	Samantha Lambert	
8/21/2023	Out of pocket reimbursement for iphone case and screen protectors	\$18.21
	ODP Business Solutions, LLC	
8/17/2023	Office supplies, Hanging folders legal size, Invoice #327069509001	\$44.09
8/18/2023	Office supplies, Extension cord, 3 outlet, 25 ft, Invoice #327068782001	\$75.99
8/22/2023	Office supplies, Hanging folders letter size, 10 Ream Case of Paper, Invoice #328327499001	\$90.79
	Total Services and Supplies, Supplies & Maintenance	\$415.08

Telecommunications

	AmeriCALL	
8/4/2023	Monthly telephone charges, 8/4/2023 to 9/3/2023, Invoice #2972043	\$330.94
	Richard White	
8/22/2023	Out of pocket expense reimbursement for 1 month of AT&T charges	\$687.20
8/22/2023	Out of pocket expense reimbursement for 1 month of Comcast internet charges	\$236.51
	Total Services and Supplies, Telecommunications	\$1,254.65

Dues & Licenses

	Illinois Government Finance Officers Association (IGFOA)	
8/11/2023	Annual membership dues for 2023, prorated, AZick	\$41.65
	Levi, Ray & Shoup, Inc.	
8/8/2023	LRS Axcient CloudFinder for Office 365 backup, 25 licenses, Invoice #301858	\$125.00
	Thomson Reuters	
8/14/2023	NetStaff CS-VO CS Web Services fees, July 2023, Invoice #WS11043925	\$466.00
	Richard White	
8/22/2023	Out of pocket expense reimbursement for Zoom subscriptions	\$1,330.58
	Total Services and Supplies, Dues & Licenses	\$1,963.23

Warrant #24-03 Paid 9-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

Training & Education

	Illinois Government Finance Officers Association (IGFOA)	
8/16/2023	Annual conference, September 2023, AZick	\$375.00
	Regina Tuczak	
8/21/2023	Out of pocket reimbursement for IL CPA Society conference, August 2023	\$365.00
	Total Services and Supplies, Training & Education	\$740.00

Travel & Transportation

	Katherine Cobb	
8/7/2023	Out of pocket reimbursement for parking fees, July and August 2023	\$162.00
	Kent Custer	
7/31/2023	Out of pocket reimbursement for meal with Investment Officer candidate, July 2023	\$51.34
	Interview Candidate - RH	
8/4/2023	Out of pocket reimbursement for hotel and travel, Interview July 31,2023	\$709.34
	Samantha Lambert	
8/21/2023	Out of pocket reimbursement for parking fees, August and September 2023	\$162.00
	Sean Zears	
8/17/2023	Out of pocket reimbursement for parking fees, August 2023	\$86.00
	Amy Zick	
8/17/2023	Out of pocket reimbursement for parking fees, July and August 2023	\$133.00
	Total Services and Supplies, Travel & Transportation	\$1,303.68

Website

	Levi, Ray & Shoup, Inc.	
8/8/2023	Website maintenance, July 2023, Invoice #301856	\$402.50
8/8/2023	Website hosting and related support, July 2023, Invoice #301857	\$200.00
	Total Services and Supplies, Website	\$602.50
	Total Administrative Operations Services and Supplies Expenses	\$21,506.16

TOTAL ADMINISTRATIVE OPERATIONS EXPENSES **\$70,779.12**

Warrant #24-03 Paid 9-1-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - September 21, 2023 Board Meeting

INVESTMENT OPERATIONS

Investment & Banking

Investment Management

	RhumbLine Advisors	
8/14/2023	Investment Management Services for July 2023 \$2,423,339,375 AUM, .5bps, Invoice #gipop12023July	\$10,097.25

Custodial Services

	State Street Bank & Trust Company	
8/25/2023	Custody Fees, Charges and Expenses for April 2023 Invoice #2304149465-6011	\$34,997.54
7/31/2023	Custody Fees, Charges and Expenses for May 2023 Invoice #2305149465-6011	\$35,536.54
8/24/2023	Custody Fees, Charges and Expenses for June 2023 Invoice #2306149465-6011	\$46,581.20

Total Investment Operations Investment & Banking Expenses	\$117,115.28
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TOTAL INVESTMENT OPERATIONS EXPENSES	\$127,212.53
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TOTAL EXPENSES FOR RATIFICATION	\$206,324.76
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IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM 7.1: TRUSTEE SPECIAL ELECTION REPORT
DATE: SEPTEMBER 15, 2023

RECOMMENDATION: Approve candidates and authorize the special election process for Participant Trustee Seat #6.

CANDIDATES FOR THE SPECIAL TRUSTEE ELECTION:

- Scott W. Bowers, Peoria Police Department.
 - “23 years as a Police Officer. Trustee with Peoria Police Pension Fund since 2012”.
- Steve Witnik, Franklin Park Police Department.
 - “Sergeant & Pension Board President”.

BACKGROUND:

- As provided for in the statute, the Board of Trustees is charged with administering the election for the permanent trustees. (40 ILCS 5/22B-116).
- The term “**active member**” shall refer to an active police officer participating in an Article 3 Pension Fund. The Active Member Trustee Seat with a term of office that began in January 2021 and runs through December 2024 is currently vacant with the recent resignation of the elected trustee holding this seat.

- The statute currently provides that “[f]or a vacancy of an elected trustee occurring with an unexpired term of 6 months or more, an election shall be conducted for the vacancy in accordance with Section 22B-115 and this Section.” The present statute also provides that the terms of office for the elected trustees shall be four-year terms of office. The Active Member trustee will fill the remainder of a four-year term of office that began in January 2021, and continues through December 2024.
- Pursuant to the pension code, the Board of Trustees approved on June 9, 2023, that a special election take place to fill the vacant seat.
- The nomination period for candidates opened on June 26, 2023, and closed on August 4, 2023. Two candidates filed nomination papers which qualified them for the special election. The required nomination review and challenge period was completed on August 17, 2023, without any challenges to the nomination process. No further action is necessary.
- IPOPIF staff continues to develop the database of eligible electors (active Article 3 police officers) which will be provided to the election services vendor on time.
- IPOPIF staff continues to work with SBS, election vendor, in the development of the necessary election materials which are proceeding on schedule.
- It is anticipated that the election ballots and materials will be mailed to the eligible electors on October 3, 2023, and must be received by October 31, 2023.
- Additional updates will be provided, as necessary, at the October 13, 2023, Board of Trustee meeting.

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: Board of Trustees
 FROM: Richard White, Executive Director
 RE: Agenda Item 7.2: IMRF Employer Contribution
 DATE: September 15, 2023

Recommended action: Adopt Resolution 2023-___ to include compensation paid under Internal Revenue Code Section 125 Plan as IMRF reportable earnings.

Background:

This item was placed on the agenda at the request of Chairperson Suess and Vice Chairperson Swanlund.

Some earnings are not required to be reported to the IMRF as compensation but are optional on the part of the employer to be included as long as the governing body passes a resolution to include these earnings as reportable compensation. Generally, compensation for a Section 125 health care plan or compensation paid for healthcare insurance benefits is not reported as compensation and therefore not included in reportable compensation. The IPOPIF has been including these amounts in the reportable compensation by using the 'gross salary' for each employee and has been paying the employer contribution based on this. We were recently informed that this resolution is necessary to permit this to occur. It is important to note that the inclusion of these earnings does slightly raise the employer and employee contribution for the pension benefit while also raising the retirement benefit for the employee. Also, should the Board decide not to use the gross salary for reportable compensation, we would also need to revise the previous years' reported wages to IMRF, along with any related employee withholdings and then evaluate the tax consequences on each employee's IRS Form W-2.

