

## **Illinois Police Officers' Pension Investment Fund**

### **Board of Trustees Meeting Minutes**

**Friday, September 15, 2023, at 8:30 A.M.**

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was conducted at the Marriott Pere Marquette Hotel, Marquette Salon B, 501 Main Street, Peoria, IL. 61602. Members of the public were invited to participate remotely or in person.

#### **Attendees:**

##### Board of Trustees:

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Lee Catavu, Secretary
- Mark Poulos, Treasurer
- Brad Cole
- Elizabeth Holleb
- Daniel Hopkins
- Michael Inman

##### IPOPIF Staff:

- 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

**Others Present:**

- Vince Mancini, Legal Counsel, Reimer, Dobrovolny & Labardi PC (Zoom)
- Rick Reimer, Legal Counsel, Reimer, Dobrovolny & Labardi PC (Zoom)
- Taylor Muzzy, Fiduciary Counsel, Jacobs Bums Orlove & Hernandez, LLP
- Kim Shepherd, Shepherd Communications (Zoom)
- Bukola Bello, Governmental Liaison, Vision MAI Consulting
- Scott Whalen, Investment Consultant, Verus Advisory, Inc.
- Tim McEnergy, Investment Consultant, Verus Advisory, Inc.
- Darren Kleis, Principal U.S.
- Bill Grayson, Principal U.S.
- Members of the Public (In person/Zoom)

**Agenda**

All members of the Board of Trustees, staff, legal counsel, and the public were provided with a copy of the agenda. The agenda was also posted on the website, office door, and door of the meeting room.

**Call to Order (8:30 AM)**

The meeting was called to order at 8:30 AM by Chairperson Suess.

**Roll Call**

A roll call was conducted. 8 Trustees were present, and 1 Trustee position was vacant. A quorum was established with the 6 required number of Trustees present.

**Board of Trustees Present:**

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Lee Catavu, Secretary
- Mark Poulos, Treasurer
- Brad Cole
- Elizabeth Holleb
- Daniel Hopkins
- Michael Inman

Board of Trustees Absent:

- None

Vacant:

- Participant Representative

All individuals present are reflected in the list of attendees.

## **Board of Trustees**

3.1- Strategic Goals and Objectives: Executive Director White briefed the Strategic Plan to the Board of Trustees and answered all questions related to it. The Strategic Plan reflects all revisions from the planning meeting that was conducted on July 21, 2023, that was facilitated by Sally Choi.

A motion was made by Trustee Catavu and seconded by Trustee Poulos to approve the Strategic Plan Components: Mission Statement, Vision Statement, Core Values, and Organization Goals as presented to the Board of Trustees.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None

Vacant- 1

## **Investments**

4.1- Investment Update: CIO Custer provided an Investment Update to the Board of Trustees. He indicated that one Article 3 Fund transferred on August 1st with a value of approximately 13 million and that there are no additional transfers being requested. There are still 9 non-litigant funds and 15 litigant funds not transferred. There is currently 97% participation of non-litigant Article 3 funds.

CIO Custer briefed the Board of Trustees on the short-term asset allocation implementation during May through August.

CIO Custer reviewed the Key Investment Initiatives, Non-Transferred Funds, upcoming transfer schedule, asset allocation, and performance summary.

Trustee Suess asked about the active versus passive investment strategies which was addressed by Investment Consultant Whalen, who indicated that the active vs. passive structure is determined as each asset class is evaluated as part of the investment implementation. CIO Custer agreed while noting that a broad portfolio approach across each asset class would be beneficial.

4.3-Global/International Small Cap Manager Search Update: CIO Custer provided an International Small-Cap search update and answered questions. The Board of Trustees discussed the process that will be used to interview and select the investment firm(s). In response to Board questions regarding the evaluation process and the number of candidates to be interviewed by the board, CIO Custer proposed providing a detailed search report at the next Board meeting to inform the Board's decision on which managers to interview at a subsequent meeting.

4.2- Verus Quarterly Performance Report: CIO Custer, and Investment Consultant Whalen briefed the Board of Trustees on the IPOPIF Quarterly Performance Report for the period ending June 30, 2023. The 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. Investment Consultant Whalen explained how the vast majority of the IPOPIF Investment Portfolio is currently invested passively, which tracks closely to the performance benchmarks. CIO Custer and Investment Consultant Whalen addressed questions from the Board. Trustee Suess asked if there were any concerns with any of the investment managers and Investment Consultant Whalen indicated that there were not any concerns with the managers.

4.4- Bank Loans Manager Search Request: Investment Officer Steve Yoon introduced the search request for Bank Loan managers followed by an education presentation by Investment Consultant Whalen which included the purpose of bank loans, structural features, bank loans vs. high yield, diversification, and performance. Mr. Yoon then reviewed the proposed search process for Bank Loan Managers. The Board discussed the search and all questions were addressed by staff and Consultant.

A motion was made by Trustee Hopkins and seconded by Trustee Inman to approve the Investment Management Services Leveraged/ Bank Loans manager search.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None

Vacant- 1

**Board Recess:** The Board of Trustees recessed at 10:08 AM and returned at 10:20 AM. All trustees were present.

4.5- Account Review – Principal US Property Account: Investment Officer Steve Yoon introduced Bill Grayson, Managing Director, Institutional Sales & Relationship Manager, and Darren Kleis, Managing Director, Portfolio Manager who presented an Account Review of the Principal US Property Account to the Board of Trustees. Since its inception, USPA has lost 6.4% compared to -5.4% for the NCREIF ODCE index. Staff believes that Principal's relative underperformance to the index likely reflects more conservative valuation practices by Principal. 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). The Board conducted a discussion about this investment and all questions were addressed by staff.

## **Governmental Liaison**

5.1- Government Liaison Monthly Report: Bukola Bello, Governmental Liaison briefed the Governmental Liaison Monthly Report to the Board of Trustees and answered all questions. Ms. Bello briefed the Board of Trustees on numerous House and Senate bills of interest to the Fund and its participants. She covered the importance of the fall veto session schedule. SB-2100 was approved and sent to the Governor for signature. It has been signed and is effective immediately. SB 2102 for DOI Audits failed and will go back to the House Rules Committee. The DOI is amending the language in preparation for the fall and re-propose the bill. The Board discussed the report, and all questions were addressed.

## **Finance**

6.1- Monthly Financial Statement – June 2023:

6.2- Monthly Financial Statement - July 2023:

6.3- Warrant #2024-02

6.4- Warrant #2024-03

Finance Director Tuczak briefed the Board of Trustees on financial statements for the Months of June 2023 and July 2023, noting that the June 2023 financial statements are accrual basis. The July 2023 financial statements are modified cash basis. Finance Director Tuczak answered all questions. Finance Director Tuczak presented Warrants 2024-02 and 2024-03 to the Board of Trustees for approval and answered all questions.

A motion was made by Trustee Holleb and seconded by Trustee Inman to approve the Monthly Financial Statement for June 2023 and July 2023 and to approve Warrants 2024-02, and 2024-03 as presented.

Motion carried by roll call vote.

Ayes- Trustees Suess, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- Swanlund

Vacant- 1

## **Operations**

7.1- Trustee Election Report: Executive Director White briefed the Trustee Election Report to the Board of Trustees regarding the special election, which was approved by the Board of Trustees at its June 9, 2023, meeting, to fill the vacant Participant Trustee Seat #6. 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:

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".

The required nomination review and challenge period was completed on August 17, 2023, without any challenges to the nomination process.

Director White informed the Board that 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. Director White mentioned that there are over 9,000 eligible electors in the database and that the Fund did everything within its power to obtain from the Article 3 funds the names of all eligible electors for the election.

Director White anticipated that the election ballots and materials would be mailed to the eligible electors on October 3, 2023, and must be returned and received by October 31, 2023.

A motion was made by Trustee Hopkins and seconded by Trustee Inman to approve the candidates and authorize the special election process for Participant Trustee Seat #6.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None

Vacant- 1

7.2- IMRF Employer Contribution: Executive Director White introduced IMRF Employer Contribution- Resolution 2023 to the Board of Trustees and answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Swanlund to adopt the IMRF Employer Contribution- Resolution 2023-06.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins,

Nayes- Trustees Inman, Holleb, Cole

Absent- None

Vacant- 1

7.3- Office Furniture Purchase: Executive Director White briefed the Board of Trustees on a request for purchasing furniture for the Peoria office. The recent hiring of additional staff has

made the purchase of new furniture necessary. Executive Director White requested approval of the purchase of office furniture in the amount of \$32,466.16 from Lincoln Office.

A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve the Office Furniture Purchase in the amount of \$32,466.16 from Lincoln Office.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins,

Nayes-Trustees Inman, Holleb, Cole

Absent- None

Vacant- 1

7.4- Operations Update Report: Executive Director White discussed an update to Operations. He discussed upcoming speaking engagements at the Illinois Municipal League in September and the Illinois Public Pension Fund Association in October. He discussed the upcoming Regional Stakeholder Meeting that will be taking place in Bloomington-Normal on October 17, 2023, with the Board of Trustees and invited them to attend with all pensioners, active participants, municipalities, and guests from all the Article 3 Funds.

## **Minutes**

8.1- Board of Trustee Meeting Minutes – June 9, 2023

8.2- Board of Trustee Meeting Minutes – July 21, 2023

Executive Director White presented to the Board of Trustees the minutes of the regular Board of Trustees meetings held on both June 9, 2023, and July 21, 2023. Trustee Holleb requested that there be more detailed information in the minutes in the future to ensure a more detailed summary of the matters proposed, discussed, and voted on.

A motion was made by Trustee Inman and seconded by Trustee Swanlund to approve the minutes that were presented from June 9, 2023, and July 21, 2023, with the recommendation that future minutes include a more detailed summary of the matters proposed, discussed, and voted on.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None



Vacant- 1

8.3- Governance Committee – Meeting Minutes – March 30, 2023:

8.5- Legislative Committee – Meeting Minutes – January 19, 2023:

8.6- Contract Committee- Meeting Minutes – May 19, 2023:

8.7 Audit and Budget Committee – Meeting Minutes – May 19, 2023:

Executive Director White presented to the Board for acceptance the minutes of the Governance Committee Meeting on March 30, 2023; the Legislative Committee Meeting on January 19, 2023; the Contract Committee Meeting on May 19, 2023, and the Audit & Budget Committee Meeting on May 19, 2023. Director White advised the Board that these committee minutes were approved by the respective committees and answered all questions.

A motion was made by Trustee Holleb and seconded by Trustee Inman to accept the Governance Committee Minutes for March 30, 2023, the Legislative Committee Minutes for January 19, 2023, the Contract Committee Minutes for May 19, 2023, and the Audit & Budget Committee Minutes for May 19, 2023.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None

Vacant- 1

8.4- Election Committee – Meeting Minutes – March 20, 2023: Executive Director White presented the minutes to the Board of Trustees for approval and noted that the Election Committee did not yet meet to consider these minutes and that the minutes are presented directly to the Board of Trustees for approval.

A motion was made by Trustee Holleb and seconded by Trustee Cole to defer acceptance of the Election Committee minutes until the minutes are approved by the Election Committee.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Inman, Holleb, Cole

Nayes- None

Absent- Hopkins

Vacant- 1

### **Closed Session**

8.8- Closed Session Minutes: The Board deferred this matter until after the Report of the General Legal Counsel. Fiduciary Counsel Muzzy discussed the closed session minutes of the Litigation Committee and recommended to the Board of Trustees that the need for confidentiality still exists as to these minutes because the litigation is still ongoing and that the minutes should not be released.

### **Fiduciary Legal Counsel**

Regarding the litigation over the constitutionality of Public Act 101-610, Fiduciary Counsel Muzzy informed the Board that the briefs of Defendants/Appellees and the amicus brief of the Illinois Municipal League and the Associated Fire Fighters of Illinois, both in support of the Defendants/Appellees, were filed with the Illinois Supreme Court on September 13, 2023. All questions were answered.

### **Public Comment**

An opportunity for public comment was provided at 12:25 PM.  
No comments were heard, and no discussion was provided.

### **General Legal Counsel**

A report was not provided.

### **Closed Session**

#### 8.8- Closed Session Minutes

#### 9.1- Performance Evaluation of the Executive Director

A motion was made by Trustee Poulos and seconded by Trustee Cole to enter closed session at 12:27 PM in accordance with the exceptions under 5 ILCS/2(c)(1) (to discuss the

appointment, employment, compensation, discipline, performance, or dismissal of specific employees) and (21) (to discuss the minutes of meetings lawfully closed under the Open Meetings Act).

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None

Vacant- 1

A motion was made by Trustee Hopkins and seconded by Trustee Poulos to return to open session at 2:25 PM.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None

Vacant- 1

Legal Counsel Reimer noted that the Board of Trustees met in closed session to discuss the performance evaluation of an employee and there was no reportable action from this item,

He also noted the Board discussed the draft closed session minutes to conduct a semi-annual review of the closed session minutes.

A motion was made by Trustee Inman and seconded by Trustee Poulos to: (1) approve the release of the June 25, 2021, August 13, 2021, August 26, 2021, September 10, 2021, October 29, 2021, March 11, 2022, April 8, 2022, July 8, 2022, November 10, 2022, December 9, 2022, February 10, 2023, April 14, 2023, closed session minutes of the Board of Trustees and the February 24, 2023, March 6, 2023, March 31, 2023, closed session minutes of the Contract Committee; and (2) that the need for confidentiality still exists and to not release the closed session minutes of the Litigation Committee and the March 2, 2023, and May 19, 2023, closed session minutes of the Audit and Budget Committee.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None

Vacant- 1

### **Adjournment**

A motion was made by Trustee Cole and seconded by Trustee Hopkins to adjourn the Board of Trustee meeting at 2:46 PM.

Motion carried by roll call vote.

Ayes- Trustees Sues, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None


Vacant- 1

Respectfully submitted by:

  
\_\_\_\_\_  
Kate Cobb, Administrative Analyst

Approved by:

  
\_\_\_\_\_  
Phil Sues, Chairperson, Board of Trustees

  
\_\_\_\_\_  
Lee Catavu, Secretary, Board of Trustees

The next Board of Trustees Meeting of the Illinois Police Officers' Pension Investment Fund will be held on October 13, 2023.