



Illinois Police Officers' Pension Investment Fund

Governance Committee Meeting Minutes

Friday, May 17, 2024, at 10:00 A.M.

A regular meeting of the Governance Committee of the Illinois Police Officers' Pension Investment Fund was conducted at the Twin Towers Building, Suite 420, 456 Fulton Street, Peoria, IL. 61602. Members of the public were invited to participate remotely or in person.

Attendees (3)

Governance Committee Members:

- Phil Suess, Chairperson
- Scott Bowers
- Michael Inman

Absent:

- Mark Poulos

IPOPIF Staff:

- Richard White, Executive Director
- Kent Custer, Chief Investment Officer
- Regina Tuczak, Chief Financial Officer/ Assistant Executive Director
- Amy Zick, Senior Accountant
- Kate Cobb, Administrative Analyst
- Samantha Lambert, Administrative Analyst
- Joe Miller, Information Technologist

Others present:

- Rick Reimer, General Legal Counsel, Reimer, Dobrovolny & LaBardi PC
- Taylor Muzzy, Fiduciary Legal Counsel, Jacobs Bums Orlove & Hernandez, LLP
- Members of the Public (Zoom)

Agenda

All members of the Governance Committee, Board of Trustees, staff, and legal counsel were provided with a copy of the agenda. The agenda was also posted on the IPOPIF website, office door, and door of the meeting room more than 48 hours prior to the scheduled start of the meeting.

Call to order:

The meeting was called to order at 10:00 A.M. by Chairperson Suess.

Roll Call

A roll call was conducted. 3 Trustees were present and 1 was absent. A quorum was established with the 3 required number of Trustees present.

Governance Committee:

- Phil Suess, Chairperson
- Scott Bowers
- Michael Inman

Governance Committee Members Absent:

- Mark Poulos

All individuals present are reflected in the list of attendees.

Minutes

3.1- September 14, 2023: Discussion and Potential Action: The Governance Committee minutes were reviewed from September 14, 2023, and discussed by the members of the Committee. Executive Director White was available for all questions.

A motion was made by Trustee Bowers and seconded by Trustee Inman to approve the Governance Committee meeting minutes from September 14, 2023, as presented.

Motion was carried by a voice vote.

Ayes: Trustees Bowers, Inman, and Suess

Nays: None

Abstain: None

Absent: Trustee Poulos

Governing Policy Review

4.1- Records Management Policy: Discussion and Potential Action: Executive Director White briefed the Records Management Policy (PP-2024-01) to the Governance Committee. The Illinois Police Officers' Pension Investment Fund ("IPOPIF") is required to maintain an active, continuing program for the economical and efficient management of records. The State of Illinois Records Act (5 ILCS 160) sets forth guidelines and responsibilities for IPOPIF concerning the retention and disposition of records. This Policy is designed to present guidance to IPOPIF for the proper management of records (both paper and digital) to meet the requirements of the State Records Act and State Records Commission Rules.

A current record retention schedule ensures that IPOPIF obsolete records are properly and timely destroyed and enables efficient responses to agency record requests.

Executive Director White and General Legal Counsel Reimer answered all questions.

A motion was made by Trustee Inman and seconded by Trustee Bowers to recommend the Board of Trustees adopt the Records Management Policy (PP-2024-01).

Motion was carried by a voice vote.

Ayes: Trustees Bowers, Inman, and Suess

Nays: None

Abstain: None

Absent: Trustee Poulos

4.2- Employee Handbook: Discussion and Potential Action:

Executive Director White briefed the recommended changes to the IPOPIF Employee Handbook. The IPOPIF Employee Handbook, adopted by the Board of Trustees on July 8, 2022, is provided to all employees and contains extensive information about the rules, policies and expectations of employment with the Fund. The revision to the PTO (paid time off) provisions of this Employee Handbook is primarily the result of recent Illinois Paid Leave for Workers Act which took effect on January 1, 2024, and applies to all employees (full-time and part-time) working for an employer in Illinois. Thus, changes to part-time employees is included in the Employee Handbook even though the Fund does not currently have any part-time employees. There is a proposed increase in PTO to 20 days for year 1 through year 4 and to 25 days for year 5 and beyond. The proposed increases and the existing IPOPIF PTO Policy are more robust than required by the law, which means that the Employee Handbook

complies with the Act in terms of the amount of paid leave, the accrual of paid leave, the rollover of paid leave and the pay out of paid leave but there were some amendments needed to address providing paid leave to part-time employees, defining the time period for employees to request time off for foreseeable and unforeseeable leave and the tracking and reporting of paid leave.