The adoption of this resolution will allow the reporting of compensation to include the amount of compensation that is paid by the employee for health care benefits and the IPOPIF will continue to pay the IMRF contributions based on the member's gross salary.

The financial impact to the IPOPIF as an employer using the 'gross salary' as the compensation reported to the IMRF, based upon the current staffing and the health benefits selected individually by each employee, is approximately \$1,300.00 per year. This amount is currently included in the approved fiscal year 2024 budget.

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: BOARD OF TRUSTEES
 FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
 RE: AGENDA ITEM 7.3: APPROVE FURNITURE PURCHASE
 DATE: SEPTEMBER 15, 2023

Recommended action: Approve the purchase of office furniture in the amount of \$32,466.16 from Lincoln Office.

Discussion:

This agenda item was placed onto the agenda at the request of Chairperson Suess.

The Board of Trustees has previously approved the purchases of desk furniture, chairs, storage and filing cabinets, and tables for the office from Lincoln Office in May 2022 (6-aye; 1 nay, 2 absent) and September 2022 (6-aye, 1-nay, 2 absent). A third purchase totaling \$3,100 in March 2023 was for a small table and a filing cabinet for an office which was approved by the Executive Director, in accordance with the purchasing policy, and did not require Board approval. These three purchases totaled \$131,278.37.

The current furniture inventory includes individual desks, pedestals and chairs for staff, filing cabinets to accompany office desks or stand alone needs, conference room and office table and chairs, visitor chairs and storage cabinets. The furniture accommodated the opening of the permanent office and the team members that were on-board at or near the time of these purchases.

Recent action taken by the Board of Trustees in the Spring of 2023 authorized the hiring of additional staffing for the Fund. These team members will occupy office spaces that are cubicle areas in the center of the office that were provided by the landlord for our use at no cost to the Fund.

The recruitment of these positions began shortly after the Board authorized these positions and though the timing of this recruitment process was not readily known, it was possible that the addition of new team members would take place before the Board would have been able to approve the purchase of the necessary office furnishings.

With this in mind, I approved the purchase of office furniture in anticipation of having the furniture in place when the new team arrived. I requested that the Board of Trustees approve the purchase of the additional office furniture at the June 9, 2023, meeting but the item was not passed (4 aye, 3 nays, 1 abstain, 1 vacant). Subsequent to this meeting, I reviewed the purchase order with the vendor and found that the delivery of the furniture order can be delayed but cannot otherwise be canceled or revised.

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

As of the July 21, 2023, three new team members have been on-boarded and will make use of the new furniture with the remainder of the furniture to be used for the additional staff currently in the recruitment phase, a workspace for the Board and for transient visitors, and other use.

The fully furnished office will be able to accommodate the approved staffing level of thirteen team members, allow for some future growth in staffing, for Board and transient visitor workspaces, small conference meeting room table and chairs, reception area including guest seating, filing, storage and workspace cabinets. Unless there are changes in the size of the organization in the future, it is unlikely that there will be a need for significant furniture purchases once this order is completed.

The purchase of this furniture will increase the total to \$163,744.53.

Illinois
Police
Officers'
Pension
Investment
Fund

**Administration/Operations
Update**

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, September 15, 2023**

COMMUNICATIONS

- **ARTICLE 3 FUNDS**

- Monthly investment reports through **July** for each of the Article 3 funds have been posted to the Website and are now available for the Article 3 participating police pension funds, municipalities, other stakeholders and the general public to review.
- Reports continue to be available to Funds via on-line portal.

- **SPEAKING ENGAGEMENTS**

- Illinois Municipal League Annual Conference, with Chairperson Suess, September, Chicago.
- Illinois Public Pension Fund Association, October, Lincolnshire.

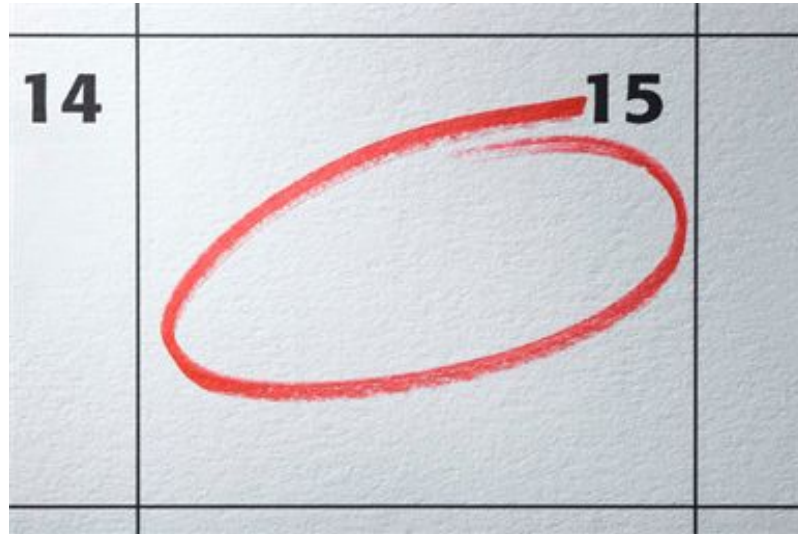
REGIONAL STAKEHOLDER MEETING

**TUESDAY,
OCTOBER 17, 2023
1:00 PM – 5:00 PM**

Bloomington – Normal
Marriott Hotel
201 Broadway Avenue
Normal, IL

- 2024 Tentative Dates:
 - February 21, 2024
 - Naperville
 - May 8, 2024
 - Quincy
 - July 10, 2024
 - Rock Island
 - October 23, 2024
 - Rockford

BOARD AND COMMITTEE MEETINGS



Committee Meetings:

Thursday

November 9, 2023

Board of Trustees:

Friday,

October 13 , 2023

Illinois
Police
Officers'
Pension
Investment
Fund

**Administration/Operations
Update**

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, September 15, 2023**

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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

IPOPIF

Phil Suess
ChairpersonPaul Swanlund
Vice-ChairpersonLee Catavu
SecretaryMark Poulos
TreasurerBrad Cole
TrusteeShawn Curry
TrusteeElizabeth Holleb
TrusteeDaniel Hopkins
TrusteeMichael Inman
TrusteeILLINOIS 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 2nd. He informed the Board that 322 participating pension funds have fully

Illinois Police Officers' Pension Investment Fund
Board of Trustees Meeting Minutes
June 9, 2023
Page 2 of 8

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 1st. 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 1st, 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 19th 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 "IPOPIF 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 1st. 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 17th regular meeting. A motion was made by Trustee Cole and seconded by Trustee Holleb to approve the March 17th 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 14th regular Board meeting and closed session. A motion was made by Trustee Inman and seconded by Trustee Hopkins to approve the April 14th 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 5th 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 31st 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

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Discuss Process and Procedures for Annual Performance Evaluation of Executive Director and Provide Direction: General Counsel Reimer discussed the preparation of a performance evaluation tool/spreadsheet for the Executive Director position that was used last year and to provide for review at the July 21, 2023. Chairman Suess will work with General Counsel Reimer and the Executive Director to refine the current form, circulate to the Board and propose for discussion at the July 21, 2023

Fiduciary Legal Counsel's Report: Status Update on Consolidation Lawsuit: Fiduciary Counsel Muzzy provided the Board with an update on the case. On May 24, 2023 the Illinois Supreme Court granted the petition for leave to appeal. On June 2, 2023, Plaintiffs submitted notice they will file an additional brief which is anticipated to be filed by the end of June. Appellees' brief would then be due some time in August and a decision from Supreme Court would then follow some time in 2024.

