

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

LEGISLATIVE COMMITTEE

MEETING MINUTES – OCTOBER 7, 2021 AT 9:00 A.M.

A meeting of the Illinois Police Officers' Pension Investment Fund's Legislative Committee was held through the Zoom digital platform in accordance with Executive Order 2021-23 issued by Governor Pritzker and Public Act 101-0640. Members of the public were invited to participate remotely or in person pursuant to the meeting notice and agenda.

TRUSTEES PRESENT: Shawn Curry
Lee Catavu
Brad Cole

TRUSTEES ABSENT: None

OTHERS PRESENT: Richard White, Executive Director
Kent Custer, Chief Investment Officer
Bukola Bello, Governmental Liaison, Vision M.A.I. Consulting
Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Chairperson Curry called the meeting to order at 9:06 a.m.

ROLL CALL: As reflected above.

MEETING MINUTES: *Review/Approve – April 2, 2021 Meeting Minutes:* The Committee reviewed the draft minutes from the April 2, 2021 meeting. A motion was made by Trustee Catavu and seconded by Trustee Cole to approve the April 2, 2021 meeting minutes. Motion carried unanimously by roll call vote.

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

Trustee Cole reviewed a portion of the April 2, 2021 meeting minutes regarding Senate Bill 2107. He stated that Executive Director White informed the Committee that the Board would be discussing benefit options at a future meeting, and this bill would be discussed. To Trustee Cole's knowledge, this discussion has not occurred. Chairperson Curry acknowledged Trustee Cole's comment.

LEGISLATIVE UPDATE: *Status Update Report – Vision M.A.I. Consulting:* Ms. Bello provided a verbal update to the Committee regarding the Governmental Liaison's Report. She noted that the upcoming Fall Veto Session will occur from October 19-21st and October 26-28th. She reviewed various pieces of legislation and legislative matters with the Committee.

Chairperson Curry left at 9:11 a.m. and rejoined at 9:13 a.m.

Review/Discuss Legislative Proposals or Matters: Ms. Bello informed the Committee that she has been working closely with Executive Director White to develop the Fund's Legislative Agenda for Spring 2022. She presented three legislative items for Committee discussion and feedback.

Legislative Item #1: Ms. Bello reviewed a portion of Article 5/22B-122 that states, "The Fund shall not, for purposes of Article 1 of this Code, be deemed to be a retirement system, pension fund, or investment board whose investments are restricted..." Ms. Bello recommended the Fund implore the General Assembly to clarify how the IPOPIF should be classified for administration and operation purposes. She noted that legal counsel for IPOPIF and IFPIF investigated the entity classification matter, and this issue could not be resolved. All questions were answered by Ms. Bello and Attorney Burns. Chairperson Curry directed Ms. Bello to work with Fiduciary Counsel, Executive Director White, and CIO Custer to develop language regarding the classification issue for review at a future meeting.

Legislative Item #2: Ms. Bello requested Committee feedback on the concept of filing an amendment to move the June 30, 2022 deadline to transition local fund assets to December 31, 2022 or June 30, 2023 and provided an overview of the legislative process for filing amendments. Trustee Cole stated that he does not find that this legislative item is necessary, and the Fund needs to push forward and comply with the consolidation deadline. Chairperson Curry informed the Committee that he believes that it is necessary to request an extension for the consolidation of assets due to pending litigation. He does not feel comfortable transitioning assets until the lawsuit is finalized because he is concerned about the potential for substantial investment losses for the local funds if the act is ruled unconstitutional and the assets must be returned.

Ms. Bello provided additional background information on the proposed deadline extension. She informed the Committee that it is very common for amendments to be filed to extend deadlines. She stated that the Fund should be prudent about complying with the transition deadline. Ms. Bello recommended that amendments are filed if there are concerns about the Fund meeting this deadline. Trustee Cole reiterated his earlier comments and stated that it is the Board's obligation to meet their statutory obligations, and he would be opposed to seeking any extension of the transfer deadline. Chairperson Curry stated that it is his fiduciary responsibility to participants and beneficiaries of the local funds to ensure their pension fund assets are protected. He is not opposed to filing amendments to request an extension of the transfer deadline. He would prefer that Staff delays the transition of local fund assets until there is a definitive resolution regarding the lawsuit.

Chairperson Curry requested feedback from CIO Custer and Trustee Catavu on the proposed deadline extension. CIO Custer stated that there is some uncertainty about meeting the transfer deadline. He noted that Staff has made a lot of progress to prepare for the transition of assets, but there are some challenges to work through and issues that have not yet been resolved. CIO Custer requested that legislative language is drafted to request a transfer deadline extension of one year, which would move the transfer deadline to June 30, 2023. He reiterated that a lot of progress has been made and it is possible that the Fund will meet the deadline. Trustee Catavu stated that he finds it prudent and appropriate to seek an extension, so the IPOPIF is not putting any of the local fund's assets in jeopardy. Chairperson Curry directed Ms. Bello to present a proposed amendment to the Committee to consider at the next meeting. Trustee Cole reiterated his earlier comments that he is opposed to seeking an extension of the transfer deadline.

Legislative Item #3: Ms. Bello stated that the Committee previously held discussions regarding amortization and inquired if the trustees would like to continue discussing this issue if items are introduced in the General Assembly. She requested clarification on the Fund's position and how

quickly the Fund can respond and submit information if requested. Chairperson Curry stated that he supports rolling amortization depending on how the schedule is structured. Trustee Catavu agreed with Trustee Curry's comments. Trustee Cole reiterated comments that were made at previous meetings that he does not find that it is appropriate for the Board to take a position on legislative matters that fall outside the scope of responsibilities of the IPOPIF.

The Committee briefly discussed the actuarial assumptions with Ms. Bello and Executive Director White. Trustee Cole noted that the IPOPIF will set the actuarial assumptions, and there will not be an opportunity for the municipalities to set their own once the assets are transferred. The actuarially required contribution issued by the IPOPIF to the municipality will be the required contribution. Executive Director White informed the Committee that he has received some questions regarding actuarial assumptions and inquired if the language needs to be clarified in the statute. Attorney Reimer stated that there is some confusion at the local pension fund level, and several boards are under the impression that they can continue engagement with their own actuary.

Chairperson Curry directed legal counsel to work with Executive Director White to prepare additional information for the Committee's review at a future meeting regarding a rolling amortization versus a fixed period, funding methods, and clarification on the statute regarding actuarial assumptions. Attorney Burns inquired if it would be prudent for legal counsel to review the statute for technical corrections that the Fund may need clarification on so all corrections can be submitted as one bill. Chairperson Curry directed Attorney Burns to work with Attorney Reimer on this project.

Ms. Bello discussed the next steps regarding the preparation of the Legislative Agenda. Additional discussion will be held at a future meeting.


Establish Additional Meeting (if needed): An additional meeting was not scheduled.

PUBLIC COMMENT: There was no public comment.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Catavu and seconded by Trustee Cole to adjourn the meeting at 9:58 a.m. Motion carried unanimously by roll call vote.

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

Respectfully submitted by:



Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Approved by:



Shawn Curry, Committee Chairperson

Date Approved by the Legislative Committee: December 7, 2021

The next meeting of the Illinois Police Officers' Pension Investment Fund's Legislative Committee will be held on December 7, 2021 at 12:00 p.m. via the Zoom digital platform in accordance with Governor Pritzker's Executive Order in effect on the date and time of the meeting and Public Act 101-0640.