There are also revisions incorporating changes to State law, including the Personnel Records Review Act, Victim's Economic Security and Safety Act, and the Family Bereavement Act.

Chair Sues inquired about alignment of executive contracts with the proposed revisions to the handbook. General Counsel Reimer stated that he would review the contracts regarding this matter.

Executive Director White and Fiduciary Legal Counsel Muzzy answered all questions.

A motion was made by Trustee Bowers and seconded by Trustee Inman to recommend to the Board of Trustees the approval of the Employee Handbook, revised as of June 14, 2024.

Motion was carried by a voice vote.

Ayes: Trustees Bowers, Inman, and Sues

Nays: None

Abstain: None

Absent: Trustee Poulos

4.3- Finance Staffing and Job Description- Senior Accountant/Auditor: Discussion and Potential Action:

Chief Financial Officer (CFO) Tuczak discussed with the Governance Committee the open position of Senior Accountant/Auditor.

Since approval of the position by the Board on February 9, 2024, staff at the Fund has been working with Lauterbach & Amen LLP, outsourced Human Resources service provider, on the recruitment of a Senior Accountant/Auditor to support Finance and Accounting operations. The job description has been advertised on Indeed, the Illinois Government Finance Officers' Association website, and on the IPOPIF website.

To date, the volume of applicants has been lower than expected. The Chief Financial Officer has conducted 4 interviews. None of the applicants interviewed have external or internal auditing experience. To attract an increased volume of applicants and to ensure a competitive finalist pool, the job posting with Indeed was changed to indicate a location of “Chicago” and the position qualifications were updated to indicate that monthly or quarterly travel to Peoria to attend board meetings is required.

CFO Tuczak answered all questions.

Investments

5.1- Investment Staffing and Job Description: Discussion and Potential Action:

Chief Investment Officer (CIO) Custer requested input from the Governance Committee regarding the structure of the IPOPIF Investment staff.

CIO Kent Custer discussed investment staffing and recruiting history and current requirements. Mr. Custer joined IPOPIF in May 2021. Investment Officer Steve Yoon joined in August 2021, and Barbara Meyer joined in July 2022. The 2023 recruiting campaign identified qualified candidates but was not successful in building the team. The requirement for new employees to be based in Peoria may have limited the candidate pool. New staff needs include private equity implementation, real assets implementation, investment administration, compliance and communication, succession planning, and collaboration.

Mr. Custer discussed solutions and options including investment officer recruitment, hybrid/remote flexibility, a Deputy CIO role, Chicago office space, and recent engagement with an experienced investment professional located in Central Illinois.

Trustee Inman requested that the CIO continue recruiting in the Peoria area while allowing for remote/hybrid options, if necessary. Chair Suess supported the Deputy CIO position, to ensure that we have a succession plan as a Fund, which is an important issue to increase the depth of the investment team. Chair Suess also suggested that we broaden our range of Investment Officers and encouraged CIO Custer to begin recruiting. Direction was given to CIO Custer to begin recruiting and discuss this topic with the Board of Trustees at the next meeting.

CIO Custer answered all questions.

5.2- Special Investment Principles: Discussion and Potential Action:

The IPOPIF Board of Trustees has expressed interest in investment and policy considerations relating to investment in or contracting with businesses that have supported activities that are contrary to the interests of IPOPIF, such as anti-police or anti-pension initiatives or organizations. Substantial work was done in early 2022 by Staff, Verus, and Fiduciary Counsel, which was presented to the Board at the April 2022 meeting and revisited at the April 12, 2024, meeting. The Board referred this matter to the Governance Committee for further consideration.