PUBLIC COMMENT: There were no comments from the public.

ADJOURNMENT: A motion was made by Trustee Inman and seconded by Trustee Poulos to adjourn the meeting at 3:23 p.m. Motion carried by voice vote.

Respectfully submitted by:

Approved by:

Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Phil Suess, Board Chairperson

Lee Catavu, Board Secretary

Date Approved by the Board of Trustees: _____

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.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

BOARD OF TRUSTEES

Minutes for Board of Trustees - Regular Meeting - July 21, 2023

07/21/2023 | 08:30 AM - Central Time (US and Canada)

Marriott Pere Marquette Hotel, Marquette Salon B, 501 Main Street, Peoria, IL.

Attendees:

Richard White, Executive Director; Kent Custer, Chief Investment Officer; Regina Tuczak, Finance Director/ Assistant Executive Director; Amy Zick, Senior Accountant; Kate Cobb, Administrative Analyst; Samantha Lambert, Administrative Analyst; Barb Meyer, Investment Officer; Steve Yoon, Investment Officer; Joe Miller, Information Technologist; Sean Zears, Communications Specialist; Richard Reimer, General Legal Counsel, Reimer, Dobrovolny & Labardi PC; Taylor Muzzy, Fiduciary Legal Counsel, Jacobs Bums Orlove & Hernandez, LLP; Allie Rysell, Plan Administrator, Foster & Foster, Inc.; Sally Choi, Strategic Planner, MCS Consulting, LLC.; Bukola Bello, Governmental Liaison, Vision MAI; Brian LeFevre, Sikich, LLP (Zoom); Scott Whelan, Verus (Zoom); Kim Shepherd, Shepherd Communications (Zoom); Marisel Hernandez, Fiduciary Legal Counsel, Jacobs Bums Orlove & Hernandez, LLP; (Zoom); Members of the Public (Zoom)

Agenda:

All members of the Board of Trustees, staff, and legal counsel were provided with or had access to a copy of the agenda. The agenda was also posted on the IPOPIF website, at the IPOPIF office door, and at the meeting room located at 501 Main Street, Peoria, IL.

1.0 Call to Order

The meeting was called to order at 8:33 AM by Chairperson Suess.

2.0 Roll Call

A roll call was conducted, and 7 Trustees were present, 1 absent, and 1 vacant Trustee position. A quorum was established with the 6 required number of Trustees present.

Board of Trustees:

- Philip Sues, Chairperson
- Paul Swanlund, Vice Chairperson
- Lee Catavu; Secretary
- Mark Poulos, Treasurer
- Brad Cole;
- Elizabeth Holleb;
- Michael Inman;

Absent:

- Daniel Hopkins

Vacant:

- Participant Representative

All individuals present are reflected in the list of attendees.

3.0 Board of Trustees

3.a Strategic Goals and Objectives:

The Board of Trustees and Executive Staff discussed the mission, vision, core values, goals, and objectives. The session was led and moderated by Sally Choi, MCS Consulting LLC.

The Board of Trustees gave direction to Executive Director White, Chief Investment Officer (CIO) Custer, and Finance Director Tuczak and tasked them with refining the Strategic Plan for further consideration by the Board. Finalization of the Strategic Plan is targeted to be completed by the end of 2023 and should be included on each agenda until it is approved by the Board of Trustees.

4.0 Lunch Break

A motion was made by Trustee Poulos and seconded by Trustee Inman to recess for lunch at 12:26 PM. Motion carried by a voice vote:

Ayes: 7

Nayes: 0

Abstain: 0

Absent: 1

Vacant: 1

A motion was made by Trustee Poulos and seconded by Trustee Iman to reconvene the Board of Trustees meeting into open session at 1:06 PM. Motion carried by a voice vote:

Ayes: 6

Nayes: 0

Abstain: 0

Absent: 2

Vacant: 1

5.0 Investments

5.a Investment Update Report:

CIO Custer provided an Investment Update to the Board of Trustees. He reviewed investment operational highlights, performance summary, asset allocation, key investment initiatives, preliminary agenda planning, and preliminary search queue.

CIO Custer noted that Investment Staff recruitment is underway with the possibility of two additional investment officers being hired in the near future.

Questions from the Board of Trustees were addressed by CIO Custer.

5.b Global/International Equity Small Cap Manager Search

CIO Custer reviewed his memorandum reviewing the Investment Manager Search Request, reviewed the draft Request for Proposal (RFP) and the preliminary timeline to complete the search.

Questions were addressed by CIO Custer and Fiduciary Legal Counsel Muzzy.

A motion was made by Trustee Holleb and seconded by Trustee Inman to approve the search for active investment managers focusing on small international companies. Motion carried by a roll call vote.

Ayes: Trustees Suess, Swanlund, Catavu, Poulos, Holleb, Inman, and Cole
Nays: None
Abstain: None
Absent: Trustee Hopkins
Vacant: Vacant

6.0 Governmental Liaison Report

6.a Monthly Legislative Report.

Governmental Liaison Bello reviewed the monthly legislative report and briefed the Board of Trustees on the status of the IPOPIF legislative agenda. All questions were addressed by Governmental Liaison Bello and staff.

7.0 Finance

7.a Monthly Financial Statement – May 2023

Finance Director Tuczak briefed the Board of Trustees on the financial statement for the Month of May 2023.

A motion was made by Trustee Holleb and seconded by Trustee Cole to approve the May 2023 monthly financial statement. Motion carried by a roll call vote.

Ayes: Trustees Suess, Swanlund, Catavu, Poulos, Holleb, Inman, and Cole
Nays: None
Abstain: None
Absent: Trustee Hopkins
Vacant: Vacant

7.b Warrant #24-01.

Finance Director presented warrant # 24-01. Finance Director Tuczak noted that warrants have been renumbered as of July to coincide with the new fiscal year and month of payment, noting that the warrants are now prepared in-house by IPOPIF staff.

A motion was made by Trustee Inman and seconded by Trustee Holleb to approve Warrant 24-01 as provided. Motion carried by a roll call vote.

Ayes: Trustees Suess, Swanlund, Catavu, Poulos, Holleb, Inman, and Cole
Nays: None
Abstain: None
Absent: Trustee Hopkins
Vacant: Vacant

7.c Transition Audit (per 40 ILCS 5/22B 120(g)).

Finance Director Tuczak reviewed her memorandum on the transition audit, reporting that all testing associated with the Agreed Upon Procedures had been completed and no exceptions or issues were identified during the process. Finance Director noted that a draft report from Sikich LLP was provided and that upon approval by the Board of Trustees, IPOPIF staff will provide a management representative letter and the report will be issued.

Brian LeFevre, Sikich was available for any questions or discussion from the Board of Trustees.

A motion was made by Trustee Holleb and seconded by Trustee Catavu to approve the post-transition audit report. Motion carried by a roll call vote.

Ayes: Trustees Suess, Swanlund, Catavu, Poulos, Holleb, Inman, and Cole
Nays: None
Abstain: None
Absent: Trustee Hopkins
Vacant: Vacant

7.d Examination and Investigation Audits.

Finance Director Tuczak reviewed her memorandum on the Examination and Investigation Audits based upon a request of the Board of Trustees from the June 9, 2023, meeting. She reviewed her analysis regarding potential examinations of the Article 3 participating police funds including estimates of conducting these examinations using outsourced service providers or in-house staff.

A motion was made by Trustee Poulos and seconded by Trustee Cole to authorize the process to issue an RFP to conduct examination and investigation audits utilizing Independent CPA firms. Motion carried by a roll call vote.

Ayes: Trustees Suess, Swanlund, Catavu, Poulos, Holleb, Inman, and Cole
Nays: None
Abstain: None
Absent: Trustee Hopkins
Vacant: Vacant

7.e Pay Plan

Finance Director Tuczak reviewed her memorandum on the newly created pay plan to the Board of Trustees. She noted that salaries for all employees are included in the pay plan and that non-contract employees are eligible for a merit salary adjustment annually pursuant to an annual performance review. She also noted that the maximum salary ranges will be adjusted annually by an inflationary index tied to the Consumer Price Index for Urban Consumers in the Peoria region. The pay plan and CPI-U increase would be incorporated into the annual development and approval of the annual fiscal year budget.

A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve the FY 24 Pay Plan. Motion carried by a roll call vote.

Ayes: Trustees Suess, Swanlund, Catavu, Poulos, Holleb, and Cole
Nays: None
Abstain: None
Absent: Trustees Hopkins and Inman
Vacant: Vacant

8.0 Operations

8.a. Illinois Municipal Retirement Fund (IMRF) Resolution 2023-xx.

Executive Director White reviewed his memorandum which requires the IPOPIF to adopt a resolution to allow the reporting of member earnings to IMRF to include the gross salary of an employee that includes the amount of compensation that is paid by an employee for health care benefits under IRS Code Section 125.

A motion was made by Trustee Catavu and seconded by Trustee Swanlund to approve Resolution 2023- __ to include compensation paid under IRS Code Section 125 plan as IMRF earnings. Motion failed by a roll call vote.

Ayes: Trustees Suess, Swanlund, Catavu, Poulos.,
Nays: Trustees Holleb, Inman, and Cole
Abstain: None
Absent: Trustee Hopkins
Vacant: Vacant

8.b IMRF Service Purchase Consideration for Employees

Executive Director White reviewed his memorandum regarding the IMRF service purchases for the two non-contract employees that began employment with the IPOPIF before the fund became a member of the IMRF.

A motion was made by Trustee Catavu and seconded by Trustee Swanlund to approve IPOPIF to pay the employee cost, including interest and taxes, to establish the prior service of certain employees that had IPOPIF earnings prior to IPOPIF joining IMRF. Motion failed by a roll call vote.

Ayes: Trustees Suess, Swanlund, Catavu,
Nays: Trustees Poulos, Holleb, Inman, and Cole
Abstain: None
Absent: Trustee Hopkins
Vacant: Vacant

8.c Trustee Election Policy (PP-2020-03).

Executive Director White reviewed his memorandum on the revisions to the election policy to address the procedures for the nomination of candidates, the election process, and the certification of the election by the Board of Trustees for the special election to fill the vacant trustee seat.

Marisel Hernandez, Fiduciary Legal Counsel was available to the Board of Trustees for questions.

A motion was made by Trustee Holleb and seconded by Trustee Inman to approve the revised Election Policy (PP-2020-03). Motion carried by a roll call vote.

Ayes: Trustees Suess, Swanlund, Catavu, Poulos, Holleb, Inman, and Cole
Nays: None
Abstain: None
Absent: Trustee Hopkins
Vacant: Vacant

8.d Election Services – Survey and Ballot Systems Provider Contract

Executive Director White reviewed his memorandum regarding the 2023 IPOPIF Special Election contract with Survey and Ballot systems to conduct the special election for the vacant trustee seat. The contract amount of \$19,316 was executed by the Executive Director in accordance with the Purchasing Policy and formal action by the Board of Trustees is not required. Director White noted there is a retainer fee of \$3500, whether an election occurs or not and that the cost of ballot postage to each of the electors will be billed separately...

8.e Office Furniture Purchase

Chairperson Suess requested that this item be removed from the agenda.

8.f Operations Status Report.

Chairperson Suess noted that the report was included in the agenda packet and will not be further reviewed by Executive Director White. Questions from the Board of Trustees were addressed.

9.0 Minutes

Chairperson Sues noted that meeting minutes were not provided for review and will be addressed at a future meeting.

10.0 General Legal Counsel

General Legal Counsel Reimer and Chairperson Sues provided an update on the process to be followed for the preparation of the Executive Director performance evaluation.

11.0 Fiduciary Legal Counsel

Fiduciary Legal Counsel Muzzy stated the plaintiffs filed their appellate brief on July 2nd. The Appellate level is to join in brief to the Attorney General. Trustee Cole stated that he has been informed that an extension could be filed by the Attorney General to further this to September.

12.0 Closed Session

A closed session was not held.

13.0 Public Comment

An opportunity for public comment was provided at 3:38 PM. No comments were heard, and no discussion was provided.

14.0 Adjournment

A motion was made by Trustee Inman and seconded by Trustee Swanlund to adjourn the Board of Trustee meeting at 3:39 PM. Motion carried by a voice vote.

Ayes: 7

Nays: 0

Abstain: 0

Absent: 1

Vacant: 1

Respectfully submitted by:



Richard White, Executive Director

Approved by:

Phil Sues, Chairperson, Board of Trustees

Lee Catavu, Secretary, Board of Trustees

Date Approved by the Board of Trustees: September 15, 2023

DRAFT

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Phil Suess
ChairpersonPaul Swanlund
Vice-ChairpersonLee Catavu
SecretaryMark Poulos
TreasurerBrad Cole
TrusteeShawn Curry
TrusteeElizabeth Holleb
TrusteeDaniel Hopkins
TrusteeMichael Inman
Trustee

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

GOVERNANCE COMMITTEE

MEETING MINUTES – MARCH 30, 2023 AT 2:00 PM

A meeting of the Illinois Police Officers' Pension Investment Fund's Governance Committee was held through the Zoom digital platform in accordance with the Gubernatorial Disaster Proclamation issued on 03-03-2023 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: Phil Suess
Lee Catavu
Shawn Curry
Michael Inman (*joined at 2:14 p.m.*)

TRUSTEES ABSENT: None

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

OTHERS PRESENT: Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Allie Rysell, Plan Administrator, Foster & Foster Consulting Actuaries, Inc.
Members of the Public

CALL TO ORDER: Committee Chairperson Suess called the meeting to order at 2:01 p.m.

ROLL CALL: As reflected above.

MEETING MINUTES: *Approve January 10, 2023 Meeting Minutes:* The Committee reviewed the draft minutes from the January 10, 2023 meeting. A motion was made by Trustee Curry and seconded by Trustee Catavu to approve the meeting minutes from the January 10, 2023 meeting. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, and Curry

NAYS: None

ABSENT: Trustee Inman

OLD BUSINESS: There was nothing outstanding to discuss.

NEW BUSINESS: *Review and make recommendations to the Board of Trustees:* A memorandum dated March 30, 2023 regarding "Agenda Items: Policy Review and Recommendation" was provided

Illinois Police Officers' Pension Investment Fund
Governance Committee
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to the Committee to review in advance of the meeting. Executive Director White reviewed the following action items with the Committee for feedback:

Bylaws Revision: Executive Director White reviewed the proposed amendments to Section 305 “Duties of the Treasurer” and Section 309 “Committees of the Board” with the Trustees. Staff revised Section 305 to redefine the Treasurer’s responsibilities to align with the administration and finance operations of the Fund with the addition of the full-time Finance Director position. The proposed amendment to Section 309 added language to define the quorum for Committee meetings. The Board discussed the proposed revisions with Executive Director White and Attorney Reimer. A motion was made by Trustee Catavu and seconded by Trustee Curry to recommend the Board of Trustees approve the amendments to the Bylaws as presented. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, and Curry
NAYS: None
ABSENT: Trustee Inman

Cash Management Policy Revision: Executive Director White reviewed the proposed amendments to the Cash Management Policy (PP-2022-01) with the Committee. Staff revised Section A, “Definitions” and Section D, “Cash Management Procedures” to align with the adoption of Administrative Rule 2023-01. CIO Custer provided background information on the proposed changes to the cash management procedures.

Trustee Inman joined at 2:14 p.m.

A motion was made by Trustee Curry and seconded by Trustee Catavu to recommend that the Board of Trustees approve the Cash Management Policy (PP-2022-01) revisions as presented. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, and Curry
NAYS: None
ABSENT: None
ABSTAIN: Trustee Inman

Communications Specialist Job Description and Salary Range: Executive Director White provided background information on the Communications Specialist position, which was recently added to the Fiscal Year 2023 Budget by board approval at the March 17, 2023 meeting. He reviewed the draft Communications Specialist Job Description Policy with the Committee. The New Role Compensation Analysis will be provided at a later date for discussion at the April 14, 2023 meeting. The Committee discussed the proposed responsibilities and duties required for the position. Chair Suess stated that one of the key roles of the position is to communicate the investment strategy and results to the participating police pension funds. Knowledge of investments would be preferred. Staff will revise the job description to incorporate Chair Suess’ feedback. A motion was made by Trustee Inman and seconded by Trustee Catavu to recommend the Board of Trustees approve the Communications Specialist Job Description Policy with changes to be incorporated by staff. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Curry, and Inman
NAYS: None
ABSENT: None

Information Technologist Job Description and Salary Range: Executive Director White provided background information on the Information Technologist position, which was recently added to the

Illinois Police Officers’ Pension Investment Fund
Governance Committee
Meeting Minutes – March 30, 2023
Page 3 of 3

Fiscal Year 2023 Budget by Board approval at the March 17, 2023 meeting. He reviewed the draft Information Technologist Job Description Policy with the Committee. The New Role Compensation Analysis will be provided at a later date for discussion at the April 14, 2023 meeting. All questions were answered by Executive Director White. A motion was made by Trustee Catavu and seconded by Trustee Curry to recommend the Board of Trustees approve the Information Technologist Job Description Policy. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Curry, and Inman
NAYS: None
ABSENT: None

Organizational Goals & Objectives: Executive Director White and Chair Suess provided background information on the preliminary “IPOPIF Organization Summary Goals and Objectives Action Planning” document. Chair Suess indicated that he would like feedback from the full Board of Trustees on the preliminary document to ensure the discussion is structured when the item is presented at a future board meeting. He indicated that staff is targeting the initial discussion of the goals and objectives document for a board meeting to be scheduled in May.

Chair Suess requested feedback from the Committee on the preliminary document and proposed approach for review and discussion. Trustee Curry stated that the goals and objectives should be reasonable and obtainable. He did not request any changes to the document presented. Trustee Catavu had no suggestions to incorporate into the document and agreed with the recommended approach as proposed.

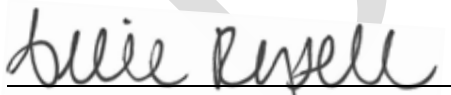
Next Meeting: Chair Suess stated that the next meeting of the Governance Committee is scheduled to take place on May 19, 2023, with the time to be determined at a later date.

PUBLIC COMMENT: There was no public comment.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Inman and seconded by Trustee Catavu to adjourn the meeting at 2:31 p.m. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Curry, and Inman
NAYS: None
ABSENT: None

Respectfully submitted by:


Allie Rysell, Plan Administrator

Approved by:

Phil Suess, Committee Chairperson

Approved by Committee: _____

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Phil Suess
ChairpersonPaul Swanlund
Vice-ChairpersonLee Catavu
SecretaryMark Poulos
TreasurerBrad Cole
TrusteeShawn Curry
TrusteeElizabeth Holleb
TrusteeDaniel Hopkins
TrusteeMichael Inman
Trustee

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

ELECTION COMMITTEE

MEETING MINUTES – MARCH 20, 2023, at 2:00 p.m.

A meeting of the Illinois Police Officers' Pension Investment Fund's Election Committee was held on Monday, March 20, 2023, through the Zoom Digital Platform in accordance with the Gubernatorial Disaster Proclamation issued on 03-03-23 and Public Act 101-0640.

TRUSTEES PRESENT: Mark Poulos
Brad Cole
Michael Inman

TRUSTEES ABSENT: Shawn Curry

STAFF PRESENT: Richard White, Executive Director
Gina Tuczak, Finance Director/Assistant Executive Director
Kate Cobb, Administrative Analyst

OTHERS PRESENT: Vince Mancini, General Counsel, Reimer Dobrovlny & LaBardi PC
Taylor Muzzy, Fiduciary Counsel, JBOH
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Committee Chairperson Poulos called the meeting to order at 2:03 p.m.

ROLL CALL: As reflected above.

MEETING MINUTES: *Review/Approve – September 1, 2022, Meeting Minutes:* The Committee reviewed the draft minutes from the September 1, 2022, meeting. A motion was made by Trustee Inman and seconded by Trustee Poulos to approve the September 1, 2022, meeting minutes. Motion carried unanimously by roll call vote.

AYES: Trustees Poulos, Cole, and Inman

NAYS: None

ABSENT: Trustee Curry

OLD BUSINESS: There was nothing outstanding to discuss.

NEW BUSINESS: *2022 Post-Election Discussion:* Executive Director White summarized the election process that was held in 2022. The election timeline and key dates from the election cycle were discussed with the Committee. The seating of the elected trustees occurred at the Board's January 27, 2023 meeting.

Executive Director White noted that IPOPIF's election service provider, Survey and Ballot Systems, issued a refund in the amount of \$6,366 for election services that were not required for the 2022 election

Illinois Police Officers’ Pension Investment Fund
Election Committee
Meeting Minutes – March 20, 2023
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cycle. He noted that the envelopes that were printed for the election ballots will be stored at SBS to be used for the next election cycle.

2024 Election Preview/Discussion: Executive Director White noted that the next election will be held in the calendar year 2024 for terms of office beginning January 2025 through December 2028. The Committee will review the election process and procedures and Election Policy at the November 9, 2023, meeting. All questions were answered by Executive Director White.

Status Update – Trustee Vacancy Legislation: Executive Director White noted that the Board approved legislative language at the February 10th special meeting to amend the pension code to permit the appointment of a new trustee to serve in a vacant position until the next election cycle. The matter is pending, and an update will be provided at a future meeting by the Governmental Liaison.

Next Meeting: Chair Poulos advised the Trustees that there will not be much to discuss prior to the November 9, 2023, meeting. He inquired if the Trustees would be in favor of cancelling the May 19, 2023, meeting. The Committee reviewed the meeting calendar with Executive Director White. A motion was made by Trustee Inman and seconded by Trustee Cole to cancel the May 19, 2023, meeting and to schedule the next meeting in September, with the date and time to be determined at a later time. Motion carried unanimously by roll call vote.

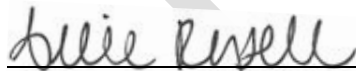
AYES: Trustees Poulos, Cole, and Inman
NAYS: None
ABSENT: Trustee Curry

PUBLIC COMMENT: There were no comments from the public.

ADJOURNMENT: A motion was made by Trustee Cole and seconded by Trustee Inman to adjourn the meeting at 2:15 p.m. Motion carried by roll call vote.

AYES: Trustees Poulos, Cole, and Inman
NAYS: None
ABSENT: Trustee Curry

Respectfully submitted by:



Allie Rysell, Plan Administrator

Approved by:

Mark Poulos, Committee Chairperson

Date Approved: _____

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

LEGISLATIVE COMMITTEE

MEETING MINUTES – JANUARY 19, 2023, at 3:30 P.M.

A meeting of the Illinois Police Officers' Pension Investment Fund's Legislative Committee was held via the Zoom Digital Platform. The meeting was held in accordance with the Gubernatorial Disaster Proclamation issued on 01-06-23 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: Lee Catavu
Brad Cole
Paul Swanlund

TRUSTEES ABSENT: None

STAFF PRESENT: Richard White, Executive Director
Gina Tuczak, Finance Director/Assistant Executive Director
Steve Yoon, Investment Officer
Shaun Ivey, Administrative Analyst (*joined at 4:22 p.m.*)
Kate Cobb, Administrative Analyst

OTHERS PRESENT: Bukola Bello, Governmental Liaison, Vision M.A.I. Consulting
Vince Mancini, General Counsel, Reimer Dobrovolny & LaBardi PC
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Committee Chairperson Catavu called the meeting to order at 3:30 p.m.

ROLL CALL: As reflected above.

MEETING MINUTES: The October 14, 2022, meeting minutes were approved at the December 9, 2022 meeting of the Board of Trustees. The Committee did not have any new meeting minutes to approve.

LEGISLATIVE MATTERS: *Governmental Liaison's Report:* Governmental Liaison Bello informed the Committee that her monthly report will be reviewed at the January 27, 2023, meeting of the Board of Trustees.

Review and Recommendation to the Board of Trustees – Compliance Audits Under Section 40 ILCS 5/1A-104: Executive Director White reviewed a memorandum dated January 19, 2023, regarding the "Memorandum of Understanding (MOU) with the Department of Insurance (IDOI)" with the Committee. Attorney Reimer and Executive Director White have held several discussions with the IDOI since July 2022 and have not been able to resolve various concerns regarding a provision that would require the IPOPIF to perform compliance audit functions. An update was provided at the October 14, 2022, meeting of the Contract Committee, where Attorney Reimer indicated that the IPOPIF would need to either accept the draft MOU and accrue the cost associated with outsourcing the compliance audit function or seek legislative

Illinois Police Officers' Pension Investment Fund
Legislative Committee
Meeting Minutes – January 19, 2023
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relief. After discussion, the Contract Committee assigned the matter to the Legislative Committee to consider a potential legislative initiative by IPOPIF.

Executive Director White provided background information on the key points and areas of concern regarding the compliance audit function and requested Committee feedback and direction for staff on the matter. Trustee Cole disagreed with two key points on page three in the agenda packet pertaining to the lack of statutory authority and the lack of staff to conduct the compliance audit function since the function could be outsourced. Chair Catavu inquired if the Committee should direct Executive Director White, Ms. Bello, and legal counsel to work together to prepare legislation to address the compliance audit issue or if the Board should take a formal position if a bill is presented. All questions were answered by Executive Director White and Ms. Bello. No Committee action was taken. Ms. Bello will continue to monitor new bills that are being introduced. Further discussion may be held at a future meeting.

Review and Recommendation to the Board of Trustees – Technical Cleanup to 40 ILCS 5/22B-115 and 22B-120: Executive Director White reviewed a memorandum dated January 19, 2023 regarding the “Technical Cleanup to Pension Code Sections” with the Committee. He reviewed the proposed language to Section 22B-115(c) that would enhance the ability of the Fund to efficiently administer the Oath of Office to the Board of Trustees. The Committee provided feedback regarding the proposed language. All questions were answered by Executive Director White and Attorney Muzzy. A motion was made by Trustee Cole and seconded by Trustee Swanlund to recommend Board approval of the legislative technical correction proposal to Section 22B-115(c) to include language that the Oath of Office can be administered by the secretary of state or legal counsel. Motion carried unanimously by roll call vote.

AYES: Trustees Catavu, Cole, and Swanlund
NAYS: None
ABSENT: None

Executive Director White requested Committee feedback on the proposed language amendment to Section 22B-115(d) to remove the Legislative Travel Control Board as the travel reimbursement guide for the Trustees. He recommended that the Board pass a policy with travel reimbursement guidelines using the prudent person standard of care. All questions were answered by Executive Director White and Attorney Muzzy. A motion was made by Trustee Catavu and seconded by Trustee Swanlund to recommend Board approval of the proposed legislative technical change to section 115(d) with regard to the travel policy. Motion carried unanimously by roll call vote.

AYES: Trustees Catavu, Cole, and Swanlund
NAYS: None
ABSENT: None

Executive Director White requested Committee feedback on the proposed language amendment to Section 22B-120(a) to change the transition period from 30 months to 36 months to align with the transition process. All questions were answered by Executive Director White and Attorney Muzzy. A motion was made by Trustee Catavu and seconded by Trustee Swanlund to recommend Board approval of the legislative technical change language of the statute to be adjusted to 36 months to align with the transition process. Motion carried by roll call vote.

AYES: Trustees Catavu and Swanlund
NAYS: Trustee Cole
ABSENT: None

Mr. Ivey joined the meeting at 4:22 p.m.

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Legislative Committee
Meeting Minutes – January 19, 2023
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Recommend Legislation to fill Trustee Vacancy: Executive Director White reviewed a memorandum dated January 19, 2023 regarding the “Legislative Proposal” with the Committee. The purpose of drafting a legislative proposal would be to allow the Board to appoint a new trustee to fill a trustee vacancy. All questions were answered by Executive Director White, Ms. Bello, and Attorney Muzzy. A motion was made by Trustee Swanlund and seconded by Trustee Catavu to direct staff to draft legislative language that would allow the Board of Trustees to fill a trustee vacancy in the event of a resignation or termination of service, noting that the appointment would be in place until the next scheduled election. Motion carried unanimously by roll call vote.

AYES: Trustees Catavu, Cole, and Swanlund
NAYS: None
ABSENT: None

Review Meeting Dates: Chair Catavu noted that the next meeting of the Board is scheduled to take place on February 10, 2023.

Governmental Liaison’s Report (continued): Ms. Bello reviewed upcoming important legislative deadlines with the Committee. Chair Catavu requested that IPOPIF positions on legislation from the previous General Assembly is reviewed with the Board for consideration at a future meeting.

CLOSED SESSION: Closed session was not needed.

PUBLIC COMMENT: There was no public comment.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Swanlund and seconded by Trustee Cole to adjourn the meeting at 4:51 p.m. Motion carried unanimously by roll call vote.

AYES: Trustees Catavu, Cole, and Swanlund
NAYS: None
ABSENT: None

Respectfully submitted by:

Approved by:

Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Lee Catavu, Committee Chairperson

Date Approved: _____

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Phil Suess
ChairpersonPaul Swanlund
Vice-ChairpersonLee Catavu
SecretaryMark Poulos
TreasurerBrad Cole
TrusteeShawn Curry
TrusteeElizabeth Holleb
TrusteeDaniel Hopkins
TrusteeMichael Inman
Trustee

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

CONTRACT COMMITTEE

MEETING MINUTES – MAY 19, 2023, AT 12:30 P.M.

A meeting of the Illinois Police Officers' Pension Investment Fund's Contract Committee was held at the Twin Towers Plaza, Suite 420, located at 456 Fulton Street, Peoria, Illinois 61602. Members of the public were invited to participate remotely or in person pursuant to the meeting notice and agenda.

TRUSTEES PRESENT: Elizabeth Holleb
Daniel Hopkins
Phil Suess

TRUSTEES ABSENT: Mark Poulos

STAFF PRESENT: Richard White, Executive Director
Gina Tuczak, Finance Director/Assistant Executive Director
Kent Custer, Chief Investment Officer
Kate Cobb, Administrative Analyst

OTHERS PRESENT: Rick Reimer, General Counsel, Reimer Dobrovolny Labardi PC
Taylor Muzzy, Fiduciary Counsel, JBOH (*Zoom*)
Greg Kiesewetter, CIC, Cook Castle Associates, Inc. (*Zoom*)
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Committee Chairperson Holleb called the meeting to order at 12:58 p.m. She informed the public that the meeting was delayed due to the Audit and Budget Committee adjourning later than anticipated.

ROLL CALL: As reflected above.

MEETING MINUTES: *Review/Approve – March 31, 2023 Meeting Minutes and Closed Session:* The Committee reviewed the draft minutes from the March 31, 2023 meeting. A motion was made by Trustee Suess and seconded by Trustee Hopkins to approve the March 31, 2023 meeting minutes and closed session as presented. Motion carried by roll call vote.

AYES: Trustees Holleb, Hopkins, and Suess

NAYS: None

ABSENT: Trustee Poulos

OLD BUSINESS: There was nothing outstanding to discuss.

NEW BUSINESS: *Insurance Policy Renewals and Options – Presentation by Cook Castle Associates, LLC:* Executive Director White reviewed a memorandum dated May 19, 2023 regarding the “IPOPIF Commercial Insurance Coverage Renewal” with the Committee and provided introductory comments.

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Contract Committee
Meeting Minutes – May 19, 2023
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Mr. Kiesewetter reviewed the Commercial Insurance Renewal Summary document with the Committee. The proposed premium of \$85,628 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 \$61,292; Management Liability Insurance with Hudson Insurance Company in the amount of \$10,863; Cyber Risk Insurance with Chubb in the amount of \$7,527; Business Owners Insurance with Chubb in the amount of \$2,331; and Workers' Compensation Insurance with Chubb in the amount of \$3,615. Mr. Kiesewetter reviewed all significant changes in coverage, terms, and conditions to the proposed insurance policy renewals with the Committee. He indicated that the insurance renewal fee for the fiscal year 2024 increased 5.55% from the 2023 premium primarily due to the Fund's growth in operations and investments under management. Mr. Kiesewetter reviewed alternative coverage and limit options with the Committee for consideration. All questions were answered by Mr. Kiesewetter and Executive Director White.

Recommendation to the Board of Trustees: A motion was made by Trustee Hopkins and seconded by Trustee Suess to recommend board approval of the FY2024 insurance renewals as presented, with an increase of fiduciary liability limit from \$5 million to \$10 million, a change in the cyber risk coverage to the alternate proposal of a \$3 million limit and a \$5,000 retention, and an increase in the business personal property limit to \$200,000. Motion carried by roll call vote.

AYES: Trustees Holleb, Hopkins, and Suess
NAYS: None
ABSENT: Trustee Poulos


Establish Additional Meeting (if needed): The next meeting of the Contract Committee is scheduled for September 15, 2023.

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 Hopkins to adjourn the meeting at 1:31 p.m. Motion carried unanimously by voice vote.

Respectfully submitted by:

Approved by:



Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Elizabeth Holleb, Committee Chairperson

Date Approved by Committee: _____

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Phil Suess
ChairpersonPaul Swanlund
Vice-ChairpersonLee Catavu
SecretaryMark Poulos
TreasurerBrad Cole
TrusteeShawn Curry
TrusteeElizabeth Holleb
TrusteeDaniel Hopkins
TrusteeMichael Inman
Trustee

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

AUDIT AND BUDGET COMMITTEE

MEETING MINUTES – MAY 19, 2023 AT 10:00 a.m.

A meeting of the Illinois Police Officers' Pension Investment Fund's Audit and Budget Committee was held at the Twin Towers Plaza, Suite 420, located at 456 Fulton Street, Peoria, Illinois 61602. Members of the public were invited to participate remotely or in person pursuant to the meeting notice and agenda.

TRUSTEES PRESENT: Phil Suess
Elizabeth Holleb
Daniel Hopkins

TRUSTEES ABSENT: Paul Swanlund

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

OTHERS PRESENT: Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public (*Zoom*)

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

ROLL CALL: As reflected above.

MEETING MINUTES: *Approve April 5, 2023, Meeting Minutes and Closed Session:* The Committee reviewed the draft minutes from the April 5, 2023, meeting. A motion was made by Trustee Holleb and seconded by Trustee Hopkins to approve the April 5, 2023, meeting minutes. Motion carried unanimously by roll call vote.

AYES: Trustees Suess, Holleb, and Hopkins

NAYS: None

ABSENT: Trustee Swanlund

OLD BUSINESS: *Draft Fiscal Year 2024 Budget – Review Proposed Amendments and Incorporate Additional Revisions if needed:* Executive Director White provided introductory remarks regarding the draft Budget for Fiscal Year 2024. Finance Director Tuczak summarized the proposed changes that were incorporated in the revised Budget since the April 14, 2023, meeting of the Board of Trustees. She reviewed various increases and decreases to the revised Budget, and discussed the changes made to the anticipated expenditures for the Board of Trustees and Meetings, Personnel Costs, Professional Services, Dues and Licenses, and Database Subscriptions. The revised proposed Budget totaled

Illinois Police Officers' Pension Investment Fund
Audit and Budget Committee
Meeting Minutes – May 19, 2023
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\$5,999,031 for Fiscal Year 2024, which reflected a slight increase of \$2,388 from the initial FY 2024 Budget presentation. All questions were answered by Finance Director Tuczak, Executive Director White, CIO Custer, and Attorney Reimer.

Specific Budget Item Discussion Included:

The Committee discussed the agenda item under “New Business” regarding employee service purchases with the Illinois Municipal Retirement Fund (IMRF) (item taken out of order as it related to budget discussions). Finance Director Tuczak provided background information on the matter. The Pension Code provides for service credit for qualifying employment before the employer, IPOPIF, joined IMRF. Two non-contracted employees of the Fund are eligible to purchase prior service pursuant to IMRF Form 6.07, or the Application for Prior Service Credit.

A calculation of the estimated cost to purchase the service credit and the incremental amount, gross up for taxes, indicates an estimate of approximately \$11,500. This amount has been included in the Fiscal Year 2024 Budget within the Investment Personnel salary and benefits category with the request that IPOPIF would pay the prior service on behalf of these two employees as a professional courtesy given the timing of their employment with IPOPIF in its infancy stage. .

Trustee Holleb requested that the final estimate of expected expenses for FY 2023 be provided with the presentation of the FY 2024 Budget for the Board to review. The Committee discussed other expenditures including 11 offsite meetings as well as furniture purchases for new office hires beginning July 1, 2023.

Recommendation to the Board of Trustees: The Committee deferred action.

Status Update – Valuation and Cost Rule Calculations: Finance Director Tuczak provided an update on the Valuation and Cost Rule (the Rule) Calculations. CIO Custer developed an alternative model that reflects the full balance of assets in the consolidated pool, transition pool, and member pool and an interest charge based on that month’s investment returns. Discussion with the trustees and staff ensued. Trustee Holleb indicated that the intent of the Rule is that funds who transferred investment assets as required are not financially penalized as compared to those who did not transfer on a timely basis. Staff is working on the calculations associated with practical application of the Rule and holds weekly discussions on the stated issues. Staff will also be consulting with fiduciary counsel to address some of the issues identified in the calculations to ensure consistency with the Rule and equitable treatment.

NEW BUSINESS: *Review Service Provider Contracts:* Finance Director Tuczak noted they are working with two service providers, Shepard Communications and Lauterbach and Amen LLP, on new service arrangements effective July 1. Tentative fee arrangements have been discussed; draft agreements are forthcoming and are anticipated to be presented to the Board at the June 9th, 2023 meeting. ,

Discussion and Recommendation to the Board of Trustees – Employee Service Purchases, Illinois Municipal Retirement Fund:

Illinois Police Officers' Pension Investment Fund
Audit and Budget Committee
Meeting Minutes – May 19, 2023
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Discussed earlier in the meeting under Old Business. Finance Director Tuczak provided an estimate of the cost which is included in the 2024 FY Budget for the Board's consideration. Further discussion ensued between Trustees and Staff with regard to the decision and process of making these payments.

A motion was made by Trustee Hopkins and seconded by Trustee Holleb to recommend the matter be presented to the Board of Trustees at the June 9, 2023 meeting. Motion carried unanimously by roll call vote.

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

Status Update – Post-Transition Audit: Finance Director Tuczak provided an update on the progress of the Post-Transition Audit. She informed the Committee that she hopes to have a draft report of the Agreed-Upon Procedures to present at the June 9th Board meeting. Any significant testing exceptions noted will be brought to the attention of the Committee prior to presentation to the Board. All questions were answered by Finance Director Tuczak. The final report, once completed, will be submitted to the IDOI and posted on the IPOPIF's website.

Status Update – Recruitment and Staffing: Finance Director Tuczak provided an update on the recruitment of the two investment officers, information technologist, two senior accountants, administrative analyst and communications specialist. With regard to the senior accountant, a conditional offer letter was provided to a candidate to begin June 1, 2023. The search for the second senior accountant position has paused while various initiatives of the Finance and Accounting department are completed, and the needs of the Fund are further evaluated. Recruiting is underway for other positions.

Status Update – Software Purchases for Accounting, Board Management, and Freedom of Information Act Support: Executive Director White reviewed a May 19, 2023, memorandum regarding the "Software Purchases" for Thomson Reuters Accounting CS Software and Diligent. The annual cost for Thomson Reuters Accounting CS Software is \$11,685, and the cost for the Diligent software package is \$19,500 (includes onboard training and ongoing support). Staff believed that both software products qualify as sole source purchases and Executive Director White discussed some of the salient features of the offerings.

Executive Director White also provided background information on the Freedom of Information Act support product – NextRequest – an integrated, robust software package to manage FOIA requests. Executive Director White discussed some of the salient features of the software program. The cost for the FOIA product is \$10,788 per year with a one-time setup fee of \$1,500.

Trustee Holleb accepted the presentation as an informational item with no Board action required. The Committee concurred.

Establish Additional Meeting if needed: Executive Director White reviewed a memorandum dated May 19, 2023, regarding the "Meeting Schedule Information" with the Committee. Notably, the Governor's Disaster Declaration expired May 11, 2023, so the Fund is now operating under the Open Meetings

Illinois Police Officers' Pension Investment Fund
Audit and Budget Committee
Meeting Minutes – May 19, 2023
Page 4 of 5

Act Statute which requires an in-person quorum to conduct a meeting. The upcoming meetings are as follows:

- Regular Meeting: June 9, 2023 at 10:00 a.m.
 - Special Meeting: July 21, 2023 at 8:30 a.m.
 - Regular Meeting: July 21, 2023 at 1:00 p.m.
 - Regular Meeting: September 15, 2023 at 8:30 a.m.
 - Committee Meetings: September 15, 2023
 - Audit and Budget at 1:00 p.m.
 - Contract at 2:30 p.m.
 - Governance at 4:00 p.m.
 - Legislative at 5:30 p.m.
- Possible Election Meeting also to be held on September 15, 2023

Committee members provided feedback on the tentative meeting schedule. Further discussion to occur at the June 9th Board meeting.

CLOSED SESSION: A motion was made by Trustee Hopkins and seconded by Trustee Holleb to enter closed session at 11:22 a.m. in accordance with 5 ILCS 120/2(c)(1) to discuss the compensation for specific employees. Motion carried unanimously by roll call vote.

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

RETURN TO OPEN SESSION: A motion was made by Trustee Holleb and seconded by Trustee Hopkins to return to open session at 12:43 p.m. Motion carried unanimously by roll call vote.

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

Attorney Reimer stated that the Committee met in closed session under 5 ILCS 120/2(c)(1) for the purposes of discussing the salary increases for non-contractual employees for budget purposes. The matter was audio recorded as required by law, and no final action was taken.

NEW BUSINESS (CONTINUED): *Draft Fiscal Year 2024 Budget (continued):* A motion was made by Trustee Hopkins and seconded by Trustee Holleb to recommend to the full Board, for Fiscal Year 2024 Budget purposes, to build in a not-to-exceed 5% salary increase for current employees, not to be construed as an automatic 5%, and to amend the salary range for the position of Assistant Executive Director/Finance Director, and to have staff prepare a pay plan as to when and how the not-to-exceed 5% pay increases will be awarded. Motion carried unanimously by roll call vote.

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

Illinois Police Officers' Pension Investment Fund
Audit and Budget Committee
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A motion was made by Trustee Hopkins and seconded by Trustee Holleb to recommend approval of the Fiscal Year 2024 Budget and inclusion of the materials for the Trustees at the June 9, 2023, Board meeting. Motion carried unanimously by roll call vote.

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

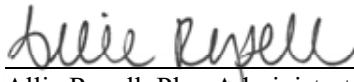
PUBLIC COMMENT: There were no comments from the public.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Hopkins and seconded by Trustee Holleb to adjourn the meeting at 12:46 p.m. Motion carried unanimously by roll call vote.

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

Respectfully Submitted by:

Approved by:



Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Phil Suess, Chairperson

Date Approved: _____