Mr. Custer suggested that a statement of principle should be adopted to establish a general framework for the issues of concern and the Board's intention to act and allocate resources. Objectives should be adopted to leverage the statement of principle into desired outcomes. A copy of the Statement of Principle for Consideration was provided to each of the Governance Committee members.

Trustee Suess suggested that the reference to the "right to a strong defined benefit pension" could be deleted as the State of Illinois already provides strong protections for police officers pensions and doesn't need to be addressed in this statement.

Trustee Inman stated that the principles were sufficiently broad enough.

A discussion regarding the impact of proxy voting was held with Trustee Suess stating that the greatest impact in this area may be through proxy voting and he supports a proxy voting service provider. CIO Custer addressed this item and answered all questions.

Trustee Suess stated that a watchlist approach may be challenging to implement. CIO Custer addressed this item and answered all questions.

Strategic Plan Objective Review

6.1: Objective: Governance Policy Plan: Discussion and Potential Action:

Per the Strategic Plan, the Governance Committee is presented with a review and discussion of the governance documents of the Fund. The Strategic Plan Goal to "Ensure

good governance by implementing best practices for accountability and transparency” includes an Objective that states “Good governance policy and procedures.” This objective contains a few deliverables and outcomes that have been worked on recently and are presented for review by the Governance Committee.

There are seven (7) Governance documents scheduled for review in 2024. They are Board of Trustees Policy and Procedure, Election Policy (Considered by the Election Committee on May 17th and the Board of Trustees on June 14th), Municipal Reimbursement Policy, Purchasing and Professional Services Contracting Policy, Administrative Analyst Job Description, Executive Assistant Job Description, and Contract Committee Policy.

Executive Director White discussed various policies that have not been created and implemented yet but are in the process of creation. Those policies are Actuarial Funding, Actuarial Valuation, Agreed Upon Procedures, Board Operations, Communications, Compensation, Disposition of Surplus Property, Due Diligence, Information Technology, Proxy Voting, Public Records and Data Request, Records Management, and Securities Litigation.

Chair Sues requested that a priority list for the development of policies be created and a review of the current policies be completed to explore simplification.

Executive Director White answered all questions.

6.2: Objective: Stakeholder Communication Plan: Discussion and Potential Action:

The Strategic Plan Stakeholder Relations Goal to “Maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries” includes an Objective that states “effectively provide information to participating police pension funds, participants, beneficiaries, municipalities, and stakeholders.” This objective contains a deliverable and outcome that are presented for review by the Governance Committee.

The communication strategy to inform participants, beneficiaries, municipalities, pension funds, and stakeholders, has been being worked on continuously since the Fund’s inception and has included several strategies.

The IPOPIF developed a website that contains extensive information about IPOPIF. Written reports have been prepared and distributed, such as the Annual Comprehensive Financial Report (ACFR) and newsletters.

Interviews and articles about the Fund have been presented in numerous financial media. Also, the Fund has retained the services of Kim Shepherd as a communications consultant who has assisted in developing and implementing many of the communications strategies.

Executive Director White answered all questions.

Closed Session (If necessary)

A closed session was not held.

Public Comment

An opportunity for public comment was provided at 11:11 AM. No comments were heard, and no discussion was provided.

Adjournment

A motion was made by Trustee Inman and Trustee Bowers to adjourn the Governance Committee meeting at 11:12 AM.

Motion was carried by a voice vote.

Ayes: Trustees Bowers, Inman, and Sues

Nays: None

Abstain: None

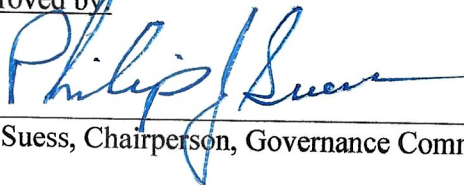
Absent: Trustee Poulos

Respectfully submitted by:



Kate Cobb, Administrative Analyst

Approved by:



Phil Sues, Chairperson, Governance Committee

Date Approved by the Governance Committee: