

Board of Trustee Meeting - October 13, 2023



Board of Trustees:

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

Notice is hereby given that the Board of Trustees of the Illinois Police Officers' Pension Investment Fund will conduct a regular meeting on Friday, October 13, 2023, at 9:30 AM at the Twin Towers Building, 456 Fulton Street, Suite 420, 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: October 13, 2023, 9:30 AM - 1:30 PM Central Time (US and Canada)

Join Zoom Meeting via Video:

Video: www.zoom.us

Meeting ID: 826 9234 6408

Passcode: 099183

Join Zoom Meeting via Dial-In:

Dial In: 1 (312) 626-6799

Meeting ID: 826 9234 6408

Passcode: 099183

October 13, 2023 09:30 AM Central Time (US and Canada)

Agenda Topic

1. Call to Order (9:30 AM)
2. Roll Call
 - 2.1 Roll Call: Discussion and Potential Action
3. Investments
 - 3.1 [Investment Update: Discussion and Potential Action](#)
 - 3.2 [Global/International Small Cap Manager Search: Discussion and Potential Action](#)

- 4. Board of Trustees
 - 4.1 [Strategic Goals and Objectives: Discussion and Potential Action](#)
 - 4.2 [Board and Committee Meeting Calendar-2024: Discussion and Potential Action](#)
 - 4.3 [Regional Stakeholder Meeting Calendar 2024: Discussion and Potential Action](#)
 - 4.4 [Transition of Assets-Transition Report: Discussion and Potential Action](#)
 - 4.5 Governance Policies: Discussion and Potential Action
 - 4.5.1 [Executive Director Job Description Policy](#)
 - 4.5.2 [Chief Investment Officer Job Description Policy](#)
 - 4.5.3 [Chief Financial Officer/Assistant Executive Director Job Description Policy](#)
 - 4.5.4 [Investment Officer Job Description Policy](#)
 - 4.5.5 [Investment Analyst Job Description Policy](#)
 - 4.5.6 [Audit and Budget Committee Policy](#)
 - 4.5.7 [Legislative Committee Policy](#)
 - 4.5.8 [Governance Committee Policy](#)
 - 4.5.9 [Procurement of Investment Services Policy](#)
 - 4.5.10 [Budget Administration Policy](#)
 - 4.5.11 [Accounts Payable Policy](#)
 - 4.5.12 [Cash Reserve Policy](#)
 - 4.5.13 [Ethics Policy](#)
 - 4.5.14 [Travel Policy](#)
 - 4.5.15 [Education and Training Policy](#)
 - 4.5.16 [CFO Policy](#)
- 5. Governmental Liaison
 - 5.1 [Governmental Liaison Monthly Report: Discussion and Potential Action](#)
- 6. Finance
 - 6.1 [Monthly Financial Statement - August 2023: Discussion and Potential Action](#)

- 6.2 [Warrant # 2024-04: Discussion and Potential Action](#)
- 6.3 [Agreed Upon Procedures: Discussion and Potential Action.](#)
- 7. Operations
 - 7.1 [Operations Update: Discussion and Potential Action](#)
- 8. Minutes
 - 8.1 [Board of Trustee Meeting Minutes- September 15, 2023: Discussion and Potential Action](#)
- 9. General Legal Counsel
 - 9.1 Closed Session: Discussion and Potential Action
In accordance with 5 ILCS 120/2(c)(1): to discuss the appointment, employment, compensation, discipline, performance, or dismissal of specific employees.
- 10. Fiduciary Legal Counsel
- 11. Closed Session (if necessary)
- 12. Public Comment
- 13. Adjournment (1:30 PM)



Illinois Police Officers' Pension Investment Fund

Investment Update

As of October 4, 2023

Asset Allocation 10/3/23

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
Growth	4,809	53.2%	5,242	58.0%	(433)	-4.8%
RHUMBLINE US LARGE	1,856	20.5%	2,079	23.0%	(223)	-2.5%
RHUMBLINE US SMALL	414	4.6%	452	5.0%	(38)	-0.4%
SSGA NON-US DEVELOPED	1,511	16.7%	1,627	18.0%	(116)	-1.3%
SSGA NON-US DEVELOPED SC	420	4.6%	452	5.0%	(32)	-0.4%
SSGA EM EQUITY	609	6.7%	633	7.0%	(24)	-0.3%
Income	1,443	16.0%	1,446	16.0%	(3)	0.0%
SSGA HIGH YIELD	911	10.1%	904	10.0%	8	0.1%
SSGA EM DEBT	532	5.9%	542	6.0%	(11)	-0.1%
Inflation Protection	776	8.6%	813	9.0%	(37)	-0.4%
SSGA TIPS	272	3.0%	271	3.0%	1	0.0%
SSGA REITS	338	3.7%	362	4.0%	(24)	-0.3%
PRINCIPAL US PROPERTY	166	1.8%	181	2.0%	(14)	-0.2%
Risk Mitigation	2,010	22.2%	1,536	17.0%	473	5.2%
IPOPIF CASH	282	3.1%	90	1.0%	192	2.1%
SSGA ST GOV-CREDIT	1,334	14.8%	1,175	13.0%	159	1.8%
SSGA CORE BONDS	393	4.4%	271	3.0%	122	1.4%
IPOPIF POOL FI TRANSITION	0.10	0.0%	-	0.0%	0	0.0%
Total Investment Pool	9,038	100.0%	9,038	100.0%	-	0.0%

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

Glidepath Rebalancing

The Board approved revisions to the short-term asset allocation in April 2023. Transfers to move toward the new allocation are being implemented gradually and are expected to be completed by the end of 2023.

Account	May	June	July	Aug.	Sept.
Growth				none	
RHUMBLINE US LARGE		+90			+66
RHUMBLINE US SMALL					
SSGA NON-US DEVELOPED	+90		+90		+32
SSGA NON-US DEVELOPED SC					
SSGA EM EQUITY					
Income					
SSGA HIGH YIELD					
SSGA EM DEBT					
Inflation Protection					
SSGA TIPS					
SSGA REITS					+22
Risk Mitigation					
IPOPIF CASH		-90			-48
SSGA ST GOV-CREDIT					-30
SSGA CORE BONDS	-90		-90		-42

Dollars in millions

Performance Summary

Final	2Q22	3Q22	4Q22	1Q23	2Q23	FY23	4/22 – 6/23
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	August	4/22 – 8/23	Sept. Est.
IPOPIF Pool	+2.6%	-2.0%	-1.4%	-2.9%
Policy Benchmark	+2.8%	-2.1%	-1.3%	N/A
Broad Benchmark	+2.9%	-2.4%	-2.7%	-4.0%

- IPOPIF Performance is net of fees.
- Policy Benchmark – Weighted average of asset class benchmarks; gauges success of implementation (currently less stock exposure than the broad benchmark)
- Broad Benchmark – 70/30 global stocks/bonds; gauges success of asset allocation.
- Returns for periods longer than one year are annualized.
- IPOPIF Actuarial Assumed Rate of Return is 6.8%

Key Investment Initiatives (1)

Initiative	Status
Investment Staff Recruitment	Experienced investment professional with CFA designation expected to start in late October.
Investment Policy & Asset Allocation Review (new addition)	Staff and Verus to review during 4Q23 and recommend changes in 1Q24.
International Equity Small Cap search	RFP evaluation complete. Semifinalist interviews with staff and Verus Oct. 4-6. Search report under separate agenda item.
Bank Loan Search	3% long-term allocation, but no current exposure. RFP posted and press release issued on Sept. 18. Phase 1 data evaluation completed. Phase 2 initiated (Oct. 20 deadline). Planning for Board interviews in December.
Private Market Planning	Consultant education in June. Staff and Verus to collaborate during 4Q23. Recommended investment plan targeted for March 2024.

Key Investment Initiatives (2)

Initiative	Status
Emerging Markets Searches	Will start planning searches for emerging market equity and debt in 2024. China a bigger consideration for EM equity at 30% of index vs. 4.5% for EM debt.
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.
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	Developed 2024+ investment objectives for Board Review. Continued development of project management application with detailed steps with timelines and dependencies. Now in service.

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Preliminary Agenda Planning

December 2023

- Intl. Small Cap interviews/selection
- Bank Loan interviews/selection
- Custodian review
- Too much?

March 2024

- EM Equity/Debt search requests
- Private market implementation planning
- Investment Consultant Review

January 2024

- Alt. B/L interviews
- IPS review
- Asset Allocation update

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

Preliminary Search Queue

Public Markets

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

Private Markets

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

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

DATE: October 4, 2023
 TO: IPOPIF Board of Trustees
 FROM: IPOPIF Investment Staff
 SUBJECT: International Small Cap Search Process and Status

Summary

IPOPIF Staff and Verus (Evaluation Team, Team) have been conducting a search for international small cap active managers since late July. The search has narrowed an initial field of 390 products down to nine firms that will be interviewed by staff and Verus on October 4th, 5th, and 6th. While the final recommendation remains to be determined, the Evaluation Team is leaning toward an approach that combines passive management with an active three-manager core/satellite structure. The Team is interviewing three managers for each role. Staff intends to make a final recommendation to the Board on December. 15th. We intend to bring the top two managers for each role to interview with the Board. Additional Board interviews may be required to meet Pension Code requirements regarding Emerging and MWDBE managers.

Process Review Follows**Timeline**

Amended Date	Original Date	Milestone
7/24/23	7/24/23	RFP posted
8/4/23	8/4/23	eVestment database update deadline
<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	Deadline for final responses to questions posted on IPOPIF website
<u>9/13/23</u>	9/8/23	Proposal Due by 5 pm central
<u>10/4/23-10/6/23</u>	9/18/23-9/22/23	Semifinalist interviews with Verus and IPOPIF staff
10/13/23		Board update: ISC Search process and finalists
<u>12/15/23</u>	10/13/23	Board review, interviews (TBD), and approval

Publicity

IPOPIF issued a press release on July 26th announcing the search, which was picked up by multiple industry news outlets. IPOPIF asked for indications of interest from MWDBE and Veteran-owned firms.

Database Screening

Using eVestment data as of 6/30/2023, IPOPIF screened the eVestment database following the August 4 deadline for the two following parameters to create the universe of investment strategies for consideration.

- Geographic Region: ACWI, ACWI-ex-US, EAFE, and Global
- Primary Equity Capitalization: Small Cap and Small-Mid Cap

The result was a universe of 390 products offered by 230 firms, which was consistent with prior period data and expectations. This included 31 products from 24 MWDBE firms based on eVestment data. eVestment does not track veteran ownership. There were no indications of interest from veteran-owned firms and no veteran ownership indicated in the proposals received.

Universe Evaluation to Identify Highest Caliber Candidates

Next, the Evaluation Team conducted multiple iterations of quantitative and qualitative review, scoring, and debate for the following parameters:

- Absolute and relative performance statistics
- Organizational stability
- Investment philosophy and process
- Firm and product size and track record

This was a rigorous process that ultimately resulted in a consensus list of the 15 highest caliber candidates that were invited to submit a proposal. This step took longer than expected and resulted in revising the published schedule to push out deadlines for invitations, questions and answers, and proposal submission.

Questions and Answers (Q&A)

Staff generally answered questions within one or two days and posted this information to the RFP section of the IPOPIF website. <https://www.ipopif.org/rfp/>

Proposals Received

- Of the 15 firms invited, 14 submitted proposals, while one declined due to concerns about MWDBE brokerage goals.
- The RFP and Q&A made clear that any firm could submit a proposal. 28 additional unsolicited proposals were received.
- The Evaluation team reevaluated the original criteria for the 28 unsolicited proposals to determine if any should be considered for further evaluation.
 - Of the 28 proposals, one Emerging Manager was added and two managers that were not MWDBE, Emerging, or Veteran-owned Managers were added. Three total additions were made.
- Seven proposals were received from MWDBE firms, two of which were Emerging managers.

- MWDBE means a Minority-Owned Business, Women-Owned Business, or Business Owned by Person with a Disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2, as amended.
- “MWDBE Investment Adviser” or “MWDBE Investment Manager” means a qualified Investment Adviser that manages an investment portfolio and is a MWDBE.
- “Emerging Investment Adviser” or “Emerging Investment Manager,” as defined in Section 1-109.1(4) of the Illinois Pension Code, means a qualified Investment Adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a MWDBE.
- No proposals were received from Veteran-owned firms.

Proposal Review

Next, the Evaluation Team scored the 17 proposals from the solicited candidates and the three proposals added for review across the 52 questionnaire questions in nine categories to isolate areas of differentiation. The nine categories scored were:

Organization	Investment Process	Trading
Product Information	Performance	Compliance
Cybersecurity	References	Fees

Once Staff and Verus completed their independent proposal scoring, the Evaluation Team met to discuss the proposals and collaboratively select the products that would advance in the process. Because structure is an important aspect of the final recommendation(s) to be made, advancing adequate options by investment style (i.e., Core, Growth, Value) was a selection consideration. Proposal scoring was conducted to select the best fit and highest conviction products. Nine candidates, including one Emerging Manager and one MWDBE Manager, were selected for interviews.

A brief discussion of high-caliber firms that did not move forward is included in the appendix.

IPOPIF contacted all managers who submitted proposals to notify them regarding whether or not they were advancing to the interview phase of the search process.

Interview Candidates

The following managers were invited to interview:

Value Style	Core Style	Growth Style
Arga (MWDBE)	Acadian	Driehaus
LSV	DFA	WCM
Metis (Emerging)	Wellington	William Blair

An information package from Verus comparing the interview candidates is attached for reference.

Manager Structure

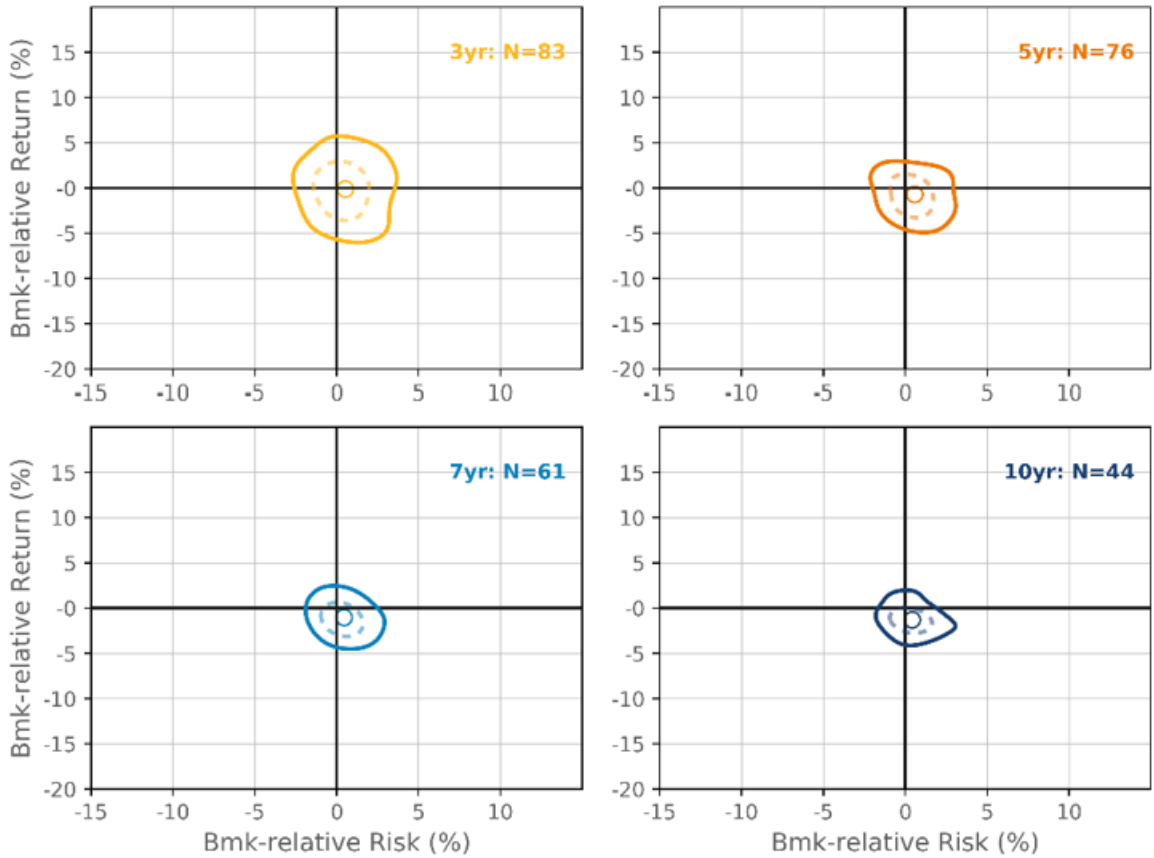
Both IPOPIF Investment Staff and Verus advocate low-cost passive management across many asset classes, and while it is our collective view that the opportunity to generate alpha (positive risk-adjusted returns above a stated benchmark) is higher in International Small Cap Equity than in most other publicly traded asset classes, it is still uncertain.

Given that the size of the International Small Cap Equity mandate is approaching \$500 million, and active strategies are frequently capacity constrained by the size of the opportunity set, IPOPIF may need to split the mandate between multiple managers. An approach that resonates with the Team is using a quantitative core manager, augmented by complementary fundamental growth and value satellite managers.

The exhibit on the following shows Verus' approach to evaluating the potential for excess returns for international small cap equity.

Active Return Evaluation for International Small Cap

INTERNATIONAL DEVELOPED SMALL



The graphic above compares active management (risk and return) to the benchmark over multiple time periods. While there are many managers that beat the benchmark on a risk-adjusted basis, it is by no means a certainty.

Explanatory Notes:

- The vertical axis represent annualized trailing excess returns.
- The horizontal axis represents relative risk.
- Center circle represents the median manager
- Dashed-line ring represents 35% of universe
- Solid-line ring represents 75% of universe



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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES

FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
KENT CUSTER, CHIEF INVESTMENT OFFICER
REGINA TUCZAK, FINANCE DIRECTOR

RE: STRATEGIC PLAN OBJECTIVES

DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE STRATEGIC PLAN OBJECTIVES

The Board of Trustees conducted a Strategic Planning Workshop on July 21, 2023, which began the process of developing a formal plan for the accomplishment of strategic goals and objectives that develop the pathway leading to an overall effective and efficient organizational operation.

The initial step in this process was taken by the Board at the September 15, 2023, meeting with the adoption of a mission statement, vision statement, core values and organizational goals.

The next step is the review and approval of specific objectives which are tied to each of the approved organizational goals. Although the Executive team and Consultant Choi have worked closely with each other to develop the objectives being presented to the Board at this meeting, there is room for further development based on today's discussion. The objectives will be presented again at the next meeting, along with action plans, as discussed further below.



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Each objective contains specific components that provide a description of the objective's purpose, the responsible team member for the objective, desired outcomes when the objective is achieved, performance measures for the evaluation of the objective and the generalized approach that will be used to accomplish the objective. As mentioned, these approaches are generalized for the purpose of approving the objective.

One of the next steps in this strategic planning process will be the development and approval of individual action plans for each objective that will drill even further down into the tasks, timelines, milestones, and performance metrics that are required to achieve these objectives. These action plans will be presented to the Board of Trustees later – tentatively scheduled for the first quarter of 2024.

Implementation and monitoring of the individual action plans will be an ongoing process which is also likely to begin in the first quarter of 2024.

The Strategic Plan document will be presented to the Board of Trustees for approval at the December 2023 meeting.

It is intended that the Strategic Plan will cover a three-year period of 2024-2026.

The plan and the implementation process will be reviewed by the Board quarterly and annually, as detailed in the flow chart.

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The Strategic Plan objectives under consideration are listed below with each of the objective worksheets included in the agenda material.

A. INVESTMENT GOAL: Generate net returns that exceed the actuarial rate of return.

1. Review and revise the asset allocation and Investment Policy Statement
2. Develop investment plans for private market asset classes.
3. Conduct investment manager searches
4. Develop compliance monitoring and reporting framework.
5. Expand investment communications.
6. Resolve non-transferable assets.

B. GOVERNANCE GOAL: Ensure good governance by implementing best practices for accountability and transparency.

1. Good governance policy and procedures: Maintain a governance structure consistent with a large public pension plan to meet the highest fiduciary, investment, and actuarial standards.
2. Enhance Effectiveness of the Board and Organization: Enhance best practices for a governing body to promote the highest fiduciary standards needed for effective and efficient governance, oversight, and transparency.

C. MANAGEMENT GOAL: Effectively and efficiently administer the fund to achieve desired results.

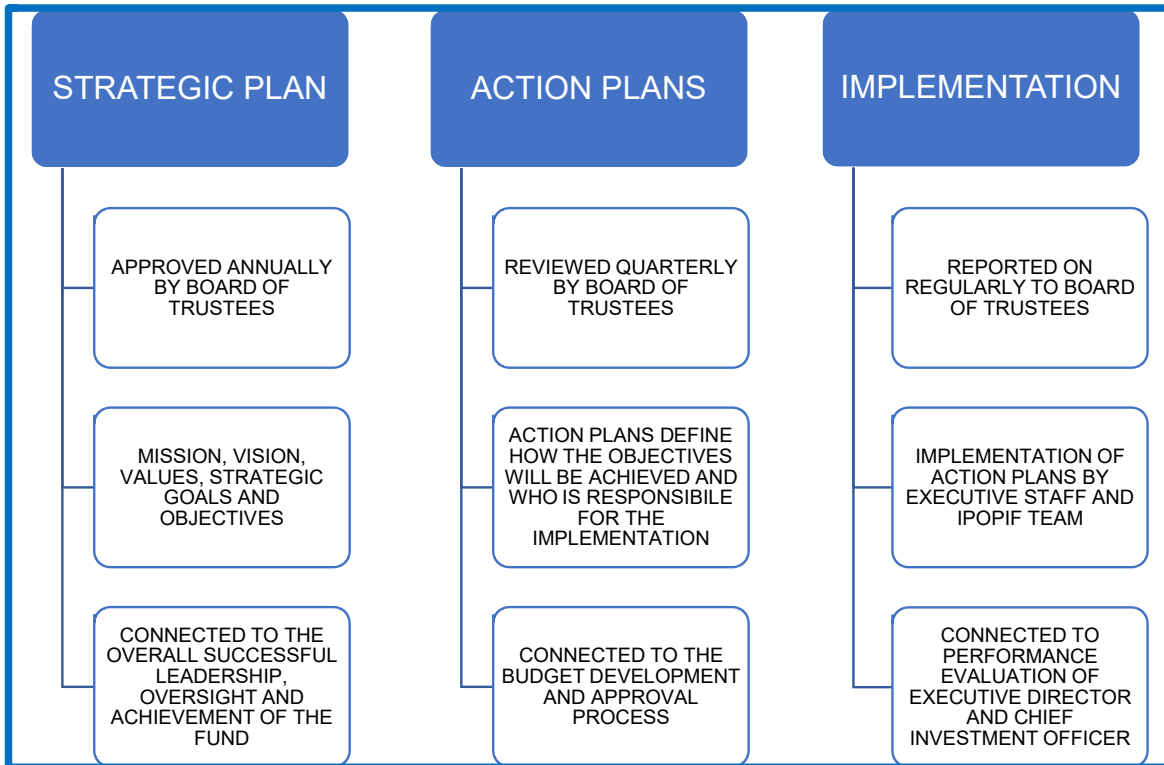
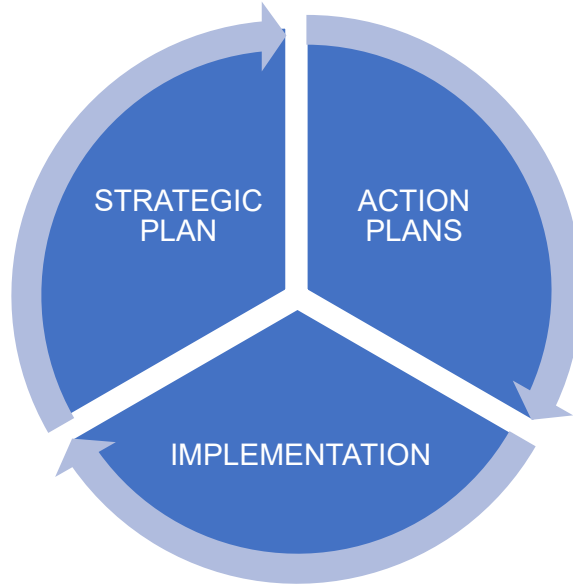
1. Determine Desired Outputs and Services of Finance and Accounting Operations
2. Develop, Design and Document Internal Controls, Policies and Procedures to Support Outputs and Services
3. Evaluate Current Resources and Long-Term Needs to Support Outputs and Services
4. Information Technology: Implement the information technology roadmap to align technology with best practices and team resources to achieve organizational goals.
5. Human Resources: Complete the human resources plan to address people, benefits, succession planning needs to support IPOPIF and regulatory requirements.

D. STAKEHOLDER RELATIONS GOAL: Maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries.

1. Communication: Effectively provide information to participating pension funds, participants and beneficiaries, municipalities, and other stakeholders.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

**Strategic Planning Process
Flow Chart**





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MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: MEETING CALENDAR - 2024
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE 2024 BOARD OF TRUSTEE AND COMMITTEE MEETING SCHEDULE

The meeting schedule for calendar year 2024 for the Board of Trustees and Committees is presented for review and approval.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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

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IPOPIF BOARD OF TRUSTEES

2024 SCHEDULE

BOARD MEMBERS

Vacant
Participant Representative
Peoria, IL

Lee Catavu
Participant Representative
Aurora, IL

Paul Swanlund
Participant Representative
Bloomington, IL

Daniel Hopkins
Beneficiary Representative
Collinsville, IL

Mark Poulos
Beneficiary Representative
Rock Island, IL

Elizabeth Holleb
Municipal Representative
Lake Forest, IL

Michael Inman
Municipal Representative
Macomb, IL

Phil Suess
Municipal Representative
Wheaton, IL

Brad Cole
Illinois Municipal League
Representative
Carbondale, IL

BOARD OF TRUSTEE REGULAR MEETINGS

FRIDAY	JANUARY 19, 2024
FRIDAY	MARCH 8, 2024
FRIDAY	APRIL 12, 2024
FRIDAY	JUNE 14, 2024
FRIDAY	JULY 19, 2024
FRIDAY	SEPTEMBER 13, 2024
FRIDAY	OCTOBER 18, 2024
FRIDAY	DECEMBER 13, 2024

BOARD OF TRUSTEE COMMITTEE MEETINGS

FRIDAY	FEBRUARY 9, 2024
FRIDAY	MAY 17, 2024
	TBD
FRIDAY	NOVEMBER 15, 2024

The Board of Trustee Regular meetings and Committee meetings will be conducted in Peoria, IL.

Meeting schedule adopted by the Board of Trustees on October 13, 2023.

Please review the IPOPIF website (www.ipopif.org) for latest meeting schedule, location, times, agendas, and minutes.

Subject to change

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: REGIONAL STAKEHOLDER MEETINGS -2024
DATE: OCTOBER 13, 2023

RECOMMENDATION: DISCUSSION ITEM ONLY

• **Purpose Statement of the Regional Stakeholder Meeting**

The purpose of this conference is to bring together members of the Board of Trustees, the Executive Director, Chief Investment Officer, and Finance Director all for a revealing look at what IPOPIF does.

This meeting will focus on topics such as an introduction to IPOPIF, a thorough definition of the investment policy, the structure & performance of IPOPIF, an administrative and financial overview, and a Q&A session.

• **Goals of the Regional Stakeholder Meeting**

Staying in touch with our members, beneficiaries, municipalities, and stakeholders.
Provide updates and report on the progress of the fund.
Promote the fund and gain confidence of stakeholders.

• **Presenters at the Regional Stakeholder Meeting**

Executive Staff:

- Executive Director
- Chief Investment Officer
- Finance Director

Board of Trustee:

- Member of the Board of Trustees

• **Schedule and Location:**

Desirable to have regional stakeholder meetings on a quarterly basis in rotating locations around the State of Illinois.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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

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BOARD MEMBERS

*Vacant
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Wheaton, IL*

Brad Cole
*Illinois Municipal League
Representative
Carbondale, IL*

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REGIONAL STAKEHOLDER MEETINGS

2023 & 2024 MEETING SCHEDULE

REGIONAL STAKEHOLDER MEETING SCHEDULE

DAY	DATE	LOCATION
TUESDAY	JUNE 27, 2023	COLLINSVILLE
TUESDAY	OCTOBER 17, 2023	NORMAL
WEDNESDAY	FEBRUARY 21, 2024	NAPERVILLE
WEDNESDAY	MAY 8, 2024	QUINCY
WEDNESDAY	JULY 10, 2024	ROCK ISLAND
WEDNESDAY	OCTOBER 23, 2024	ROCKFORD

Meeting times and location will be announced at a later date.

Subject to change.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: TRANSITION OF ASSETS – TRANSITION REPORT
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE TRANSITION OF ASSETS REPORT.

The Transition of Assets Report summarizes the transition of assets period of January 1, 2020, through December 31, 2022, during which time the Illinois Police Officers’ Pension Investment Fund (the Fund) implemented the consolidation of investment assets held locally by the 357 suburban and downstate police pension funds known as the Article 3 participating police pension funds.

There are nine sections contained in this report on the transition of assets, which encompasses the complex and ambitious journey which the newly established Illinois Police Officers’ Pension Investment Fund (IPOPIF) took since the inception of the Fund through the conclusion of the transition of assets period, December 31, 2022, to consolidate the investment fund assets of the downstate and suburban Article 3 participating pension funds into a single investment trust fund managed by the IPOPIF.

It is anticipated that the draft presented will be finalized with content based upon today’s discussion, and staff will add a cover page to the document for release to all interested parties.



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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: EXECUTIVE DIRECTOR JOB DESCRIPTION
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE EXECUTIVE DIRECTOR JOB DESCRIPTION (PP-2020-02), AS REVISED

The Executive Director Job Description (PP-2020-02) was adopted by the Board of Trustees on July 10, 2020. The policy was reviewed and revised by the Governance Committee at the September 14, 2023, meeting and was recommended to the Board of Trustees for approval.

The revisions to this policy include:

- Inclusion of strategic planning as a responsibility under the Leadership and Policy Analysis category.
- Correction of audit title to Annual Comprehensive Financial Report (ACFR) under the Finance, Actuarial and Accounting category.
- Inclusion of performance evaluations as a responsibility under the Human Resources category.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

POLICY NUMBER: PP-2020-02
SUBJECT: EXECUTIVE DIRECTOR JOB DESCRIPTION
EFFECTIVE DATE: JULY 10, 2020
AMENDED: OCTOBER 13, 2023

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A. INTRODUCTION

1. The "operation and administration of the Fund shall be managed by an executive director" who shall be appointed by the Board of Trustees, as provided for under Section 22B-118 of the Illinois Pension Code.
2. The Executive Director of the Illinois Police Officer Pension Investment Fund (IL POPIF) "with approval of the board, the executive director may employ such personnel, professional or clerical, as may be desirable and fix their compensation" as provided for under Section 22B-118 of the Code.

PP-2020-02: EXECUTIVE DIRECTOR POLICY AND PROCEDURE (BOT REVIEW DRAFT) 1

B. DUTIES AND RESPONSIBILITIES

Leadership and Policy Analysis:

~~3~~.1. The Executive Director (ED) plans, coordinates, and manages the daily operation of the administrative organization through the staff and contract service providers in accordance with policies and procedures established by the Board.

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a. In doing so, the ED will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.

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~~b~~. The ED will work closely with the Chief Investment Officer to ensure the investment operations and investment strategies are carried out.

~~b-c~~. The ED will assist the Board of Trustees and the Executive Team in the development, monitoring and implementation of the Strategic Plan.

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Governance:

~~4~~.1. Assists the Board in implementing its governance By-Laws, Policies and Procedures.

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~~5~~.2. Oversee the preparation of the Board agendas and materials and required postings for meetings of the Board.

Operations:

~~6~~.1. The Executive Director will:

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- a. Recommend to the Board, as appropriate, administrative related policies designed to help ensure effective operations;
- b. Recommend to the Board a strategic plan and business plan and updates to the plan as necessary;
- c. Recommend the Annual Budget to the Board;
- d. Execute contractual agreements in accordance with Board policy;
- e. Authorize payments related to the administration of IPOPIF in a manner consistent with Board policy and procedures.
- f. Recommend to the Board the appropriate design, acquisition, implementation, and maintenance of all administrative technological systems;
- g. Maintain the administrative records of IPOPIF in a permanent and readily accessible format and in accordance with Board policy;
- h. Maintain an effective working relationship with stakeholders, municipal and legislative bodies, media, and interested parties.

Finance, Actuarial and Accounting:

7.2 The Executive Director will:

- a. Recommend to the Board as appropriate, financial and accounting policies;
- b. Implement appropriate internal financial controls to safeguard the physical and financial assets of IPOPIF;
- c. Coordinate the annual financial audits;
- d. Coordinate the actuarial valuation, actuarial audits and other actuarial policies;
- e. Cause to be prepared a comprehensive annual comprehensive financial report on the operations of IPOPIF for Board approval;

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Human Resources:

8.1 The Executive Director will:

- a. Assess the administrative human resource needs of IPOPIF, establish and implement appropriate human resources programs and procedures, and compensation policies of the Board;
- b. Ensure appropriate training for IPOPIF administrative staff.
- b.c. Ensure an appropriate performance evaluation process is implemented for team members.

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Legal:

9.1 The Executive Director will:

- a. In consultation with legal counsel, provide recommendations to the Board concerning the initiation and settlement of litigation involving IPOPIF;
- b. Oversee the development and implementation of plans to comply with newly enacted legislation and court rulings, as applicable.

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Communications:

40.1 The Executive Director will:

- a. Ensure effective and timely communications with stakeholders on matters relating to the administration of IPOPIF.
- b. In situations that call for an official spokesperson to speak on behalf of IPOPIF, jointly determine with the Board Chair, on an issue-by-issue basis, who will act in such capacity.

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Monitoring and Reporting:

41.1. The Executive Director, in conjunction with the Chief Investment Officer, will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight and fiduciary responsibilities.

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42.2. The Executive Director will:

- a. Oversee the regular review of all administrative policies of IPOPIF to ensure they are being followed and continue to meet IPOPIF needs;
- b. Oversee management's response to the findings of the annual financial audit, and of any internal audits that may be performed;
- c. Oversee administrative employees and service providers of IPOPIF to ensure compliance with the IPOPIF policies;

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Emergency Authority:

43.1. In emergency situations, the Executive Director, in conjunction with the Chief Investment Officer, after making reasonable attempts to contact the Board Chair and Vice Chair, will have the authority to act on matters not expressly stated within other Board Policy provided that:

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- a. The action is in the judgement of the Executive Director and Chief Investment Officer necessary to protect the Fund, its employees, the Fund's administrative, financial or investment trust fund assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a noticed meeting of the Board; and
- b. The emergency action taken, and the reasons why are promptly reported to the Board Chairperson, Vice Chairperson and the full Board of Trustees.
- c. This policy is not intended to address situations solely related to the investment trust fund and financial markets. In these situations, or conditions of financial market turmoil, the Chief Investment Officer would have the sole emergency authority.

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C. POLICY REVIEW

- ~~14.1.~~ The Policy is subject to change in the exercise of the Board's judgement.
- ~~15.2.~~ The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations
- ~~16.3.~~ In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
- ~~4.~~ This policy was adopted by the Board on July 10, 2020.
- ~~17.5.~~ This policy was revised by the Board of Trustees on October 13, 2023.

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

POLICY NUMBER: PP-2020-12
SUBJECT: CHIEF INVESTMENT OFFICER JOB DESCRIPTION
EFFECTIVE DATE: NOVEMBER 13, 2020
AMENDED: OCTOBER 13, 2023

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A. INTRODUCTION

1. The Chief Investment Officer (CIO) is appointed by and reports to the Board of Trustees.
2. The CIO is responsible for leading the management and operation of the IPOPIF investment operation.
3. The CIO will work with the IPOPIF Board of Trustees (Board) on investment-related matters and will carry out all his or her duties and responsibilities under their direction.
4. The Chief Investment Officer will work closely with the Executive Director to ensure the investment operations are carried out.

PP-2020-12: CHIEF INVESTMENT OFFICER JOB DESCRIPTION

B. DUTIES AND RESPONSIBILITIES OF THE CIO

5. Leadership, Strategy and Analysis

- a. Formulate and recommend to the Board: an investment philosophy describing the fundamental principles underlying the investment program; the investment policies and strategies required to achieve the investment goals; the guidelines [and procedures](#) for the invested asset classes to manage portfolio risk; the decision-making process to ensure disciplined outcomes and the independent measurement of performance.
- b. Responsible for the strategic direction of the investment function, including ongoing assessment of the investment structure, objectives, policy asset allocation, risk parameters, and performance benchmarks consistent with [Board Guidance](#), the Illinois Police Officers' Pension Investment Fund's mission, vision, and strategic plan. [Recommends strategic objectives annually.](#)
- c. Establish, review, recommend and modify strategic asset allocation in collaboration with [the Investment Consultant and](#) the Board of Trustees.
- d. Work collaboratively with participating pension plans to ensure that the investment fund maintains adequate liquidity to meet the needs of constituent plans and their beneficiaries.
- e. Lead the IPOPIF investment program and staff to implement Board approved policies, strategies, guidelines, and mandates to achieve investment [goals and objectives](#).
- f. Oversee the overall administration of investment operations to ensure the smooth implementation of strategic ~~and tactical~~ [goals and objectives](#) of the investment program.

6. Investment Management

- a. Recommend to the Board a written statement of Investment Policy.
- b. Develop and implement policies, strategies, portfolio structures and guidelines necessary for the effective implementation of the investment strategies in accordance with the Board's approved policies.
- c. Perform on-going review of investment policies, strategies and portfolio guidelines and make recommendations for any changes, as needed.
- d. Ensure portfolio rebalancing and portfolio transitions in accordance with the Board approved Investment Policy Statement.
- e. Recommend to the Board, for approval, the appointment of the following core service providers as needed to implement the objectives and policies of the plan:
 - i. The general plan consultant and specialty consultants, as required.
 - ii. The custodian.
 - iii. Investment managers, including transition managers.
 - iv. Securities lending managers.
 - v. Proxy-voting advisors.
 - vi. Prime brokers as required.
 - vii. ~~Directed commission brokers.~~
 - viii.vii. Outside legal counsel for contracting, as required.
 - ix.viii. Structure and reporting specialists as required to create and provide operational or administrative support in implementing the Investment and Governance Policies approved by the Board; and
 - x.ix. Other service providers determined by the Board.
- f. Recommend [investment manager search and selection in accordance with the Procurement of Investment Services Policy](#), ~~to the Board the hiring, watch listing and termination of investment managers in coordination with the investment consultants.~~
- g. Monitor investment managers in accordance with the Investment Policy statement, including identifying managers of concern and recommendations to the Board.
- g.h. Oversee and coordinate the analysis of IPOPIF investment portfolios.

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~~h.i.~~ Oversee investment consultants, investment managers, custodian, and other service providers to ensure the successful administration of the investment program.

~~h.j.~~ Identify and analyze trends, which could have significant implications on the investment program and make recommendations to address such issues.

7. Monitoring and Reporting

a. Provide the Board with relevant and timely information of all significant issues to enable them to carry out their fiduciary responsibilities.

b. Monitor and report to the Board in accordance with policy the investment performance and risk levels of the investment program, the component asset classes and the individual portfolios.

~~e.~~ Review the investment performance of the staff, the consultants, investment managers, and custodian.

~~d.c.~~ Monitor compliance with Board approved policies and all applicable laws and regulations.

~~e.d.~~ Monitor the investment program operations to ensure their efficiency and cost-effectiveness and provide the Board with an annual report of total plan investment expenses including management fees and expenses, operating costs, and manager incentive fees

~~f.c.~~ Ensure that all necessary investment manager due diligence is being performed in accordance with Board approved policies.

~~g.f.~~ Provide periodic reporting in accordance with Board policies to the participating police pension funds.

8. Administration

a. Develop and recommend to the Board an annual investment program budget, strategic plan, and any necessary updates.

b. Negotiate fees, expenses, structures, fee netting, strategic relationship agreements and other contractual terms involving investment managers and other investment-related service providers.

Commented [KFC2]: consider deletion of 7.c due to overlap with section 6 and 10.a.

- c. Coordinate with Legal Fiduciary Counsel on investment agreements, contracts, and other legal matters.
- d. Authorize payments for investment services consistent with applicable contracts.
- e. Maintain records related to the investment division and assets in an accessible format.

9. Governance

- a. Assist the Audit Committee in coordinating the annual financial audit as related to investment matters.
- b. Provide the Board with investment education and training as necessary to promote sound investment decisions.
- c. Oversee the preparation of investment related agenda items for the Board and its committees.

10. Human Resources

- a. Manage and supervise the investment staff [including annual performance reviews and establishing goals and objectives.](#)
- b. Assess the resource needs of the investment operation.
- c. Coordinate with the Executive Director to hire, manage and terminate investment staff.
- d. Ensure the training and development of investment staff.

11. Emergency Authority

- a. In emergency situations, the Executive Director, in conjunction with the Chief Investment Officer, after making reasonable attempts to contact the Board Chair and Vice Chair, will have the authority to act on matters not expressly stated within other Board Policy provided that:
- b. The action is in the judgement of the Executive Director and Chief Investment Officer necessary to protect the Fund, its employees, the Fund's administrative, financial or investment trust fund assets from loss or harm that is reasonably likely

to occur if action is delayed for the scheduling of a noticed meeting of the Board;
and

- c. The emergency action taken, and the reasons why are promptly reported to the Board Chairperson, Vice Chairperson, and the full Board of Trustees.
- d. This policy is not intended to address situations solely related to the investment trust fund and financial markets. In these situations, or conditions of financial market turmoil, the Chief Investment Officer would have the sole emergency authority.

C. POLICY REVIEW

- 12. The Policy is subject to change in the exercise of the Board's judgement.
- 13. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations
- 14. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
- 15. This policy was originally adopted by the Board on November 13, 2020. [The dates of subsequent reviews and adoption shall be recorded below.](#)

[October 13, 2023 – reviewed and adopted](#)

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: CHIEF FINANCIAL OFFICER JOB DESCRIPTION
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE CHIEF FINANCIAL OFFICER/ASSISTANT EXECUTIVE DIRECTOR JOB DESCRIPTION (PP-2021-06), AS REVISED.

The Finance Director/Assistant Executive Director Job Description Policy was originally adopted by the Board of Trustees on November 12, 2021, and Regina Tuczak was hired into the position in October 2022.

The revisions into this policy include the incorporation of responsibilities that were a part of the Chief Financial Officer job description, and which now rightly belong in this policy now that the role is a full-time position of the Fund. Additions to the policy also include job duties that have been added to the role as our organization grows.

Essentially, the position is significantly growing in responsibilities as our organization grows, as the functions required of the position expand, as full-time staff in the finance area are added and as the trust fund and investment management expands.

As such, I recommended to the Audit and Budget Committee that the title of the position be revised to "Chief Financial Officer" as an appropriate role that includes the responsibilities of leading and managing the financial, accounting, and actuarial responsibilities of the IPOPIF. I provided the Committee with my opinion that similar organizations in size and scope have a Chief Financial Officer position. I also stated that I believed that the title change will appropriately be a recognition of the many significant accomplishments made by our Finance Director since her hiring. At this time, the title change will not incorporate a change in the compensation structure or range.

The Audit and Budget Committee supported this revision to the Chief Financial Officer title, as well as revisions to the job description as presented to the Board. A summary of the revisions to this job description include:

- Title change to Chief Financial Officer/Assistant Executive Director

- Clean-up/update of language descriptions of duties and responsibilities
- Adds cash management oversight and responsibility.
- Adds Article 3 fund compliance examination oversight to responsibilities.
- Adds to Human Resources responsibilities.
- Adds general responsibilities including communication with stakeholders.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

POLICY NUMBER: PP-2021-06

SUBJECT: CHIEF FINANCIAL OFFICER~~FINANCE~~
DIRECTOR/ASSISTANT EXECUTIVE DIRECTOR/

EFFECTIVE DATE: NOVEMBER 12, 2021

AMENDED: OCTOBER 13~~XX~~, 2023

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SECTION B: DUTIES AND RESPONSIBILITIES

SECTION C: DESIRED SKILLS AND ABILITIES

SECTION D: QUALIFICATIONS

SECTION E: POLICY REVIEW

A. INTRODUCTION:

1. The Chief Financial Officer (CFO)~~Finance Director/Assistant Executive Director~~ is a senior level executive position that reports to the Executive Director.
- 1.2. The CFO position is a necessary role that is responsible for ensuring the proper stewardship of the financial affairs of the Fund.
- 2.3. Under general~~the~~ direction of the Executive Director, the CFO~~Finance Director/Assistant Executive Director~~ will be primarily~~primarily~~-responsible for the Financial Operations of IPOPIF and will provide managerial responsibilities to the Administrative Operations of IPOPIF.

PP-2021-06 CHIEF FINANCIAL OFFICER~~FINANCE DIRECTOR/ASSISTANT EXECUTIVE DIRECTOR~~ JOB DESCRIPTION (Draft revision October 13 2023)

~~3.4.~~ The ~~CFO~~~~Finance Director~~/Assistant Executive Director will uphold the highest standards of ethics and professionalism and will act in a manner consistent with the Illinois Police Officers' Pension Investment Fund's mission, vision, goals, and strategic plan.

~~4.5.~~ Maintains strict confidentiality, professionalism, integrity, and compliance with applicable laws and regulations at all times.

B. DUTIES AND RESPONSIBILITIES OF THE CFOFINANCE DIRECTOR/ASSISTANT EXECUTIVE DIRECTOR:

~~5.6.~~ Finance Operations:

- a. Under general direction is responsible for planning, organizing, and directing the Fund's finance operations, such as accounts payable and payroll, managing financial transactions; record keeping; reporting and preparation of financial statements, accounting for investments, and budget development; and performs related duties as required.
- b. Provides leadership in the design, development, and implementation of Plans, organizes, and directs the financial management, internal controls and accounting operations for IPOPIF, including all accounting activities and transactions for administrative and investment operations, and purchasing and procurement, and Board of Trustee fiscal matters and requests.
- c. Ensures that the financial matters of IPOPIF are conducted in accordance with Generally Accepted Accounting Principles (GAAP), recommended best practices by the Government Finance Officers Association, the Illinois Pension Code, and other Federal and State statutes, as well as Fund policies.
- d. Directs preparation of the financial reports and budget reports for the Board of Trustees and other entities, including but not limited to:
 - i. Comprehensive Annual Comprehensive Financial Report,
 - ii. Monthly Financial Reports
 - iii. Annual Financial Statements
 - iv. Illinois Department of Insurance

iii.v. Other stakeholder reporting to support the needs of Article 3 Funds, their membership and employers

- e. Directs the financial planning, preparation and monitoring of the IPOPIF annual fiscal year budget, reviews budget requests and justifications for budget items, authorizes and monitors expenditures to ensure compliance with fiscal policies, and reports on all budget matters to the Board of Trustees.
- f. Recommends and implements appropriate internal financial controls to safeguard the physical and financial assets of the Fund. Works closely with the external auditor and coordinates the independent financial audit.
- g. Directs and pPrepares fiscal analysis, projections, comprehensive—cost projections, summaries, reports, and recommendations necessary to support the mission, vision, goals and strategic plan of IPOPIF.
- h. Confers and coordinates with the Fund's external service providers, municipalities and participating pension funds on financial, accounting and actuarial matters.
- i. Provides leadership and full service of the finance department to all cash management needs of participating pension funds, including withdrawal requests, cash contribution direction and accounting, access inquiries, and maintenance relating to the cash management portal with the custodian. Develops and implements procedures consistent with user ease and effective internal controls designed to protect the investment assets of the Fund.
- g.j. Develops, directs, and implements procedures consistent with Board of Trustee direction pursuant to the Illinois Pension Code with respect to examinations and investigations of the Article 3 funds.

6.7 Administrative Operations:

- a. Advises the Executive Director on all matters relating to the operations of IPOPIF.
- b. Represents the Executive Director at meetings, as required.
- c. Monitors the public pension industry to implement best practices for continuous improvement.

PP-2021-06 CHIEF FINANCIAL OFFICER~~FINANCE DIRECTOR~~/ASSISTANT EXECUTIVE DIRECTOR JOB DESCRIPTION (Draft revision October 13 2023)

- d. Ensures operations are within applicable federal and state pension fund regulations.
- e. Establishes and evaluates operating processes and internal controls and coordinates changes to policies, forms, and procedures.
- f. Directs the negotiation of contracts for service providers that may be necessary to the administration of the Fund.
- g. Directs the development, review, evaluation, and revision of IPOPIF specific personnel policies and procedures.
- h. Assists the Executive Director and Chief Investment Officer in human resources matters pertaining to recruiting, hiring, employee onboarding, benefits enrollment, payroll processing and paid time off tracking.
- i. Ensures an appropriate performance evaluation process is implemented for finance team members.

8. General:

- a. Makes presentations to and maintains effective relationships with the Board of Trustees, Article 3 Fund representatives and stakeholders, regulatory agencies, public officials, staff, consultants and others necessary to support Fund operations.
- b. Works closely with and coordinates with the Chief Investment Officer and General Legal Counsel.

C. **DESIRED SKILLS AND ABILITIES:**

- 7.9 Ability to understand, interpret and apply provisions of Federal, State, and local regulations and policies including Governmental Accounting Standards Board, Financial Accounting Standards Board, Governmental Finance Officers' Association and American Institute of Certified Public Accountant pronouncements.
- 8.10 Knowledge of accounting and auditing principles, theories, and procedures applicable to the control of various accounting systems.
- 9.11 Knowledge of actuarial principles and accounting standards as related to pension systems.

PP-2021-06 CHIEF FINANCIAL OFFICER/FINANCE DIRECTOR/ASSISTANT EXECUTIVE DIRECTOR JOB DESCRIPTION (Draft revision October 13 2023)

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~~40.12.~~ Ability to identify and define actual and potential issues or concerns pertaining to the accuracy and integrity of accounting and fiscal data, use sound and logical judgement, and make effective decisions to develop resolutions.

~~41.13.~~ Demonstrates integrity when applying accounting and management principles and practices, ~~managing and safekeeping dealing with~~ large amounts of money and funding, ensuring the validity and acceptance of accounting and fiscal data, and resolving discrepancies in the accounting of money or funds.

~~42.14.~~ Demonstrates knowledge regarding employment law mandates affecting employees including Equal Employment Opportunity Commission (EEOC) rules and regulations, Americans with Disability Act (ADA), Fair Labor Standards Act (FLSA), and other applicable laws and regulations.

~~43.15.~~ Communicates effectively in English orally and in writing.

D. QUALIFICATIONS:

~~44.16.~~ A bachelor's degree from an accredited college or university with a major in accounting, finance, economics, business administration, or related field which includes the successful completion of coursework in elementary, intermediate, and advanced accounting, cost accounting, governmental accounting, and auditing.

~~45.17.~~ Five or more years of progressively responsible management experience (preferably with a public pension fund), in an accounting/finance/operations role, including a minimum of two years of experience in a supervisory role managing direct and indirect reports.

~~46.18.~~ A master's in business administration (MBA) degree or Certified Public Accountant (CPA) license may be substituted for one year of professional accounting/auditing experience.

~~47.19.~~ A thorough understanding of various technology and software applications commonly used in financial management and accounting functions.

E. POLICY REVIEW

~~48.20.~~ The Policy is subject to change in the exercise of the Board's judgement.

19.21. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.

20.22. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

23. This policy was adopted by the Board on November 12, 2021,

24. This policy was amended by the Board on October xx, 2023:

- a. Policy was changed to Chief Financial Officer/Assistant Executive Director, *
- b. Sections A-D: Numbering was revised.
- c. Section B: Scope of duties was revised.

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

POLICY NUMBER: PP-2021-02
SUBJECT: INVESTMENT OFFICER JOB DESCRIPTION
EFFECTIVE DATE: APRIL 23, 2021
AMENDED: October 13, 2021

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SECTION C: POLICY REVIEW

A. INTRODUCTION

1. The Investment Officer reports to the Chief Investment Officer (CIO).
2. Under the direction of the Chief Investment Officer (CIO), an Investment Officer provides expert analytical and technical support for the Investment Operations in the areas of investment management, investment reporting, performance measurement, and special projects and studies. Performs related investment duties, as required.
3. This position is assigned greater responsibility to operate independently than an Investment Analyst and may be assigned primary responsibility for one or more critical portfolio management operations or asset classes.
4. The Investment Officer will uphold the highest standards of ethics and professionalism and will act in a manner consistent with the Illinois Police Officers' Pension Investment Fund's mission, vision, and strategic plan.

B. DUTIES AND RESPONSIBILITIES OF THE INVESTMENT OFFICER

5. Investment Management

- a. Provide technical support to the CIO in developing and carrying out the Investment Policy, strategies, objectives, procedures, and processes for the Illinois Police Officers' Pension Investment Fund.
- b. Maintain oversight of compliance of Board-approved strategies, portfolio guidelines, and investment policies.
- c. Perform on-going review of investment policies, strategies and portfolio guidelines and make recommendations to CIO for any changes, as needed.
- d. Ensure portfolio rebalancing and portfolio transitions in accordance with the Board approved Investment Policy Statement.
- e. Recommend, analyze, and monitor chosen investment managers in regard to performance, risk, and return.
- f. Provide written and verbal recommendations if termination or addition of investment managers is warranted.
- g. Review, critique and assess performance of portfolios, to determine risk attribution.
- h. Collaborate and assist with pension investment consultants pertaining to long-term investment strategy.

6. Monitoring and Reporting

- a. Regularly monitor a significant number of selected investment managers to assess performance, risk and return and evaluate any strategy modification. May recommend termination of an investment manager for reasons articulated clearly in oral and written analyses.
- b. Review individual manager performance and multi-manager portfolios to assess return and risk attribution and prepare reports, as required.
- c. Assist the CIO in preparing materials for Board of Trustee and Committee meetings with assigned primary responsibility for one or more sections or segments. The Investment Officer is expected to prepare and fluently present entire reports and memoranda before investment governance bodies.

- d. Assist the CIO in monitoring compliance with Board approved policies and all applicable laws and regulations.
- e. Provide periodic reporting in accordance with Board policies to the participating police pension funds.

7. Team Management

- a. This position may be assigned responsibility for managing or overseeing the work of other professional staff members.
- b. Identify training needs of investment staff.
- c. Make recommendations to CIO with regards to hiring and termination of employees as needed.

8. Administration

- a. Serve as primary staff contact or liaison with several external service providers such as consultants and advisors and take the lead in monitoring such providers' reports, data interfaces, and information systems.
- b. Work effectively with Legal Counsel to address legal issues with contracts as needed.
- c. Communicate and respond to legislative and regulatory agencies as well as financial auditors to provide complete information requests.

9. Qualifications

- a. Graduation from an accredited university or college with a bachelor's degree in economics, finance, accounting, business, or related field of study preferred, and
- b. MBA preferred but not required.
- c. CFA designation preferred but not required.
- d. Five to seven years of investment work experience, or
- e. Three years of such experience with public funds, or
- f. Any combination of education, training and/or experience that could likely provide the desired knowledge and abilities.
- g. Demonstrated investment management success.

10. Knowledge of:

- a. Investment concepts, terminology, styles, models, and strategies including portfolio theory, asset allocation and performance measurement, and a solid understanding of capital markets.
- b. Principles and practices of institutional investment management and specifically public pension fund management.
- c. Modern portfolio theory and application to public pension funds.
- d. Institutional real estate, private equity, hedge funds and other non-traditional investment areas, including advanced knowledge of and prior experience in the functional areas to be assigned to this position.
- e. Analytical techniques and tools commonly utilized in the management of equity and fixed income portfolios in a pension fund environment.
- f. Statistical concepts, methods and models, and their application to investments.

11. Skills and abilities to:

- a. Establish and maintain professional relationships with members of the Board of Trustees, IPOPIF management and professional staff, and consultants.
- b. Isolate critical investment data to assess financial risk of investment options and report those succinctly orally and in writing. Identify key risks to the portfolio or segments assigned and provide strategies to mitigate or address those issues on a timely basis.
- c. Independently evaluate overall performance of external investment managers and consultants.
- d. Prioritize conflicting timelines and ensure that projects are completed as required.
- e. Interact with external service providers such as: actuarial and investment consultants, money managers and custodians.

- f. Strong proven analytical and writing skills for the preparation of the Board of Trustee and Committee meetings analysis of portfolio managers and due diligence reports. This employee must prepare coherent, accurate, comprehensive, and insightful research reports and policy/program/strategy recommendations without supervision, and be able to present them fluently, effectively, convincingly, honestly, and successfully to trustees, peers, co-workers, and stakeholder groups.
- g. Communicate in English clearly, concisely, and effectively both orally and in writing. Work products must be complete, comprehensive, and accurate when submitted.
- h. Perform job functions with a high degree of independence and in an ethical and objective manner.
- i. Use computer software to compose spreadsheets, graphs, flowcharts, calculations, and time reports, etc.

C. POLICY REVIEW

- 12. The Policy is subject to change in the exercise of the Board's judgement.
- 13. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
- 14. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
- 15. This policy was originally adopted by the Board on April 23, 2021. The dates of subsequent review and adoption shall be recorded below.

June 9, 2023 - reviewed

October 13, 2023 – reviewed and adopted

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

POLICY NUMBER: PP-2021-03

SUBJECT: INVESTMENT ANALYST JOB DESCRIPTION

EFFECTIVE DATE: APRIL 23, 2021

AMENDED: OCTOBER 13, 2023

INDEX:

SECTION A: INTRODUCTION

SECTION B: DUTIES AND RESPONSIBILITIES

SECTION C: POLICY REVIEW

A. INTRODUCTION

1. The Investment Analyst reports to the Chief Investment Officer (CIO).
2. The Investment Analyst's primary role is to support the Chief Investment Officer (CIO) in the routine operation and monitoring of the Illinois Police Officers' Pension Investment Fund.
3. This position will work under the direction of the Chief Investment Officer (CIO) or other senior investment staff but is ultimately expected to carry out responsibilities with minimal supervision. The Analyst will also be assigned investment-related projects geared toward understanding and improving investment risk and performance.
4. The Investment Analyst will uphold the highest standards of ethics and professionalism and will act in a manner consistent with the Illinois Police Officers' Pension Investment Fund's mission, vision, and strategic plan.

PP-2021-03: INVESTMENT ANALYST OFFICER JOB DESCRIPTION

B. DUTIES AND RESPONSIBILITIES OF THE INVESTMENT ANALYST

5. Routine Duties

- a. Initiating, tracking, verifying, and reporting, investment expenses, fees, capital calls, distributions, and custodial bank transactions and directives.
- b. Updating Excel models used for tracking cash, performance, and fees.
- c. Verifying reporting accuracy and consistency across multiple platforms (investment manager, custody bank, and investment consultant).
- d. Tracking and evaluating investment manager reporting and performance.
- e. Tracking and verifying compliance with the Illinois Police Officers' Pension Investment Fund Investment Policy Statement.
- f. Tracking and verifying investment manager compliance with applicable policies and contracts.
- g. Preparing and reviewing staff presentation materials.
- h. Assisting in preparation of the audit and annual report.
- i. Communicate relevant investment information to external Accounting vendors.
- j. Participate in, evaluate, and document meetings with investment managers.
- k. Participate in investment team meetings.

6. Qualifications

- a. Graduation from an accredited university or college with a bachelor's degree in economics, finance, accounting, business, or related field of study preferred.
- b. MBA preferred but not required.
- c. CFA designation preferred but not required.
- d. Three plus years of investment work experience is preferred.

7. Knowledge of:

- a. Investment custody concepts, reporting, accounting, and management.
- b. Knowledge and understanding of investment theory and practice.

8. Skills and abilities to:

- a. High functional skill with Microsoft Excel. Analyst must be able to understand, administer, and troubleshoot complex spreadsheet models.
- b. Ability to learn and grow.

- c. Strong verbal communication skills. Analyst must be able to communicate problems, opportunities, and opinions with conviction, clarity, and conciseness.
- d. Time management and reliability. Must be able to keep track of numerous responsibilities and complete work when due.
- e. Self-starter that is able to carry out daily tasks with minimal supervision.

C. POLICY REVIEW

1. The Policy is subject to change in the exercise of the Board's judgement.
2. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
3. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
4. This policy was originally adopted by the Board on April 23, 2021. The dates of subsequent review and adoption shall be recorded below.

October 13, 2023 – reviewed and adopted

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: AUDIT AND BUDGET COMMITTEE POLICY
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE AUDIT AND BUDGET COMMITTEE POLICY (PP-2020-09), AS REVISED.

The Audit and Budget Committee Policy was originally adopted by the Board of Trustees on October 9, 2020, and was revised on May 28, 2021. This revision updates the oversight and reporting of fiscal matters in conjunction with the addition of full-time financial staff and the incorporation of financial processes into the organization from the outsourced service providers.

The Audit and Budget Committee met on September 14, 2023, and recommended that this policy be approved by the Board of Trustees.

Listing of revisions to policy:

- Committee membership changed to reflect three or more trustees may be appointed to the Committee.
- Added responsibilities for oversight of significant financial reporting.
- Added timing of annual review to take place in conjunction with the review of the ACFR.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

Oversig

POLICY NUMBER: PP-2020-09
SUBJECT: AUDIT AND BUDGET COMMITTEE POLICY
EFFECTIVE DATE: OCTOBER 9, 2020
AMENDED: MAY 28, 2021
AMENDED: OCTOBER 13XX, 2023

INDEX:
SECTION A: PURPOSE AND BACKGROUND
SECTION B: COMMITTEE RESPONSIBILITIES
SECTION C: POLICY REVIEW

A. PURPOSE AND BACKGROUND

1. The IPOPIF Board of Trustees has established an Audit and Budget Committee as a Standing Committee to assist the Board in overseeing the Audit and Budget functions within IPOPIF, along with significant fiscal reporting matters.
2. The Board will appoint at least three or more members of the Board to the Audit and Budget Committee and designate one member to serve as the committee chair.
3. The Audit and Budget Committee provides oversight of IPOPIF's independent external audit activities.
4. The Audit and Budget Committee assists the Board of Trustees in ensuring that appropriate action is taken on audit recommendations.
5. The Audit and Budget Committee oversees communication between independent external auditors and IPOPIF management.
6. The Audit and Budget Committee will review the preparation and presentation of the annual fiscal year budget and any amendments, as outlined in the Budget Administration Policy.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

7. The Audit and Budget Committee is an advisory committee to the IPOPIF Board of Trustees, and its reports and recommendations are subject to final approval by the Board.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

B. COMMITTEE RESPONSIBILITIES

8. The Audit and Budget Committee will meet at least quarterly, with authority to convene additional meetings as circumstances require.
9. The Audit and Budget Committee will, from time to time, as determined to be in the best interest of IPOPIF:
 - a. Examine and recommend to the Board for approval the objectives and scope of the annual financial audit, including the audit plans of the independent external financial auditor, the duties and responsibilities of the independent external financial auditor, and the timing and engagement fee of the annual financial audit.
 - b. Meet with the independent external financial auditor to review and discuss the annual financial statements.
 - c. Review the findings of the independent external financial audit and review the Management Letter, and any management response thereto.
 - d. Review the engagement of the independent external financial auditor and make recommendations to the Board as to the appointment, ~~or~~ recruitment or evaluation of the independent external financial auditor.
 - e. Review the findings or comments of any regulatory agencies concerning financial statements or other financial information of IPOPIF.
 - f. Report to the Board of Trustees its activities and the results of its reviews.
 - g. Review significant changes in accounting standards, policies, or practices that may impact IPOPIF and report the results of that review to the Board of Trustees.
 - ~~g-h.~~ Review significant changes in financial reporting practices, policies and procedures recommended by IPOPIF executive staff.
 - ~~h-i.~~ Meet with the Executive Director, Chief Investment Officer and Chief Financial Officer, at least annually, to discuss the effectiveness of the internal financial and operational control policies and compliance with all financial and regulatory reporting requirements. It is suggested that this

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

annual review by held in conjunction with the review of the Annual Comprehensive Financial Report (ACFR); and

i.j. Review and report on any other duties assigned to the Committee by the IPOPIF Board of Trustees.

10. The Audit and Budget Committee will review the proposed budget for the new fiscal year and make a recommendation to the Board of Trustees, for consideration.

C. POLICY REVIEW

11. The Policy is subject to change in the exercise of the Board's judgement.

12. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.

13. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

14. This Policy was adopted by The Transition Board of Trustees on October 9, 2020.

15. This Policy was amended by the Board of Trustees on May 28, 2021, which renamed the committee and added budget adoption policy responsibilities,

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16. This policy was amended by the Board on October 13~~th~~, 2023:

a. Sections A: Committee members was changed to three or more four and oversight of significant fiscal matters included.

b. Section B: Responsibility for oversight of significant financial reporting matters added, ,

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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: LEGISLATIVE COMMITTEE POLICY
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE LEGISLATIVE COMMITTEE POLICY (PP-2020-08), AS REVISED.

The Legislative Committee Policy was originally adopted by the Board of Trustees on September 11, 2020, and amended on two subsequent occasions.

The Legislative Committee met on September 14, 2023, and recommended that this policy be approved by the Board of Trustees.

Listing of revision to policy:

- Committee membership changed to reflect at least three trustees may be appointed to the Committee.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

POLICY NUMBER: PP-2020-08
SUBJECT: LEGISLATIVE POLICY
EFFECTIVE DATE: SEPTEMBER 11, 2020
AMENDED: FEBRUARY 26, 2021
AMENDED: APRIL 23, 2021
AMENDED: OCTOBER 13, 2023

INDEX:

SECTION A: INTRODUCTION
SECTION B: POLICY OBJECTIVES
SECTION C: ROLES AND RESPONSIBILITIES
SECTION D: POLICY GUIDELINES
SECTION E: LEGISLATIVE COMMITTEE
SECTION F: POLICY REVIEW

A. INTRODUCTION

- a. The purpose of the legislative policy is to provide the Illinois Police Officers' Pension Investment Fund (IPOPIF) with a broad framework, which it can utilize as a basis for action. The Board of Trustees (Board) is charged with the responsibility of administering the IPOPIF in a manner to ensure that all of the transferor pension funds are treated equitably and that the investments of the pension fund assets are managed in a prudent manner. Legislation affecting the IPOPIF must be closely monitored to determine the potential impact on the IPOPIF and whether action is necessary.

B. POLICY OBJECTIVES

- a. The objectives of the Legislative Policy are to:
 - i. Establish a procedure by which the Board of Trustees can adopt an official IPOPIF position on proposed legislation.
 - ii. Sponsor and/or identify and approve future legislative action in light of the needs of the IPOPIF.
 - iii. Identify the optimal sources to promote IPOPIF's official legislative positions.
 - iv. Facilitate the timely communication of proposed and enacted legislative changes to the Board and staff.
 - v. Provide guidance in communicating IPOPIF's official legislative positions to third parties.

C. ROLES AND RESPONSIBILITIES

- a. The Board of Trustees will be responsible for:
 - i. Adopting an official IPOPIF legislative agenda and positions on pertinent legislative proposals affecting the Fund.
 - ii. Monitoring the actions of and receiving recommendations from the Legislative Committee.
 - iii. Adopting proposed legislation and approving IPOPIF sponsorship of the legislation.
- b. The Legislative Committee will be responsible for:
 - i. Identifying the ongoing needs of IPOPIF for a legislative agenda and future legislative proposals.
 - ii. Analyzing legislative proposals suggested by IPOPIF's Board members, staff, or interested third parties, and determining appropriate action to be undertaken.
 - iii. Making recommendations to the Board of Trustees on proposed legislative matters and communication regarding legislative proposals or matters.
 - iv. Being the primary point of contact, directing, monitoring the activity of the Governmental Liaison when working on IPOPIF matters.
 - v. Receiving the reports from the Governmental Liaison.
- c. The Governmental Liaison would be responsible for:
 - i. Prepare comprehensive and timely communication with the Executive Director, Fund Legal Counsel and the IPOPIF Legislative Committee.
 - ii. Prepare correspondence and public communications to support the IPOPIF legislative agenda in a timely and effective manner.
 - iii. Advise and assist IPOPIF in dealing with the array of rules and regulations in the State of Illinois, the Illinois Pension Code, related statutes, and Article 3 funds.

- iv. Attend and appear, as necessary, at state and local legislative meetings.
 - v. Make contacts, as necessary, to establish identity as the IPOPIF liaison with respect to legislative issues before the General Assembly.
 - vi. At the direction of the Board of Trustees, coordinate visits to Springfield when the General Assembly is in session for Board members and/or Fund staff.
 - vii. Provide notice of all legislation prepared and/or adopted affecting the IPOPIF, as well as Article 3 police pension funds, and provide guidance to the Executive Director, Legal Counsel and Board of Trustees regarding the same.
 - viii. Review action on legislation during the spring and fall veto session and report on any matters that may impact IPOPIF.
 - ix. Be a resource for discussions on federal and state legislative and regulatory information.
 - x. Make presentations at educational programs and provide educational materials and programs.
 - xi. Monitor legislation introduced to determine potential impact on IPOPIF and Article 3 police pension fund participants, beneficiaries, and municipalities.
 - xii. Develop relationships and be able to communicate with other legislative or governmental liaisons; share information on police pension benefits, pension funding, pension investing and like matters.
 - xiii. Appearing and/or testifying at the direction and request of the IPOPIF, at hearings to promote the Board's interests with respect to legislation and/or proceedings proposed or pending legislative, administrative, and/or executive governmental bodies.
- d. IPOPIF Administrative and Legal Staff would be responsible for:
- i. Reporting the impact of, and as required, suggesting procedures to implement, all chartered legislation to the Board and staff.
 - ii. Communicating with organizations, active participants and beneficiaries, participating police pension funds, and municipalities, as applicable, to inform them of legislative changes affecting IPOPIF.
 - iii. Drafting proposed legislation based upon proposals received from Board members and staff and presenting the draft legislation to the Legislative Committee.

D. POLICY GUIDELINES

- a. The following legislative principles will guide the Board when considering its position on proposed legislation:
 - i. Support legislative proposals that clarify the statutory interpretation of the Illinois Pension Code provisions related to the mandatory consolidation of the investment assets of the participating police pension funds.
 - ii. Support legislative proposals that ensure all of the transferor police pension funds are treated equitably.
 - iii. Support legislative proposals that strengthen and promote the governance, the administrative and operational efficiency of IPOPIF.
 - iv. Support legislative proposals that strengthen the financial condition of the transferor police pension funds.
 - v. Oppose legislative proposals that compromise or interfere with IPOPIF's duty to manage the investment trust fund and to deliver investment returns to the participating police pension funds in a prudent manner.
 - vi. Oppose legislative proposals that create the potential for increased unfunded actuarial liability without appropriate funding provisions.

E. LEGISLATIVE COMMITTEE

- a. As provided for in the IPOPIF Bylaws, the Board of Trustees may create the Legislative Committee and shall appoint Trustees to serve on the Legislative Committee.
- b. The Legislative Committee will have at least three Trustee members with at least one (1) member appointed from the active or beneficiary Trustees, at least one (1) member appointed from the municipal Trustees, and at least one (1) Trustee appointed by the Chairperson. The Board of Trustee Chairperson shall designate one of the ~~three~~ Committee members to serve as Chairperson.
- c. Each member of the Legislative Committee shall continue to serve until the next Annual Meeting and may be reappointed to additional terms.
- d. The Legislative Committee shall meet at least quarterly and may hold additional meetings, as necessary.

F. POLICY REVIEW

- a. The Policy is subject to change in the exercise of the Board’s judgement.
- b. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
- c. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
- d. This policy was adopted by the Board on September 11, 2020.
- e. This policy was amended by the Board on February 26, 2021 to remove “Transition Board of Trustees” and add “Board of Trustees”.
- f. This policy was amended by the Board on April 23, 2021.
 - i. Section B (a) ii, iii (added language)
 - ii. Section C (a) iii (added language)
 - iii. Section C (b) iii (added language)
 - iv. Section C (c) xiii (added language)
 - v. Section C (d) iii, iv and vi (added language)

g. This policy was amended by the Board of Trustees on October 13, 2023.

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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: GOVERNANCE COMMITTEE POLICY
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE GOVERNANCE COMMITTEE POLICY (PP-2020-13), AS REVISED.

The Governance Committee Policy was originally adopted by the Board of Trustees on December 14, 2020.

The Governance Committee met on September 14, 2023, and recommended that this policy be approved by the Board of Trustees.

Listing of revision to policy:

- Committee responsibility to meet changed from at least quarterly to at least annually.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

POLICY NUMBER: PP-2020-13
SUBJECT: GOVERNANCE COMMITTEE POLICY
EFFECTIVE DATE: December 14, 2020
AMENDED: October 13, 2023

INDEX:

SECTION A: INTRODUCTION
SECTION B: COMMITTEE RESPONSIBILITIES
SECTION C: POLICY REVIEW

A. INTRODUCTION

1. The IPOPIF Board of Trustees (Board) has established a Governance Committee to assist the Board in recommending, reviewing, and amending, as necessary, policies and procedures for governance of the Board.
2. The Board will appoint at least three members of the Board to the Governance Committee and designate one member to serve as the committee chair.
3. The Governance Committee is an advisory committee to the IPOPIF Board of Trustees, and its reports and recommendations are subject to final approval by the Board.

B. COMMITTEE RESPONSIBILITIES

4. The Governance Committee will meet at least annually~~quarterly~~, with authority to convene additional meetings as circumstances require.
5. Review, develop, and recommend to the Board for approval, new governance policies as may be necessary, review existing governance policies based upon the established schedule for review, and review and recommend changes to the By-Laws as directed by the Board.
6. Monitor the implementation of and compliance with governance-related policies.
7. At the request of the Board, undertake such other governance-related initiatives as may be necessary or desirable to guide or assist the Board and IPOPIF staff in carrying out their respective duties and responsibilities.

C. POLICY REVIEW

8. The Policy is subject to change in the exercise of the Board's judgement.
9. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations
10. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
11. This policy was adopted by the Board on December 14, 2020.
- ~~11.~~12. This policy was reviewed and revised by the Board of Trustees on October 13, 2023.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

POLICY NUMBER: PP-2021-07
SUBJECT: PROCUREMENT OF INVESTMENT SERVICES
EFFECTIVE DATE: JUNE 25, 2021
AMENDED: OCTOBER 13, 2023~~N/A~~

INDEX:

SECTION A: PURPOSE
SECTION B: DEFINITIONS
SECTION C: APPLICATION OF COMPETITIVE SELECTION PROCEDURES
SECTION D: COMPETITIVE SELECTION PROCEDURES
SECTION E: ROLES AND RESPONSIBILITIES
SECTION F: POLICY REVIEW

A. Purpose

The Board of Trustees (“Board”) of the Illinois Police Officers’ Pension Investment Fund (“IPOPIF”) establishes the following Procurement Policy (“Policy”) 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.

B. Definitions

1. “Emerging Investment Adviser” or “Emerging Investment Manager,” as defined in Section 1-109.1(4) of the Illinois Pension Code, means a qualified Investment Adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a MWDBE.
2. “Investment Adviser” or “Investment Manager,” as defined in Section 1-101.4 of the Illinois Pension Code, means any entity that:
 - a. is a fiduciary appointed by the Board;
 - b. has the power to manage, acquire, or dispose of any of the IPOPIF’s assets;
 - c. has acknowledged in writing that it is a fiduciary with respect to the IPOPIF; and

- d. is at least one of the following:
 - (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.);
 - (ii) registered as an investment adviser under the Illinois Securities Law of 1953;
 - (iii) a bank, as defined in the Investment Advisers Act of 1940;
 - (iv) an insurance company authorized to transact business in Illinois;
3. “IPOPIF Database” means an industry database of institutional quality registered investment management or transition management firms utilized by the IPOPIF as described in Section D.4 of this Policy.
4. “Investment Consultant” means any entity retained by the Board to make recommendations in developing an investment policy, to assist with finding appropriate Investment Advisers or other investment related professionals, or to monitor the Board’s investments. Investment Consultant does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy voting services, services used to track compliance with legal standards, and investment fund of funds where the Board has no direct contractual relationship with the Investment Adviser(s) or partnerships. Other than a Trustee or an employee of the IPOPIF, no entity may act as an Investment Consultant unless that person is registered as an investment adviser or a bank under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.)
5. “Investment Services” means services provided by an Investment Adviser, Transition Manager, or an Investment Consultant.
6. MWDBE means a Minority-Owned Business, Women-Owned Business, or Business Owned by Person with a Disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2, as amended.
7. “MWDBE Investment Adviser” or “MWDBE Investment Manager” means a qualified Investment Adviser that manages an investment portfolio and is a MWDBE.
8. “SDVOSB” means a “qualified serviced-disabled veteran-owned small business” as defined in 30 ILCS 500/45-57.
9. “Transition Manager” means an entity engaged to liquidate or restructure certain portfolios and is: (a) a broker-dealer registered with the Securities & Exchange Commission under the Securities Exchange Act of 1934, as amended (“Exchange Act”); (b) a bank or limited purpose national banking association as defined in the

National Bank Act, as amended; or (c) a registered investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”), as amended; or (d) an investment advisor registered with the State of Illinois under the Illinois Securities Act of 1953, as amended (“1953 Act”); and

10. “VOSB” means a “qualified veteran-owned small business” as defined in 30 ILCS 500/45-57.

C. Application of Competitive Selection Procedures.

Pursuant to Section 1-113.14 of the Illinois Pension Code, this Policy applies to the procurement of Investment Services, except:

1. Sole source procurements, meaning there is only one fiscally feasible source for the Investment Services.
2. Emergency procurements, including when: (a) there exists a threat to public health or public safety; (b) immediate expenditure is necessary for repairs to IPOPIF property in order to protect against further loss of or damage to IPOPIF property; (c) to prevent or minimize serious disruption in critical IPOPIF services, including, but not limited to, services that affect health and safety; or (d) to ensure the integrity of IPOPIF records. Emergency procurements of \$20,000 or more requires ratification by the Board at the next scheduled meeting.
3. At the discretion of the Board, contracts for Investment Services that are for a non-renewable term of one year or less and have a value of less than \$20,000.
4. At the discretion of the Board, contracts for follow-on funds with the same fund sponsor through closed-end funds.

All exceptions granted shall be published on the IPOPIF web site and shall include the name of the person authorizing the procurement and a brief explanation of the reason for the exception.

D. Competitive Selection Procedures.

All procurements of Investment Services under this Policy shall be awarded by the following competitive selection procedure.

1. Uniform Documents. As required by Section 113.14(f) of the Illinois Pension Code, uniform documents shall be used for the solicitation, evaluation, and retention of Investment Services and shall be posted on the IPOPIF website.
2. Public Notice. 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. Notice of the need for Investment Services shall be published in a Request for Proposals (“RFP”). The RFP shall be published on the IPOPIF website and, if appropriate, in a relevant trade journal,

publication, or website at least 30 days prior to the deadline to respond. The RFP shall remain on the IPOPIF's website until the deadline for responses to the RFP.

3. Request for Proposals ("RFP"). Every procurement for Investment Services shall use an RFP, which shall contain, among other things, all of the following:
 - a. A requirement that the response shall contain the candidate's contact information.
 - b. A date by which a response shall be returned.
 - c. The evaluation factors designated in Section D.5 or D.6 of this Policy, as applicable.
 - d. A copy of the IPOPIF's current Investment Policy, with notice that such Policy is subject to change, as required by Section 113.14(c)(2) of the Illinois Pension Code.
 - e. A copy of the "quiet period" guidelines designated in Section D.9 of this Policy.
 - f. A copy of the IPOPIF Ethics Policy and the requirement that the candidate must agree to comply with the IPOPIF Ethics Policy at all times.
 - g. A requirement for the disclosure of all political contributions to support candidates for office in Illinois by the candidate firm, its officers, directors, and employees. The candidate should certify that all political contributions for all offices in all states by the candidate firm, its officers, directors, and employees were made in accordance with the provisions of, if applicable, the Election Code, 10 ILCS 5/1-1 *et seq.*, as amended, and Section 206 of the Investment Advisers Act of 1940 and SEC Rule 206(4)-5 (16 CFR 275.206(4)-5), as amended.
 - h. The IPOPIF template Investment Management Agreement (if applicable), Side Letter (if applicable), or Investment Consultant Agreement (if applicable), which shall be attached to the RFP and which shall include, among other things, the requirements set forth in Section 1-113.14(c) of the Illinois Pension Code. The RFP shall note that amendments to the IPOPIF's template Investment Services Agreements are disfavored. Any objections to the IPOPIF's template Investment Services aAgreements shall be detailed in the response to the RFP, not after a selection has been made.
 - i. A requirement that the response to the RFP shall contain the following disclosures required under the Illinois Pension Code:
 - (i) Pursuant to Section 113.14(c)(3) and (12) of the Illinois Pension Code, the method for charging and measuring fees, including disclosure of the direct and indirect fees, commissions, penalties,

and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Investment Consultant, Transition Manager, or Investment Adviser in connection with the provision of Investment Services to the IPOPIF;

- (ii) Pursuant to Section 113.14(c)(5) of the Illinois Pension Code, the names and addresses of: the Investment Consultant, Transition Manager, or Investment Adviser; any entity that is a parent of, or owns a controlling interest in, the Investment Consultant, Transition Manager, or Investment Adviser; any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Consultant, Transition Manager, or Investment Adviser; any persons who have an ownership or distributive income share in the Investment Consultant, Transition Manager, or Investment Adviser that is in excess of 7.5%; or serves as an executive officer of the Investment Consultant, Transition Manager, or Investment Adviser. An “executive officer” shall mean any president, director, vice-president in charge of a principal business unit, division, or function (such as investment management, marketing, or administration), and any other employee who performs a policy-making role, regardless of the title given to their position;
- (iii) A statement that contingent and placement fees are prohibited by Section 1-145 of the Illinois Pension Code;
- (iv) Pursuant to Section 113.14(c)(6) of the Illinois Pension Code, the names and addresses of all subcontractors, if any, and the expected amount of money each will receive under the contract;
- (v) Pursuant to Section 113.21 of the Illinois Pension Code, a disclosure of the number of the Investment Consultant’s, Transition Manager’s or Investment Adviser’s investment and senior staff and the percentage of that staff who are a minority person, a women, a veteran, or a person with a disability; the number of contracts for investment, consulting, professional, and artistic services the Investment Consultant, Transition Manager, or Investment Adviser has with a MWDBE, SDVOSB, or VOSB; the number of contracts for investment, consulting, professional, and artistic services which the Investment Consultant, Transition Manager, or Investment Adviser has with a business other than a MWDBE, SDVOSB, or VOSB, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a women, or a person with a disability. For the purposes of this subsection, the terms “professional service” and “artistic service” have the same meanings as those terms have in 30 ILCS 500/1-15.60. Note that the SDVOSB and VOSB reporting required under this provision is not required by the Pension Code but is required by the IPOPIF; and

- (vi) In addition, pursuant to Section 113.15 of the Illinois Pension Code, for searches for fund-of-fund Investment Advisers: (a) a description of any fees, commissions, penalties, and other compensation payable, if any, directly by the retirement system, pension fund, or investment board (which shall not include any fees, commissions, penalties, and other compensation payable from the assets of the fund-of-funds or separate account); (b) a description (or method of calculation) of the fees and expenses payable by the IPOPIF to the Investment Adviser and the timing of the payment of the fees or expenses; and (c) a description (or method of calculation) of any carried interest or other performance based interests, fees, or payments allocable by the IPOPIF to the Investment Adviser or an affiliate of the Investment Adviser and the priority of distributions with respect to such interest.

- j. Pursuant to Section 113.23 of the Illinois Pension Code, A requirement that in connection with an RFP for an Investment Adviser or Transition Manager, the Investment Consultant shall disclose for the prior 24 months any compensation or economic opportunity received in the last 24 months from an Investment Adviser or Transition Manager that is recommended for selection by the Investment Consultant. "Compensation" means any money, thing of value, or economic benefit conferred on, or received by, the Investment Consultant in return for services rendered, or to be rendered, by himself, herself, or another. "Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein the Investment Consultant may gain an economic benefit.

- k. Pursuant to Section 113.22 of the Illinois Pension Code, a requirement that the response to an RFP for an Investment Consultant the candidate shall disclose for the prior calendar year:
 - (i) The total number of searches for investment services;
 - (ii) The total number of searches for investment services that included MWDBE;
 - (iii) The total number of searches for investment services in which the candidate recommended for selection a MWDBE;
 - (iv) The total number of searches for investment services that resulted in the selection of a MWDBE; and
 - (v) The total dollar amount of investment made with a MWDBE that was selected after a search for investment services performed by the candidate.

1. Pursuant to Section 20(e) of the Illinois Sustainable Investing Act, 30 ILCS 238/1, et seq., a requirement that the response to an RFP for an Investment Adviser shall include a description of any process through which the Investment Adviser prudently integrates the following sustainability factors into their investment decision-making, investment analysis, portfolio construction, due diligence, and investment ownership in order to maximize anticipated risk-adjusted financial returns, identify projected risk, and execute the Investment Adviser's fiduciary duties:
 - (i) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
 - (ii) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
 - (iii) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices, and product labeling, community reinvestment, and community relations.
 - (iv) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
 - (v) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.
- 1.m. All documents created as part of an RFP, including the responses by prospective Investment Consultants, shall be considered public records and shall be made available for inspection and copying as provided in Section 3 of the Illinois Freedom of Information Act, 5 ILCS 140/1, et seq.

4. IPOPIF Database. The IPOPIF may utilize a third-party industry 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, as follows:
 - a. It is essential that all interested Investment Advisers have access to the IPOPIF Database. No fee shall be required to participate in the IPOPIF Database and the IPOPIF will not use any criteria to exclude Emerging or MWDBE Investment Advisers or SDVOSB or VOSB Investment Advisers from participating in the IPOPIF Database.
 - b. The IPOPIF shall publish on its website the details of the IPOPIF Database and shall encourage all interested Investment Advisers to access and submit their information into the IPOPIF Database, regardless of whether there is a current RFP, and will make reasonable efforts~~engage in outreach~~ to ensure that Emerging or MWDBE Investment Advisers and SDVOSB or VOSB Investment Advisers are aware of and have access to the IPOPIF Database.
 - c. The RFP will clearly specify that the IPOPIF Database is being utilized and that all Investment Adviser candidates are required to submit their information into the IPOPIF Database.
 - d. The IPOPIF may use the IPOPIF Database to conduct an initial evaluation to both (i) determine whether candidates meet certain initial evaluation criteria for the search and (ii) identify the highest caliber candidates. The initial evaluation criteria will include, but is not limited to, the factors set forth in Section D.6.a-d. 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. The RFP will clearly specify the initial evaluation criteria.
 - e. All Emerging or MWDBE Investment Advisers or SDVOSB or VOSB Investment Advisers that meet the initial evaluation criteria in the RFP will be requested to submit additional information as part of the RFP.
5. Evaluation of Investment Consultant Responses. Responses from Investment Consultant candidates will be evaluated by the Board and Chief Investment Officer based on the following evaluation factors. The relative importance of the evaluation factors will vary based on the parameters of the search. The Board will determine, based on the evaluation factors, the top-qualified Investment Consultants. The Chief Investment Officer will provide the Board with a copy of the disclosures under Section D.3.i through D.3.k of this Policy prior to consideration of the finalists. The Board will select in the exercise of its discretion,

based on the evaluation factors, an Investment Consultant from the list of top-qualified Investment Consultants. The evaluation factors are as follows:

- a. The candidate firm's financial and investment consulting client information, including:
 - (i) The total number, assets under management, and revenues derived from the candidate firm's investment consulting clients as of the prior year-end and such other time periods deemed relevant;
 - (ii) The percentage of the candidate firm's gross revenue that is contributed by the investment consulting department;
 - (iii) Any other businesses in which the candidate firm is involved;
 - (iv) References from at least 3 public fund investment consulting clients;
 - (v) The history of the candidate firm's relationship with its 10 largest investment consulting clients; and
 - (vi) The number and size of client relationships gained and lost in each of the last three calendar years and year-to-date.
- b. History of the candidate firm, including when it was established and when Investment Services were first provided under the current structure.
- c. The candidate firm's experience advising large defined benefit plans, Investment Adviser selection and oversight, and related Investment Services experience.
- d. The qualifications and depth of the candidate firm's professional staff and adequacy of its client servicing capabilities, including:
 - (i) The approach to account servicing;
 - (ii) The maximum number of account relationships assigned to a consultant;
 - (iii) The identity of the primary consultant on the account and whether a specific person is designated to handle matters when the primary consultant is not available;
 - (iv) Brief biographical information for the primary consultant and any other individuals expected to be assigned to the IPOPIF account, including number of years in the most recent position.

- (v) An organizational chart indicating the number of employees, including the average employee tenure, education, EEO data, etc., in each reporting unit for the firm's consulting area; and
- e. The candidate firm's litigation history within the last 10 years relating to Investment Services rendered.
- f. The candidate firm's approach to managing and reducing cybersecurity risk and protecting networks and data, including complying with the U.S. Department of Labor's Cybersecurity Program Best Practices, the State of Illinois Cybersecurity Strategy, the National Institute of Standards and Technology Cybersecurity Framework, and industry best practices.
- g. The disclosures under Section D.3.i through D.3.k, history of regulatory actions regarding the candidate firm's practices, record of integrity and business ethics, and the strength of the candidate firm's internal ethics and conflicts of interest policies.
- h. The candidate firm's process for the search and selection of Investment Advisers and Emerging and MWDBE Investment Advisers, including:
 - (i) A description of the database(s) used to track and evaluate Investment Advisers, Emerging Investment Advisers, MWDBE Investment Advisers, SDVOSB Investment Advisers, and VOSB Investment Advisers, including: the number of Investment Advisers and Emerging or MWDBE Investment Advisers in the database; whether a fee must be paid to be included in the database, and, if so, how much; whether the database is proprietary; whether the requirements for access are uniformly applied; and the ability of Investment Advisers, Emerging or MWDBE Investment Advisers, and SDVOSB or VOSB Investment Advisers to access the database;
 - (ii) A specific description of the candidate firm's policy for increasing access by and outreach to Emerging and MWDBE Investment Advisers and SDVOSB or VOSB Investment Advisers;
 - (iii) The process used to identify Investment Advisers for specific asset allocations; and
 - (iv) Considerations and practices with respect to the CFA Institute Global Investment Performance Standards (GIPS®)
- i. The candidate firm's process of monitoring and evaluating the performance of Investment Advisers, including:
 - (i) The indices and composites used to evaluate Investment Advisers' performance within a specific asset allocation;

- (ii) A description of the process to establish appropriate peer group and performance benchmarks; and
 - (iii) A description of the process for determining when to recommend termination of an Investment Adviser.
 - j. The candidate firm's value-added services to its clients, including: investment policy development; asset and liability modeling; performance evaluation; custodian search and evaluation; and fee negotiations.
 - k. The candidate firm's performance measurement systems environment.
 - l. Pursuant to Sections 1-113.6 and 1-113.17 of the Illinois Pension Code, decision-useful sustainability factors will be considered within the bounds of financial and fiduciary prudence, including but not limited to (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided for under the Illinois Sustainable Investing Act, 30 ILCS 238/1, *et seq.* and detailed in the IPOPIF Investment Policy.
 - m. The reasonableness of the proposed fees, including the proposed retainer and fees for each service performed.
- 6. Evaluation of Investment Adviser and Transition Manager Responses. Responses will be evaluated initially by the Chief Investment Officer ~~(or delegated to IPOPIF Investment Staff)~~ and the Investment Consultant based on the following evaluation factors. The relative importance of the evaluation factors will vary based on the parameters of the search. The Chief Investment Officer ~~(or delegated IPOPIF Investment Staff)~~ and the Investment Consultant will determine, based on the evaluation factors, the top-qualified Investment Advisers or Transition Managers and will disclose the non-finalists. ~~The Chief Investment Officer and the Investment Consultant will provide the~~ Board ~~will be provided~~ with a copy of the disclosures under Section D.3.i and D.3.j of this Policy prior to consideration of the finalists. The Board will select, in the exercise of its discretion based on the evaluation factors, an Investment Adviser or Transition Manager from the list of top-qualified Investment Advisers or Transition Managers. The evaluation factors are:
 - a. Firm background, experience, and reputation, including: the candidate firm's experience in the management of institutional portfolios, the background and qualifications of principals and professional staff, the size of the firm and the products offered, organizational structure, manager tenure, depth of portfolio team and research team, , the firm's history of lawsuits and regulatory actions regarding the firm's investment practices, and the firm's record of integrity and business ethics;
 - b. Investment philosophy and process, including: the clarity and technical merits of the investment process, buy/sell discipline, efficacy of decisions

- made (streamlined, responsive), consistency of application, risk awareness and controls, uniqueness of the process, trading ability;
- c. Performance, including: long-term performance, risk factors and, consistency of performance, each of these relative to benchmarks and peers;
 - d. The IPOPIF's overall Investment Policy and allocations among existing Investment Advisers, including, but not limited to, the diversification of Investment Advisers in terms of style, investment philosophy, and the complementary relationship between Investment Advisers in the context of the Investment Policy;
 - e. Reasonableness of the fees, including availability of 'most-favored nation' fee clauses;
 - f. Portfolio management and client services, including: client servicing, accounting, and reporting;
 - g. Pursuant to Sections 1-113.6 and 1-113.17 of the Illinois Pension Code, decision-useful sustainability factors will be considered within the bounds of financial and fiduciary prudence, including but not limited to (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided for under the Illinois Sustainable Investing Act, 30 ILCS 238/1, *et seq.* and detailed in the IPOPIF Investment Policy; and
 - h. The candidate firm's approach to managing and reducing cybersecurity risk and protecting networks and data, including complying with the U.S. Department of Labor's Cybersecurity Program Best Practices, the State of Illinois Cybersecurity Strategy, the National Institute of Standards and Technology Cybersecurity Framework, and industry best practices.

7. Emerging and MWDBE Investment Advisers

- a. Certification. Emerging or MWDBE Investment Advisers shall provide documentation establishing their status as an MWDBE. Preference shall be given to the appropriate certification from the State of Illinois as acceptable documentation. If such certifications are not available, the IPOPIF may consider [other information, including](#) another state's or a city's certification.
- b. Principle. The IPOPIF will not use any criteria to exclude an otherwise qualified Emerging or MWDBE Investment Adviser, such as a minimum number of years in business or minimum assets under management. The IPOPIF's goal is to improve investment performance by identifying highly qualified and potentially successful Emerging and MWDBE Investment Advisers that can be awarded allocations or, if the Investment Adviser is

participating in a “fund of funds”, to be graduated into a separate account portfolio when openings occur, or a need is identified.

- c. Selection Process. If an Emerging or MWDBE Investment Adviser meets the criteria in the RFP, then that Emerging or MWDBE Investment Adviser shall receive an invitation by the Board to present as a finalist. If there are multiple Emerging or MWDBE Investment Advisers that meet the criteria, then the Chief Investment Officer may choose the most qualified firm or firms to present to the Board.

8. SDVOSB and VOSB.

- a. Certification. SDVOSB and VOSB Investment Advisers shall provide documentation establishing their status as an SDVOSB or VOSB. Preference shall be given to the appropriate certification from the State of Illinois as acceptable documentation. If such certifications are not available, the IPOPIF may consider other information, including another state’s or a city’s certification.

- b. Principle. The IPOPIF will not use any criteria to exclude an otherwise qualified SDVOSB and VOSB Investment Adviser, such as a minimum number of years in business or minimum assets under management. The IPOPIF’s goal is to improve investment performance by identifying highly qualified and potentially successful SDVOSB and VOSB Investment Advisers that can be awarded allocations or, if the Investment Adviser is participating in a “fund of funds”, to be graduated into a separate account portfolio when openings occur, or a need is identified.

- c. Selection Process. If an SDVOSB and VOSB meets the criteria in the RFP, then that SDVOSB and VOSB Investment Adviser shall receive an invitation by the Board to present as a finalist. If there are multiple SDVOSB and VOSB Investment Advisers that meet the criteria, then the Chief Investment Officer may choose the most qualified firm or firms to present to the Board.

9. Quiet Period. There shall be a quiet period to ensure that the process of selecting an Investment Consultant, Transition Manager, or Investment Adviser is efficient and fair.

- a. The quiet period shall commence with the posting of the RFP and end when the parties have executed an Investment Services agreement.
- b. Initiation, continuation, and conclusion of the quiet period shall be directly communicated to the Board and posted on the IPOPIF website.
- c. During the quiet period, no Board member or Staff member or fiduciary or service provider involved in the search shall accept meals, travel, lodging, entertainment, or any other good or service of value from any candidate.

- d. All authority related to the search process shall be exercised solely by the Board as a whole, and not by individual Board members.
- e. If any Board member or IPOPIF Staff member is contacted by a candidate during the quiet period about a matter relating to the pending selection, the Board member or IPOPIF Staff member shall refer the candidate to the Chief Investment Officer. While the quiet period does not prevent Board approved meetings or communications by Staff with an incumbent Investment Consultant, Transition Manager, or Investment Adviser that is also a candidate, discussion related to the pending selection shall be avoided during those activities.
- f. A candidate may be disqualified from a search process for a willful violation of this Policy.

10. Discussions

- a. Notwithstanding the quiet period provided for in Section D.9 of this Policy, the Board through any designated Board member, the Executive Director, the Chief Investment Officer (or delegated Investment Staff), or Fiduciary Legal Counsel may conduct discussions with candidates to:
 - (i) Determine in greater detail a candidate's qualifications; and
 - (ii) Negotiate the various terms of the Investment Services agreement, including fees.
- b. Discussions may be held before and after the responses to the RFP have been submitted. The Board, IPOPIF Staff, and Fiduciary Legal Counsel shall not disclose publicly any information contained in any responses until the presentation of the finalists.

11. Award of Contract

- a. The Board shall determine the candidate(s) to be retained. Pursuant to Section 22B-117 of the Illinois Pension Code, the selection of an Investment Consultant shall require a vote of at least six Trustees.
- b. The Chief Investment Officer and Fiduciary Legal Counsel, in consultation with the Executive Director, shall negotiate the final terms of the Investment Services agreement. The Chief Investment Officer and Fiduciary Legal Counsel, in consultation with the Executive Director, may, in the interest of efficiency and as appropriate, negotiate with other candidates that were finalists, while negotiating with the chosen candidate.
- c. Nothing in this Section shall prohibit the Board from making a selection that represents, in the Board's discretion, the best value based on

qualifications, fees, and other relevant factors established in the responses being considered.

- d. Pursuant to Section 113.14(d) of the Illinois Pension Code, the Board shall not enter into a contract with an Investment Consultant that exceeds 5 years in duration. No contract with an Investment Consultant may be renewed or extended, although at the end of the term of a contract a current Investment Consultant is eligible to compete for a new contract, subject to the terms of this Policy.
12. Notice of Contract. Pursuant to Section 113.14(f) and 1-113.15(b) of the Illinois Pension Code, the Board's decision(s) shall be public information and shall be posted on the IPOPIF website. Such notice shall include the name of the successful Investment Consultant, Transition Manager, or Investment Adviser, the basis for determining the total fees to be paid, and a disclosure approved by the Chief Investment Officer describing the factors that contributed to the selection of the Investment Consultant, Transition Manager, or Investment Adviser.

E. Roles and Responsibilities.

1. The role of the Board is to:
 - a. Establish this Policy to ensure that the competitive selection procedures are prudent and sound.
 - b. Monitor compliance with this Policy.
 - c. The Board shall determine the candidate(s) to be retained to provide Investment Services under this Policy.
2. The role of the Contracts Committee is to:
 - a. Develop and maintain template Investment Services agreements.
 - b. Review and approve any proposed material changes from the template Investment Services agreements.
3. The role of the Executive Director is to:
 - a. Consult with the Chief Investment Officer and Fiduciary Legal Counsel as needed in preparing RFPs under this Policy.
 - b. Consult with the Chief Investment Officer and Fiduciary Legal Counsel as needed in negotiating Investment Services agreements.
 - c. Execute Investment Services agreements, as needed.

- d. Keep the Board and the Contract Committee informed as necessary for the Board and the Contract Committee to perform their responsibilities.
4. The role of the Chief Investment Officer is to:
 - a. Ensure compliance with this Policy for all Investment Services agreements.
 - b. Prepare RFPs pursuant to this Policy.
 - c. Together with the Investment Consultant, conduct due diligence for potential providers of Investment Services.
 - d. Together with Fiduciary Legal Counsel, negotiate Investment Services agreements.
 - e. Execute Investment Services agreements, as required.
 - f. Keep the Board and the Contract Committee informed as necessary for the Board and the Contract Committee to perform their responsibilities.
 5. The role of Fiduciary Legal Counsel is to:
 - a. Assist the Board in ensuring that the competitive selection procedures in this Policy are prudent and sound.
 - b. Assist the Contract Committee in developing and maintaining template Investment Services agreements.
 - c. Assist the Chief Investment Officer as needed in preparing RFPs.
 - d. Review Investment Services agreements before execution for compliance with legal requirements and to provide assessment of any legal risk.
 - e. Together with the Chief Investment Officer, negotiate Investment Services agreements.

F. Policy Review.

1. This Policy is subject to change in the exercise of the Board's judgment.
2. The Board will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
3. In the event of legislative changes to the pertinent sections addressed in the Policy, the Board will review the Policy as appropriate.
4. This Policy was originally adopted by the Board on June 25, 2021. The dates of subsequent review and amendments shall be recorded below.

[October 13, 2023 – reviewed and amended.](#)

DRAFT

Side Letter Provisions for Commingled Products

If a Candidate is proposing a commingled product, then the Candidate must accept, or redline any proposed amendments to, each of the following side letter provisions. These side letter provisions are not exhaustive and IPOPIF will include additional provisions in the final side letter.

This letter agreement (“Letter Agreement”) is being entered into between and among [insert name of investment fund], and its affiliates (“Fund”), [insert name of the Fund’s manager or general partner], the Fund’s manager, and its affiliates (“Manager”), [insert the name of the Fund’s investment adviser], the Fund’s investment adviser, and its affiliates (“Investment Adviser”), and the Illinois Police Officers’ Pension Investment Fund (“Investor”), in connection with the Investor’s investment in the Fund. Reference is made to the Fund’s [insert name of the agreement that establishes the Fund] dated as of [insert date] (“Fund Agreement”), the agreement between the Fund and the Investment Adviser dated as of [insert date] (“Management Agreement”), the agreement pursuant to which Investor subscribed or ownership in the Fund (“Subscription Agreement”), and the Fund’s [insert name of PPM] dated [insert date], as supplemented and amended (“PPM”) (collectively, “Fund Documents”). Capitalized terms used and not otherwise defined herein have the meaning ascribed to them in the Fund Agreement.

1. Most Favored Nations Provision.

(a) The Fund, the Manager, and the Investment Adviser each represent and warrant that they have not entered into any side letter prior to the date hereof with any investor that has made a Commitment to the Fund in an amount equal to or lesser than the Investor’s Commitment that provides economic rights or benefits more favorable to such investor than those granted to the Investor. The Fund, the Manager, and the Investment Adviser each agree that if they enter into a side letter with an existing or future investor for a Commitment equal to or less than the Investor’s investment that provides economic rights or benefits more favorable to such other investor than those rights granted to the Investor, then the Investor shall receive such rights and benefits as if incorporated herein, as of the effective date of the side letter.

(b) The Fund, the Manager, and the Investment Adviser each agree that, for purposes of determining the amount of the Investor’s Commitment under Paragraph (a), above, the Investor’s Commitment shall be aggregated with the Commitments invested by (i) other investors who are Illinois public pension funds or retirement systems under the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.*, as amended (“Pension Code”) and (ii) other investors who receive a more favorable right or benefit as a result of being managed or advised by the same investment advisor, consultant, or similar entity as Investor, which is currently Verus Advisory, Inc. Moreover, if before or after the date of this Letter Agreement, Investor has made or makes a commitment to other [insert name of Manager] investment funds, then the Investor’s Commitment shall be aggregated with its Commitment to the other [insert name of GP] investment funds for purposes of determining the amount of the Investor’s Commitment under Paragraph (a), above.

(c) For the avoidance of doubt, each of the Fund, the Manager, and the Investment Adviser confirm that the term “side letter” in Paragraph (a), above, shall be interpreted to include any and all agreements entered into between any current or future Alternative Investment Vehicle, Feeder Vehicle, Parallel Fund, co-investment vehicle, or other vehicle and any limited partners, members, or other equity holders thereof in connection with the admission of such limited partners, members, or other equity holders.

2. Fiduciary Acknowledgment. The Fund, the Manager, and the Investment Adviser acknowledge and agree that the Investor is a pension fund established by and subject to the Pension Code. The Manager and the Investment Adviser acknowledge and agree that they each are a “fiduciary” pursuant to Section 1-101.2 of the Pension Code and that they shall discharge their duties as such pursuant to the Pension Code, including but not limited to Section 1-109 of the Pension Code. The Manager and the Investment Adviser each further agree that they will not engage in any transaction involving the Fund that would constitute a “prohibited transaction” under Section 1-110 of the Pension Code.

3. Freedom of Information Act.

(a) Each of the Fund, the Manager, and the Investment Adviser agrees and acknowledges that the Investor is subject to the laws of the State of Illinois including, without limitation, the Illinois Open Meetings Act, 5 ILCS 120/1, et seq. (“IL OMA”) and the Illinois Freedom of Information Act, 5 ILCS 140/1 et seq. (“IL FOIA”), as amended from time to time (collectively, “IL Acts”). Pursuant to IL OMA, the meetings of the Investor’s Board of Trustees are required to be open to the public, unless permitted to be closed pursuant to Section 2 of IL OMA. Pursuant to IL FOIA, upon request, the Investor is required to disclose to the public certain “public records” (as defined in the IL FOIA), unless the disclosure of such public records meets any of the enumerated exemptions set forth in Section 7 of the IL FOIA. Per the IL FOIA and the Illinois Attorney General’s guidance, aggregate financial performance information of the Fund is not exempted from disclosure. Each of the Fund, the Manager, and the Investment Adviser agrees and acknowledges that the Investor may be required under the IL Acts to disclose information otherwise deemed confidential under the Fund Documents and that any disclosure in compliance with the IL Acts of such otherwise confidential information by the Investor shall not constitute a breach of, or event of default under, this Letter Agreement or the Fund Documents and shall not prejudice the Investor’s rights under this Letter Agreement or the Fund Documents in any manner.

(b) For purposes of clarification, and without limiting the information that the Investor may be required to disclose under the IL Acts and based on guidance by the Illinois Attorney General from time to time, each of the Fund, the Manager, and the Investment Adviser agrees and acknowledges that the Investor may disclose the following information about the Investor’s investment in the Fund: (i) the name and address of the Fund; (ii) the identity of the Manager and the Investment Adviser, (iii) the date of the commitment and the total amount committed to the Fund, (iv) the type of fund, (v) the vintage year of the Fund, (vi) the aggregate contribution amount paid by the Investor, (vii) the aggregate distribution amount received by the Investor, (viii) the aggregate market value of the Investor’s investment in the Fund, (ix) the aggregate management fees and other fees paid

by the Investor, and (x) the identity of privately held companies within the investment portfolio. The Manager and the Investment Adviser hereby consent in advance to the disclosure of the foregoing information by the Investor with respect to the Fund.

(c) For the avoidance of doubt, neither the Fund, the Manager, nor the Investment Adviser shall make any claim against the Investor, seek to remove the Investor from the Fund, or seek to exclude the Investor from a portfolio investment, if the Investor, in good faith, makes available to the public any report, notice or other information the Investor receives from the Fund, the Manager, and the Investment Adviser or that it otherwise receives in connection with this Letter Agreement or the Investor's investment in the Fund that the Investor reasonably believes is required to be disclosed by IL FOIA.

4. Broker-Dealers. If applicable, the Manager and the Investment Adviser each represents, warrants, and agrees that the selection of broker-dealers to execute securities transaction for the Fund and its determination of the commissions to be paid on such transactions shall be made in accordance with the best execution standards exercised with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Manager and the Investment Adviser each further represents, warrants, and agrees that no soft dollar payments will be made or received in connection with the execution of transactions on behalf of the Fund. The Manager and the Investment Adviser each understands the importance to the Investor of the use of firms that are: Minority, Women or Disabled Owned Businesses, as such terms are defined in the Illinois Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/1 *et seq.*) ("MWDBE"). Subject to best execution, the Manager and the Investment Adviser each shall use its best efforts to utilize MWDBE broker dealers. Further, the Manager and the Investment Adviser shall maintain, and make available to the Investor, on a quarterly basis, a log of all commissions paid by the Fund on a broker by broker basis, which shall reflect the name of the firm to which commissions are paid and whether the firm is MWDBE.

5. Internal Controls and Cyber Security.

(a) The Manager and the Investment Adviser will at all times maintain a business contingency plan and a disaster recovery plan and will take commercially reasonable measures to maintain and periodically test such plans. The Manager and the Investment Adviser shall implement such plans following the occurrence of an event which results in an interruption or suspension of the services provided by the Manager and the Investment Adviser.

(b) The Manager and the Investment Adviser will retain a firm of independent auditors to perform an annual review of certain internal controls and procedures and issue a standard System and Organization Controls Type 1 and Type 2 reports based on such review. The Manager and the Investment Adviser will provide a copy of the reports to the Investor.

(c) The Manager and the Investment Adviser shall ensure that its information technology systems meet or exceed industry best practices related to cyber-security,

including but not limited to the U.S. Department of Labor's Cybersecurity Program Best Practices and the requirements of the State of Illinois Cybersecurity Strategy and the NIST Cybersecurity Framework. In addition, the Manager and the Investment Adviser shall maintain commercially reasonable information security systems and controls, which include administrative, technical, and physical safeguards that are designed to: (i) maintain the security and confidentiality of the Investor's data; (ii) protect against any anticipated threats or hazards to the security or integrity of the Investor's data, including appropriate measures designed to meet legal and regulatory requirements applying to the Manager and the Investment Adviser; and (iii) protect against unauthorized access to or use of the Investor's data.

(d) The Manager and the Investment Adviser shall at all times employ a current version of one of the leading commercially available virus/malware detection software programs to test the hardware and software applications used by it for the presence of any computer code designed to disrupt, disable, harm, or otherwise impede operation or to compromise the Investor's data.

(e) If an incident compromises the security, confidentiality, or integrity of the Investor's data, the Manager and the Investment Adviser shall notify the Investor in writing of such breach as soon as practicable, but no later than one business day after the Manager and the Investment Adviser becomes aware of it. Such notice shall summarize in reasonable detail the nature of the information or data that may have been exposed. The Manager and the Investment Adviser, as applicable, shall at its own expense immediately contain and remedy any such breach and prevent any further breach, including, but not limited to taking any and all action necessary to comply with applicable privacy rights, laws, regulations, and standards.

6. Indemnification.

(a) Notwithstanding any other provision of the Fund Documents, the Manager and the Investment Adviser each shall be liable for their own, and their respective owners, members, managers, shareholders, partners, directors, officers, employees, agents, advisors, assigns, representatives and affiliates, breach of fiduciary duty, negligent acts, negligent omissions, bad faith, false representations or warranties, fraud, unauthorized acts, defaults and other breaches of trust, or violations of this Letter Agreement, the Fund Documents, or any applicable law or regulation in the performance of the duties or responsibilities under this Letter Agreement or the Fund Documents ("Indemnified Acts"). To the fullest extent permitted by applicable law, the Manager and the Investment Adviser each shall indemnify and hold the Investor and its Board of Trustees and employees harmless against all claims, liabilities and expenses (including reasonable attorneys' fees, taxes and penalties) that may arise as a result of any Indemnified Acts.

(b) The Manager and the Investment Adviser, and all and persons indemnified under the Fund Documents, each waive any exculpatory or similar provisions and any rights to indemnification that they may have under the Fund Documents to the extent that such provisions would not be enforceable under the Pension Code. For the avoidance of doubt, the Manager and the Investment Adviser each agree that any provision of the Fund

Documents that limits the fiduciary obligations under the Pension Code, the Fund Agreement, or this Letter Agreement shall not be applicable.

(c) For the avoidance of doubt, the Fund, the Manager, and the Investment Adviser each acknowledge and agree that Investor is not assuming any indemnification obligation or any other obligation of the Fund, the Manager, and the Investment Adviser under the Fund Documents. Further, notwithstanding any provision in the Fund Documents, Investor shall not be liable for nor obligated to pay any amount greater than the amount of its Commitment and shall have no obligation to contribute, invest, or otherwise remit more than the amount of its Commitment. In addition, Investor shall have no liability in its capacity as a former investor for the debts of the Fund or any of its losses, liabilities or expenses.

(d) For the avoidance of doubt, no indemnification or advancement for expenses will be allowed for internal disputes among the Manager and its employees and affiliates (other than the Fund) or the Investment Adviser and its employees and affiliates (other than the Fund) other than in connection with actions brought by a third party.

7. Consent to Jurisdiction, Waiver of Mandatory Arbitration.

(a) This Letter Agreement shall be governed by its terms and by the laws of the State of Illinois, excluding the conflict of laws provisions thereof.

(b) Each of the Fund, the Manager, and the Investment Adviser agree that should any dispute or controversy arise among the Investor, on the one hand, and the Fund, the Manager, and the Investment Adviser, on the other hand, arising out of or relating to the Investor's investment in the Partnership or this Letter Agreement, each of the Fund, the Manager, and the Investment Adviser consents to the exercise of personal jurisdiction of the state and federal courts located in the State of Illinois, waives any argument that venue in any such forum is not convenient, and agrees that any litigation initiated shall be in the Circuit Court for the Tenth Judicial Circuit, Peoria, Illinois or the U.S. District Court for the Central District of Illinois. Investor, the Fund, the Manager, and the Investment Adviser each irrevocably submit to the jurisdiction of each such court and waive any claim or defense of inconvenient forum in respect of any such action or proceeding.

(c) Each of the Fund, the Manager, and the Investment Adviser acknowledge and agree, notwithstanding any provision in the Fund Documents to the contrary, that the Investor is not waiving (and specifically reserves) its right to seek remedies in court, including the right to a jury trial, and that neither the Fund, the Manager, nor the Investment Adviser shall require Investor to participate in, or be subject to, arbitration.

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: Board of Trustees

FROM: Richard White, Executive Director
Regina Tuczak, Finance Director

RE: Agenda Item 4.5.10 – BUDGET ADMINISTRATION POLICY

DATE: October 13, 2023

RECOMMENDATION: Approve the Budget Administration Policy (PP 2021-01), as revised.

The Budget Administration Policy was originally adopted by the Board of Trustees on June 25, 2021.

A revision was presented to the Audit and Budget Committee on September 14, 2023, and such revision included the following matters:

- 1) Sections A and C: Budgeted revenue was deleted.
- 2) Section B: Investment operations changed from Investment related expenses.
- 3) Section C: Distinction of budget categories added and requirement of budget overages to be notated and explained.

The Audit and Budget Committee discussed the policy revisions and noted the deletion of revenues from the budget. There was interest in transparency of disclosing the funding source(s) from which budgeted expenses would be paid, however, the nature of operations of a Pension Investment Fund, which does not have a dedicated revenue source, was also considered. The Committee requested further consideration with respect to this item.

Subsequent to the Audit and Budget Committee meeting, the following research has been conducted:

- 1) Communication with staff at the Government Finance Officers Association (GFOA), which offers a Distinguished Budget Presentation Award Program.
- 2) Website research of the budgets of other State of Illinois Public Employee Retirement Systems and Investment Boards¹
- 3) Website research of the budgets of other large Government Pension Investment Funds in the United States²

A consistent presentation amongst these resources was not identified. GFOA staff identified five Retirement Systems³ that had received the Budget Presentation Award. Of these five systems,

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

three provided revenue information and one did not (one system's budget was not available on its website).

Only one State of Illinois Public Employee Retirement System (IMRF) and one Investment Board (IFPIF) provided budget information on their website or in their financial statements. While IMRF provided revenue information, their budget document indicated that they do not "employ governmental fund accounting when preparing the annual budget" and they do "not operate under a balanced budget approach" and the costs of administering the plan are paid from investment income. Note that IMRF was one of the recipients of the GFOA's Distinguished Budget Presentation Award Program. The IFPIF budget did not include revenues.

The 2022 list of Pensions & Investments Largest Retirement Funds was also reviewed for Pension Investment Funds. Websites of Pension Investment Funds within the largest 100 funds by assets size were reviewed. While not many budgets were included on the websites, the budgets located did not include revenues.

With respect to the Budgets approved by the Board of IPOPIF, the Fiscal Year 2023 and 2024 budgets approved did not include Revenues.

In summary, there does not appear to be a consistent approach in Revenue disclosure for budgets of Public Employee Retirement Systems or Pension Investment Funds. In the interest of transparency in disclosure of funding sources from which expenditures are paid, the policy has been updated to include the following:

- 1) Section A: Sources of funding shall be disclosed.
- 2) Section C: The Budget shall also include discussion of the funding sources from which expenditures are paid, and an estimate of the basis points of expenditures relative to the investment value of the Fund.

Content of the sources of funding can be determined at a later date, however, this section of the budget is intended to be a narrative that discusses funding sources to inform the user of the means by which expenses are paid. Given the uncertainty involved in predicting investment income and cash contributions, it is not anticipated that a dollar value for expected investment income or cash contributions would be itemized on the budget.

¹State Universities Retirement System, State Employees Retirement System, Teachers' Retirement System of the State of Illinois, Illinois Municipal Retirement Fund, Illinois State Board of Investment, and Illinois Firefighters' Pension Investment Fund.

²Minnesota State Board of Investment, Florida State Board of Investment, Washington State Board of Investment, State of Wisconsin Investment Board, Massachusetts PRIM, Illinois State Board of Investments, Nebraska Investment Council, West Virginia Investment Management Board, and Montana Board of Investments.

³California State Teachers' Retirement System, Illinois Municipal Retirement Fund, New York State Teachers' Retirement System, Ohio Police & Fire Pension Fund and Teacher Retirement System of Texas.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

POLICY NUMBER: PP-2021-01
SUBJECT: BUDGET ADMINISTRATION POLICY
EFFECTIVE DATE: JUNE 25, 2021
AMENDED: OCTOBER 13, 2023

INDEX:

- A. PURPOSE AND BACKGROUND
 - B. ROLES
 - C. POLICY GUIDELINES
 - D. POLICY REVIEW
-

A. PURPOSE AND BACKGROUND

1. The Board of Trustees shall annually adopt a budget to support its operations and administration. (40 ILCS 5/22B-118). The Fiscal Year covers the period of July 1 through June 30.
2. The purpose of the Budget Administration Policy is to establish the process by which the Board of Trustees adopts and administers the IPOPIF annual fiscal year budget.
- ~~3.~~ 3. The ~~revenues and~~ expenditures in any fiscal year will be reviewed against the approved budget on a regular basis to ensure budgetary control.
- ~~3-4.~~ 3-4. Sources of funding from which expenditures shall be paid are disclosed.

B. ROLES

- ~~4-5.~~ 4-5. The preparation and presentation of the proposed budget is the responsibility of the Executive Director with the support of the Chief Financial Officer. The Chief Investment Officer will provide appropriate input on the investment ~~operations related~~ expenditures which are anticipated for the coming fiscal year.
- ~~5-6.~~ 5-6. The administration and monthly monitoring of the annual budget is the responsibility of the Board of Trustees.

PP-2021-01: BUDGET ADMINISTRATION POLICY

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

~~6.7.~~The Audit and Budget Committee, an advisory committee to the IPOPIF Board of Trustees, will review the preparation and presentation of the annual fiscal year budget.

~~7.8.~~The Audit and Budget Committee will report its recommendation on the annual fiscal year budget to the Board of Trustees.

C. POLICY GUIDELINES

~~8.9.~~Budget Process and Timing:

- a. The Audit and Budget Committee will review the proposed budget for the next fiscal year at the first committee meeting that is scheduled in the final quarter of the current fiscal year, usually in April. In accordance with the Audit and Budget Committee Policy, this Committee will make a recommendation to the Board of Trustees for consideration.
- b. The Board of Trustees will review the proposed budget for the next fiscal year at the next regular meeting following the Audit and Budget Committee review.
- c. The budget for the next fiscal year shall be adopted by the Board of Trustees no later than June 30 of the current fiscal year.

~~9.10.~~ Budget Administration and Controls:

- ~~a.~~ The format of the proposed budget will organize ~~revenues and~~ expenditures of IPOPIF into various categories to facilitate comparison of the budget over time. Categories will be distinct to Board of Trustee expenses, Administrative Operations expenses, and Investment Operations expenses.
- ~~a-b.~~ The budget document shall include discussion of the funding sources from which expenditures are paid, and an estimate of the basis points of expenditures relative to the investment value of the Fund.
- ~~b-c.~~ Funds may be moved within a budget category, as presented in the annual budget, at the discretion of the Executive Director. Funds may not be moved from one category to another without the approval of the Board of Trustees.
- ~~e-d.~~ The Executive Director may request that the Board of Trustees amend the budget for the current fiscal year by presenting reasons for the budget amendment, its

PP-2021-01: BUDGET ADMINISTRATION POLICY

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

expected impact, and the cost of the amendment for the remainder of the fiscal year.

~~e.e.~~ The Executive Director shall endeavor not to exceed expenditure levels specified in the approved or amended budget.

~~e.f.~~ The Executive Director or designee shall provide monthly budget reports to the Board of Trustees. Any expenditures in excess of the budgeted amount or anticipated to be in excess of budgeted amounts are to be identified and explained.

~~f.g.~~ The Executive Director or designee shall provide a mid-year budget review to the Board of Trustees at the first regular meeting that is scheduled for the third quarter of the fiscal year, usually in January.

D. POLICY REVIEW

~~10.11.~~ The Policy is subject to change in the exercise of the Board's judgement.

~~11.12.~~ The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant, appropriate, and consistent with state and federal laws and regulations.

~~12.13.~~ In the event of legislative changes to the pertinent sections addressed in this policy, the Board of Trustees will review the policy as appropriate.

~~14.~~ This Policy was adopted by the Board of Trustees on June 25, 2021.

~~15.~~ This policy was amended by the Board on October 13, 2023:

~~a.~~ Sections A: Budgeted revenue was deleted. Sources of funding shall be disclosed.

~~b.~~ Section B: Investment operations changed from Investment related expenses.

~~13.~~ Section C: Distinction of budget categories added and requirement of budget overages to be notated and explained. The budget shall also include discussion of the funding sources from which expenditures are paid, and an estimate of the basis points of expenditures relative to the investment value of the Fund.

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: Board of Trustees

FROM: Richard White, Executive Director
Regina Tuczak, Finance Director

RE: Agenda Item 4.5.11 – ACCOUNTS PAYABLE POLICY

DATE: October 13, 2023

RECOMMENDATION: Approve the Accounts Payable Policy (PP 2020-04), as revised.

The Accounts Payable Policy was originally adopted by the Board of Trustees on July 20, 2020, and subsequently amended by the Board on July 8, 2022.

A revision was presented to the Audit and Budget Committee on September 14, 2023, and such revision primarily reflects the addition of full-time finance and accounting staff and the incorporation of procedures by internal staff from outsourced service providers, as well as documentation of current practices pertaining to employee payroll and benefits.

A summary of changes are as follows:

- 1) Section D: New vendors are input into the financial recordkeeping system by staff.
- 2) Section E:
 - a) Invoices for Investment operations are approved by the Chief Investment Officer.
 - b) Warrants are finalized on the first business day of the month and paid by the Finance and Accounting department on such date through the Fund's custodial account or the Fund's checking account with Lake Forest Bank.
 - c) Any payment terms that require automatic debit are approved by the Executive Director and shall be paid from the Fund's checking account with Lake Forest Bank.
- 3) Section G: Provides that reimbursements can be made for incurred expenses relating to Fund operations and mileage tracking for reimbursement can be obtained from suitable mileage search applications.
- 4) Section I:
 - a) Retitled "Employee Payroll and Benefits"
 - b) Provides that employees enrolling in benefit programs approved by the Board shall make the required contributory premiums through payroll withholdings.
 - c) Semi-monthly payroll, employer-related taxes, payments for employee benefit programs are paid in accordance with the policy but are not included in warrant processing.

The Audit and Budget Committee recommended that this policy be presented to the Board of Trustees for approval.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

POLICY NUMBER: PP-2020-04
SUBJECT: ACCOUNTS PAYABLE
EFFECTIVE DATE: JULY 10, 2020
AMENDED: FEBRUARY 26, 2021
AMENDED: JULY 8, 2022
AMENDED: OCTOBER 13, 2023

INDEX:

SECTION A: PURPOSE
SECTION B: AUTHORITY
SECTION C: DEFINITIONS
SECTION D: VENDORS
SECTION E: INVOICE PROCESSING FOR PAYMENT
SECTION F: INVOICE DEADLINES
SECTION G: TYPES OF PAYMENTS
SECTION H: APPROVAL OF EXPENSE REIMBURSEMENT CLAIMS
SECTION I: EMPLOYEE PAYROLL
SECTION J: POLICY REVIEW

A. PURPOSE:

1. The purpose of the Accounts Payable Policy is to provide consistent procedures for the Illinois Police Officers' Pension Investment Fund. These procedures are intended to provide safeguards for maintaining the quality and integrity of the accounts payable system in making payments to vendors.

PP-2020-04: ACCOUNTS PAYABLE POLICY AND PROCEDURE.
(Draft revision: September 14, 2023 Revised: July 8, 2022.)

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B. AUTHORITY:

1. The Illinois Police Officers' Pension Investment Fund was established under Article 22B of the Illinois Pension Code.
2. The term "Pension Fund" or "IPOPIF" shall refer to the Illinois Police Officers' Pension Investment Fund created by 40 ILCS 5/22b-101 *et seq.*

C. DEFINITIONS:

1. Definitions used in the policy include:
 - a. AP means accounts payable.
 - b. FEIN means the federal employer identification number assigned to each vendor doing business with the Pension Fund.
 - c. Vendor means a contracted service provider that includes individuals and/or firms that provide a skill or service to the Pension Fund.
2. The term "Pension Fund" or "IPOPIF" shall refer to the Illinois Police Officers' Pension Investment Fund created by 40 ILCS 5/22b-101 *et seq.*

D. VENDORS:

1. Vendors will be selected in accordance with the Purchasing Policy and Procurement or the Investment Services Policy.
2. A vendor must be authorized by the IPOPIF Executive Director.
3. Once vendors have been authorized, the Pension Fund ~~staff shall or authorized service provider~~ creates a new vendor in the financial record keeping system, inserting the FEIN number provided via the Internal Revenue Service (IRS) ~~IRS Form~~ W-9 ~~form~~ to ensure appropriate reporting under IRS Internal Revenue Service guidelines.
4. Only authorized vendors will be paid by the Pension Fund.

E. INVOICE PROCESSING FOR PAYMENT:

1. Payments are to be made on original invoices received from vendors.
 - a. Payments are not to be made on statements from vendors.
 - b. Invoices may be received electronically or paper copy.
2. Invoices are to be sent directly to the Pension Fund for necessary approvals by the Executive Director or for matters of Investment Operations, the Chief Investment Officer, before payment. Invoices may be sent via email to the Fund.
3. Invoices will be approved (or disapproved) by the IPOPIF Executive Director or Chief Investment Officer in accordance with the provisions of this policy.
4. Invoices approved for payment will be forwarded to the Senior Accountant Billing Coordinator for processing and batching into a single warrant, generally finalized on the first business day of each month on the 1st and 3rd weeks of every month and will be approved for payment by the IPOPIF Executive Director.
5. Warrants that are approved for payment will be forwarded to the Fund's Finance and Accounting department Chief Financial Officer for payment processing through accounting and payroll services through the Fund's custodial account with State Street Bank & Trust Company, NA, or the Fund's checking account with Lake Forest Bank & Trust Company, NA.
- 5-6. Payment terms that require automatic debit shall be approved by the Executive Director in advance of initiating payment set-up by the Fund. Automatic debit payments shall only be made from the Fund's checking account with Lake Forest Bank & Trust Company, NA.
- 6-7. The Board of Trustees will ratify the paid warrant(s) at an immediately succeeding Board of Trustee meeting.

F. INVOICE DEADLINES:

1. Invoices will be processed and approved for payment, as received during normal business hours.
2. Approved vendor invoices and reimbursements will be paid on the next scheduled payment date ~~paid on demand as received and~~ in accordance with other provisions of this policy.

PP-2020-04: ACCOUNTS PAYABLE POLICY AND PROCEDURE.
(Draft revision: September 14, 2023) ~~Revised: July 8, 2022.~~)

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G. TYPES OF PAYMENTS:

1. Recurring payment invoices are expenses that occur on a regular basis, such as monthly rent, utilities, mobile phone expenses, monthly bank fees, insurance premiums, or other fixed monthly charges. These payments are those with vendors under a multi-term contract with the IPOPIF and have been approved by the Board of Trustees.
2. One-time or periodic payments are those with vendors under a contract for a specific service or period of time contract.

PP-2020-04: ACCOUNTS PAYABLE POLICY AND PROCEDURE.
(Draft revision: September 14, 2023)~~Revised: July 8, 2022.~~)

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3. Reimbursement payments are those with members of the Board of Trustees, Executive Director, Pension Fund staff or others that have been approved for reimbursement for travel related expenses, mileage reimbursement and other pre-approved expenses related to Pension Fund operations.
 - a. Reimbursement Claim Forms are used by Board of Trustees or Pension Fund staff who have traveled on Fund business or incurred expenses related to Pension Fund operations.
 - i. Travel, mileage, and other pre-approved expense claims must be submitted via a Reimbursement Claim form (see attached).
 - ii. Full details of expenses along with original documents and receipts of expenses are required.
 - b. The Reimbursement Claim Form may be used to request reimbursement of mileage to Board meetings and direct expenses such as tolls, ~~and~~ meals, and lodging. if eligible.
 - i. The number of miles is reasonable for the trip traveled according to mapquest.com or other suitable mileage search software applications. Only the directions ~~with the~~ from (home or business) and to (site of meeting) the location, stating the distance in between, is needed from the mileage search software application ~~mapquest.com.~~ Actual copies of maps are not needed.
 - ii. Mileage shall be paid at the ~~Internal Revenue Service (IRS)~~ mileage rate in effect for the date of travel.
 - iii. Other reimbursement will be made consistent Board Policy.
4. Municipalities may be reimbursed for the reasonable costs incurred that are due to the police officer's absence while serving as a member of the Board of Trustees (40 ILCS 5/22b-115(d)).
 - a. The Pension Fund shall notify the municipality in advance of the dates, times, and locations of this official business.
 - b. The municipality shall claim reimbursement using a Pension Fund approved form and shall include appropriate documentation to support the expense claim.

H. APPROVAL OF EXPENSE REIMBURSEMENT CLAIMS:

PP-2020-04: ACCOUNTS PAYABLE POLICY AND PROCEDURE.
(Draft revision: September 14, 2023) ~~Revised: July 8, 2022.~~)

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1. Expense and mileage claim forms will be reviewed and approved (or disapproved) in accordance with the provisions of this policy.
2. Expense reimbursement claims must be approved prior to payment.
3. Allowable expenses are those allowed by Board Policy or specifically approved by the Board of Trustees.
4. Approval of expense reimbursement claims will be made as follows:
 - a. The Board Chair shall approve expense claims for Board members, the Executive Director, and the Chief Investment Officer.
 - b. The Vice Chair shall approve expense claims for the Board Chair.
 - c. The Executive Director will approve all expense claims for other Pension Fund staff.

I. EMPLOYEE PAYROLL AND BENEFITS:

1. Employees will be paid for their services according to the employment agreement with the Pension Fund. Employees will provide the standard documents required by the Pension Fund or authorized payroll service provider, the IRS, State of Illinois, and other benefit providers in a timely manner. Paychecks will not be issued until such documentation is completed.
2. Pension Fund employees will be paid on a semi-monthly pay cycle basis. A semi-monthly pay cycle consists of 24 paychecks per year, 2 per month.
3. Paychecks will be issued on the 15th and the last business day of the month.
 - a. Should a holiday fall on the 15th or the last business day of the month, the paycheck will be issued on the business day before the holiday.
 - b. Paychecks will be issued on the business day prior to a Saturday or Sunday if either is the 15th or the last business day of the month.
 - c. The pay schedules for employees would be paid in *arrears*, meaning that the pay period of the 1st to the 15th of the month would be paid on the last business day of the same month. The pay period of the 16th through the last day of the month would be paid on the 15th of the following month.

4. Upon hire, employees will be provided an opportunity to enroll in employee benefit programs approved by the Board and offered by the Fund, including group health insurance

PP-2020-04: ACCOUNTS PAYABLE POLICY AND PROCEDURE.

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(Draft revision: September 14, 2023) Revised: July 8, 2022.)

plans, a flexible spending account and a deferred savings plan. As permitted by the provisions of each program, qualifying life events and annual enrollment periods also provide opportunities for employees to enroll. Contributory premiums required by each employee for the employee benefit programs selected shall be withheld from the employee's paychecks.

e.5. Semi-monthly payroll remittances, employer-related taxes and payments for employee benefit programs shall be paid in accordance with this policy. However, such payments are not included in warrant processing. After approval by the Executive Director, payments are made directly to the employee benefits vendor or tax authority. Summaries of remittances to vendors of employee benefits, staff payroll and tax authorities are available upon request.

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J. POLICY REVIEW

1. The Policy is subject to change in the exercise of the Board’s judgement.
2. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
3. In the event of legislative changes to the pertinent sections addressed in this policy the Board will review the policy as appropriate.
4. This policy was adopted by the Board on July 10, 2020.
5. This policy was amended by the Board on February 26, 2021.
 - a. Section G-12: Recurring payments
6. This policy was amended by the Board on July 8, 2022:
 - a. Sections A-J: Numbering was revised.
 - b. Section C: Definitions revised
 - c. Section D: Vendors definition revised and references to Board policies added
 - d. Section E: Invoice approval and processing steps revised
 - e. Section G: Types of Payments: Recurring payments revised

e- 7. This policy was amended by the Board on October 13, 2023.

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

TO: Board of Trustees
FROM: Richard White, Executive Director
Regina Tuczak, Finance Director
RE: Agenda Item 4.5.12 – CASH RESERVE POLICY
DATE: October 13, 2023

RECOMMENDATION: Approve the Cash Reserve Policy (PP 2021-09), as revised.

The Cash Reserve Policy was originally adopted by the Board of Trustees on November 12, 2021.

A revision was presented to the Audit and Budget Committee on September 14, 2023, and such revision primarily reflects the conclusion of the transition period and the 1% allocation to Cash per the most recent Asset Allocation Policy, thus diminishing the need for a cash reserve.

A summary of changes are as follows:

- 1) Section A: Conclusion of the transition period on December 31, 2022, is noted, along with the 1% allocation to cash per the Fund's most recent asset allocation policy. Cash at the custodian may be used to support the financial operations of the Fund.
- 2) Section B:
 - a) Provides that a cash reserve may be maintained at a financial institution outside of the Fund's custodial assets.
 - b) Provides that the Executive Director shall determine the amount of cash reserve necessary to pay expenditures outside of the Fund's custodial cash account.
 - c) The minimum amount of the cash reserve shall be the amount necessary to fund essential expenditures for no less than 30 days.
 - d) The Board may direct a specific amount of cash be maintained in the cash reserve to pay expenditures outside of the Fund's custodial account.

The Audit and Budget Committee recommended that this policy be presented to the Board of Trustees for approval.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE

POLICY NUMBER: PP-2021-09
SUBJECT: CASH RESERVE POLICY
EFFECTIVE DATE: NOVEMBER 12, 2021
AMENDED: OCTOBER 13, 2023

INDEX:

SECTION A: INTRODUCTION
SECTION B: CASH RESERVE PROCEDURE
SECTION C: POLICY REVIEW

A. INTRODUCTION

1. The Illinois Police Officers' Pension Investment Fund (the Fund) is created with the authority to manage the reserves, funds, assets, securities, properties, and moneys of the police pension funds created pursuant to Article 3 of the Illinois Pension Code. (40 ILCS 5/22B-101).
2. The Board of Trustees is granted the authority to apply moneys derived from the pension fund assets transferred and under its control to pay the costs and expenses incurred in the operation and administration of the Fund. (40 ILCS 5/22B-118 (e)).
3. The designation of a cash reserve is intended to support the financial operations of the Fund and to allow for timely financial planning in the administration of the Fund.
- ~~3.4.~~ The Board confirmed the conclusion of the transition period at December 31, 2022. The Fund's asset allocation policy effective January 1, 2023, and as amended on April 14, 2023, includes a 1.0% allocation to cash. Cash at the custodian may be used to support the financial operations of the Fund.

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PP-2021-09 CASH RESERVE POLICY

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE

B. CASH RESERVE PROCEDURE

- ~~4.5.~~ The adequacy of a cash reserve ~~is needs to be~~ based upon the specific circumstances appropriate to the Illinois Police Officers' Pension Investment Fund.
- ~~5.6.~~ The cash reserve policy is intended to ~~ensure there is sufficient liquidity to pay anticipated expenditures and fund capital requirements that are consistent with the inform the~~ fiscal administration of the annual budget ~~approved by the Board of Trustees, to ensure there is sufficient liquidity in order to pay anticipated expenditures, capital requirements and debt payments related solely to Fund administration and operations.~~
- ~~6.7.~~ In general, the Fund will anticipate expenditures through the adoption of an annual operating budget.
- ~~8.~~ A cash reserve may be maintained at a financial institution outside of the Fund's ~~invested assets with the custodian.~~
- ~~7.9.~~ The amount of the cash reserve will be ~~determined by the Executive Director based on the needs of the Fund and anticipated expenditures to be paid outside of the Fund's custodial cash account, calculated annually and will be adjusted in accordance with approved budget adjustments.~~
- ~~8.10.~~ The Fund will maintain a minimum level of cash reserve ~~necessary to fund essential Fund expenditures for no less than 30 days that should be no less than 60 days and no more than 90 days of anticipated- essential expenses, in order to maintain the ongoing operation of the Fund.~~
- ~~9.11.~~ The Board of Trustees may from time to time direct that a specific amount of cash be maintained in the cash reserve to anticipate large expenditures ~~to be paid outside of the Fund's custodial account, that would exceed the minimum level of cash reserves.~~
- ~~10.12.~~ The Executive Director will be responsible for the monitoring of the cash reserve balance as a component of the budget administration and monitoring responsibility, as defined in the Budget Administration Policy.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE

C. POLICY REVIEW

~~11~~13. The Policy is subject to change in the exercise of the Board's judgement.

~~12~~14. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.

~~13~~15. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

16. This policy was adopted by the Board on November 12, 2021.

17. This policy was amended by the Board on October 13, 2023:

a. Sections A: Conclusion of transition period and availability of cash at custodian referenced.

b. Section B: Policy modified to include usage of the custodial cash account for Fund expenditures and Executive Director determination of cash reserve to fund essential expenditures.

~~14~~18.

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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: ETHICS POLICY
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE ETHICS POLICY (PP-2020-07)

The Ethics Policy (PP-2020-07) was adopted by the Board of Trustees on December 14, 2020, and was reviewed by the Governance Committee on September 14, 2023, in accordance with the required review period.

The Governance Committee recommended that this policy be approved by the Board of Trustees.

Listing of revision to policy:

- No revisions were recommended.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

POLICY NUMBER: PP-2020-07
SUBJECT: ETHICS POLICY
EFFECTIVE DATE: December 14, 2020
AMENDED: October 13, 2023

INDEX:

SECTION A: INTRODUCTION
SECTION B: DEFINITIONS
SECTION C: POLICY
SECTION D: CONFLICT OF INTEREST
SECTION E: PROHIBITION ON GIFTS
SECTION F: DISCLOSURE OF ECONOMIC INTERESTS
SECTION G: SEXUAL HARASSMENT
SECTION H: TRAINING
SECTION I: ENFORCEMENT
SECTION J: POLICY REVIEW

A. INTRODUCTION

The Board of Trustees of the Illinois Police Officers' Pension Investment Fund ("The Fund") hereby adopts this Ethics Policy ("Policy") in furtherance of the objective of acting solely in the interests of the Fund's Members and Beneficiaries when conducting Fund business, and to affirm its duties under 40 ILCS §5/22B *et seq.*

B. DEFINITIONS

The definitions used in this Ethics Policy are limited to the Policy and shall not be binding on the Fund for any other purpose. Whenever used in this Policy, the following terms shall have the following meanings:

- (a) **"Administrative Action"** means any decision on, or any proposal, consideration, enactment or making of any rule or any other official action or non-action involving the expenditure of Fund assets by the Board, the executive director, or by any Employee of the Fund, or any matter which is within the jurisdiction of the Board.
- (b) **"Board"** means the Board of Trustees of the Illinois Police Officers' Pension Investment Fund.
- (c) **"Board Member"** means each of the elected, appointed, and ex officio trustee members of the Board.
- (d) **"Compensation"** means money, thing of value or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.
- (e) **"Employee"** means an individual employed by the Fund, whether part-time or full-time, or by a contract of employment, but excludes Board Members and any third party vendor of the Fund.
- (f) **"Ethics Officer"** means the Executive Director of the Fund. In the event that the Executive Director is the subject of a complaint, a member of the Board shall be appointed to conduct an investigation. In the event of a conflict of interest, the Board shall refer the complaint to the appropriate law enforcement agency or other persons or entities qualified to conduct such investigations as determined by the Board.
- (g) **"Fund"** means the Illinois Police Officers' Pension Investment Fund.

- (h) **"Gift"** means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to Fund employment or the official position of a Board Member or Employee of the Fund; provided, however, Gifts shall not be deemed to include reimbursement from the Fund of travel or educational expenses relating to Fund business.
- (i) **"Person"** means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, whether or not operated for profit.
- (j) **"Party in interest"** means (1) any person that is a fiduciary, counsel or Employee of the Fund or a relative of such person; (2) any person that provides services to the Fund or a relative of such person; (3) an employer, any of whose employees are covered by the Fund; (4) an employee organization, any members of which are covered by the Fund; and (5) an Employee, officer or director of the Fund or of a person described under items (2), (3) or (4) above.
- (k) **"Prohibited source"** means any person or entity who:
 - (1) is seeking official action (A) by the Fund, (B) by any Fund Member or (C) by an Employee;
 - (2) does business or seeks to do business (A) with the Fund or (ii) with a Board Member or Employee;
 - (3) has interests that may be substantially affected by the performance or non-performance of the official duties of the Board Member; or

- (4) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a prohibited source does not become a prohibited source merely because a registered lobbyist is one of its members or serves on its board of directors.

C. POLICY

1. To the extent applicable, Trustees, employees, and external service providers are subject to the Illinois Pension Code. (40 ILCS 5/1 *et seq.*) Trustees and employees shall also comply with the Fund's Bylaws ("Bylaws") and Rules and Regulations ("Rules"), as adopted from time to time.
2. The Fund, by a majority vote, shall appoint an Ethics Officer for the Fund. The Ethics Officer shall be that person designated as Ethics Officer and in the absence of such designation, the Executive Director shall serve in that capacity.
3. Trustees and employees shall act with honor and integrity in administering the Fund.
4. Trustees and employees shall not knowingly make any false statement or falsify, or permit to be falsified, any record of the Fund.
5. Trustees and employees shall act in good faith and in the best interest of Members and Beneficiaries.
6. Trustees and employees shall act with prudence and reasonable care.
7. Trustees and employees shall act with skill, competence, and diligence.
8. Trustees shall deal fairly, objectively, and impartially with all Members and Beneficiaries. Trustees and employees shall develop and maintain their skills and competence through continuing education, participation in staff and Trustee training, and participation in professional associations in order to familiarize themselves with duties and obligations and to keep abreast of developments.
9. By virtue of their roles, Trustees and employees shall respect and protect privileged information.
10. Trustees and employees shall not engage in "Prohibited Transactions" as defined in the Illinois Pension Code.

11. Trustees shall recuse themselves whenever a matter comes before the Fund as to which an actual conflict, a potential conflict, or the appearance of a conflict of interest may exist, unless, after full disclosure at a Fund's meeting of the facts underlying an actual conflict, a potential conflict, or the appearance of a conflict, the Fund determines no conflict, potential conflict, or the appearance of a conflict exists. A Trustee shall not vote on matters as to which a conflict or potential conflict of interest exists.

12. An employee shall inform the Fund and the Executive Director in writing and then recuse herself/himself from any role in, or consideration of, a matter whenever any matter comes before the employee as to which an actual conflict, a potential conflict, or the appearance of a conflict of interest may exist, unless, after full disclosure at a Fund's meeting disclosing the facts underlying an actual conflict, a potential conflict, or the appearance of a conflict, the Fund determines that no conflict or potential conflict exists.

13. No person, including a Trustee or an employee, or entity shall retain any person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

D. CONFLICT OF INTEREST

14. A conflict of interest is a tension between one's private interests and one's public and/or fiduciary duties or the appearance of such tension. There are many nuances when determining whether a conflict of interest exists; however, the core of a conflict of interest is whether the situation could reasonably result in impaired judgment or involve the potential for personal gain in a procurement or contracting decision or action. All employees and vendors must disclose in writing all actual conflicts, potential conflicts, or the appearance of a conflict of interest to the Executive Director, who shall disclose to the Fund, in writing, all actual conflicts, potential conflicts, or the appearance of a conflict of interest. The Executive Director and/or Trustees must disclose in writing all actual conflicts, potential conflicts, or the appearance of a conflict of interest to the Fund, as a whole.

15. Except as provided herein, and subject to applicable State laws, a Trustee or employee shall not accept either directly or indirectly any item of value from:

a. a person required to be registered under the Illinois Lobbyist Registration Act ("Lobbyist");

b. any person or entity which is doing business with the Fund or which has an interest that is substantially affected by Fund business (hereinafter a "Prohibited Source");

c. any person or entity which is "seeking to do business" with the Fund within the next twelve (12) months, e.g., the person or entity takes an action to obtain Fund business when, if such action were successful, it would result in the person or entity doing business with the Fund within the next twelve (12) months and the contract or business sought has not been awarded to any person or entity, or the person or entity has an interest that may be substantially affected by Fund business (hereinafter "Prohibited Source"); and

d. a Lobbyist, Prohibited Source's, or Prospective Prohibited Source's spouse, or immediate family member residing with such Lobbyist or Prohibited Source;

e. individuals described in (a) to (d) are collectively referred to as Prohibited Sources. Such Prohibited Sources include, but are not limited to, attorneys, investment managers, consultants, professional service providers, brokers, or vendors.

E. PROHIBITION ON GIFTS

16. Notwithstanding any other provision of this Policy, a Trustee or an employee, the definition of which shall include the Trustee's or employee's spouse and any immediate family member residing with such Trustee or employee, shall not accept food and/or refreshments of any value or any Gift from any Prohibited Source after a Request for Proposal ("RFP") or Request for Information ("RFI") has been approved relating to the Prohibited Source's business interest with the Fund or when the Trustee or employee knows such RFP or RFI will be the subject of Board action.

17. A Fund Trustee or employee, the definition of which shall include the Trustee's or the employee's spouse and any immediate family member residing with such Trustee or employee, may not accept any "Gift" from a Prohibited Source.

This restriction shall not apply to the following:

- a. Opportunities, benefits, and services that are available on the same conditions as for the general public.
- b. Anything for which the officer, member, or employee pays the market value.
- c. Educational materials and missions.
- d. Travel expenses for a meeting to discuss Fund business.
- e. Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For the purposes of this Section, "catered" means food or refreshments that are purchased ready to eat and not delivered by any means.
- f. Any item or items from any one prohibited source during any calendar year having a cumulative total value of less than \$100.
- g. A gift from a relative, meaning, those people related to the individual as father, mother, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, and including the father, mother, grandfather or grandmother of the individual's spouse and the individual's fiancé or fiancée.
- h. Anything provided by an individual on the basis of a personal friendship unless the member, officer, or employee has reason to believe that, under the circumstances, the gift was provided because of the official position or employment of the member, officer, or employee and not because of the personal friendship.
- i. Intra-governmental and inter-governmental gifts. For the purpose of this Act, "intra-governmental gift" means any gift given to a member, officer, or employee of the Fund from another member, officer, or employee of the Fund; and "inter-governmental gift" means any gift given to a member, officer, or employee of the Fund, by a member, officer, or employee of another state agency, of a federal agency, or of any governmental entity.

18. The limitations on the receipt of items of value, food and/or refreshments, or Gifts as set forth in the Policy shall not apply to items of value, food and/or refreshments, or Gifts received by a Trustee or employee as a result of familial, personal, outside business, or social relationship existing independent of the Fund's affairs that a Trustee or employee may have with

a Prohibited Source, unless the Trustee or employee has reason to believe that, under the circumstances, the item of value, food and/or refreshments, or Gift was provided or enhanced because of the Trustee's or employee's position and not because of the personal, business, or social relationship existing independent of the Fund's affairs. In determining whether the item of value, food and/or refreshments, or Gift was provided because of the Trustee's or employee's position and not because of the personal, business, or social relationship existing independent of the Fund's affairs, the Trustee or employee shall consider the circumstances under which the item of value, food and/or refreshments, or Gift was offered, such as:

a. the history of the relationship with the individual giving the item of value, food and/or refreshments, or Gift, including any previous similar exchange between the individual and the Trustee or employee;

b. whether, to the knowledge of the Trustee or employee, the individual providing the item of value, food and/or refreshments, or Gift personally paid for it or sought a tax deduction or business reimbursement;

c. whether, to the knowledge of the Trustee or employee, the individual providing the item of value, food and/or refreshments, or Gift provided the same or similar items of value, food and/or refreshments, or Gifts to other Trustees or employees.

19. A Fund Trustee or employee shall neither solicit nor accept anything of value, including, but not limited to, a Gift, favor, or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgments of any Trustee or employee, concerning the business of the Fund would be influenced thereby.

20. If an investment manager, broker, or vendor is on the Fund's written "watch" list, and notwithstanding any other provision of this Policy or State law, a Trustee or employee shall not accept any food and/or refreshments, Gift, or entertainment from that investment manager, broker, or vendor. The Executive Director shall issue any such watch list and provide Trustees, employees, investment managers, brokers, and vendors with a copy of the list.

21. A Trustee or employee does not violate this policy if the Trustee or employee promptly takes reasonable action to return the prohibited gift to its source or gives the gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under

Section 501(c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.

F. DISCLOSURE OF ECONOMIC INTERESTS

22. All Fund Trustees and employees who are required to file a statement of economic interest, pursuant to the Illinois Governmental Ethics Act, shall timely file such statement.

G. SEXUAL HARASSMENT

23. The Fund is committed to creating and maintaining a work environment that is free of all forms of sexual harassment and retaliation. The Fund will take preventive and corrective action to address any behavior that violates this policy or the rights it is designed to protect.

24. "Sexual Harassment" means any unwelcome sexual advances or requests for sexual favors or any conduct of a sexual nature when: (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (ii) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or (iii) such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. For the purposes of this definition, the phrase "working environment" is not limited to a physical location an employee is assigned to perform his or her duties and does not require an employment relationship.

25. An aggrieved party may report a complaint internally with the Fund's Ethics Officer. If the aggrieved party feels a conflict exists, they may address their complaint with the Fund's Chairperson. An aggrieved party is not limited to internal procedures; the Illinois Department of Human Rights has established a "Sexual Harassment Helpline" to assist callers in finding necessary resources, including counseling services, and to assist in the filing of sexual harassment complaints with the IDHR or other applicable agencies. The Helpline can be reached at: 1-877-236-7703. The Illinois Secretary of State Inspector General has jurisdiction over complaints made against lobbyists, however nothing shall prohibit an aggrieved party from reporting through other venue.

26. Should the Fund hire a Lobbyist, that Lobbyist shall abide by all requirements found in the Lobbyist Registration Act, including, but not limited to, completing anti-sexual harassment training provided by the Secretary of State within 30 days of registration.

27. Persons reporting alleged violations, assisting victims, or assisting with an investigation of sexual harassment shall be free from retaliation and reprisal. Whistleblower protections under the State Officials and Employee Ethics Act, the Whistleblower Act and the Illinois Human Rights Act shall be applicable, in addition to penalties provided for in the enforcement of this policy.

28. Violations of this sexual harassment policy are subject to the penalties provided for in the enforcement section of this policy, in addition to other remedies allowed by law.

H. TRAINING

29. Board members and employees shall be required to complete at least 8 hours of ethics training per year, which shall include training on ethics, fiduciary duty, investment issues and any other curriculum that the investment board establishes as being important for its administration. The Fund's Ethics officer shall be responsible for annual certification of these requirements in accordance with 40 ILCS 5/1-113.18.

30. Within 30 days of adoption of this policy, or initial employment, and annually thereafter, all Board members and employees shall complete anti-sexual harassment and discrimination training. The Fund's Ethics officer shall establish and assign training in accordance with 430 ILCS 5-10.5 and certify compliance.

I. ENFORCEMENT

31. Any Fund Trustee or employee found to have violated any of the provisions of this Policy or to have furnished false or misleading information to the Fund regarding compliance with this Policy shall be subject to the following sanctions:

a. any employee found in material violation of any of the provisions of this Policy shall be subject to employment sanctions, up to and including discharge, in accordance with the Fund's Employee Handbook.

b. any Fund Trustee found to be in material violation of any of the provisions of this Policy shall be subject to the following sanctions, as determined to be appropriate by the Fund:

- i. Public censure;
- ii. Requested resignation;
- iii. Litigation by the Fund seeking to remove the Trustee for breach of fiduciary duty;
- iv. Any additional appropriate sanctions in accordance with the applicable provisions of the Illinois Pension Code or other State law, including, if applicable, referral to the relevant State's Attorney's Office with proper jurisdiction over the matter, or to the Illinois Attorney General's office for investigation.

32. All Fund contracts with investment managers/consultants and professional service vendors shall include a provision requiring compliance with this Policy. The contract with any investment manager/consultant or professional service vendor who violates a material provision of this Policy shall be voidable by the Fund.

33. Nothing in this Policy shall preclude the Fund from bringing a lawsuit for an accounting for any pecuniary benefit received by any person in violation of this Policy or of law, or to recover damages for violation of this Policy or of law.

J. POLICY REVIEW

34. The Policy is subject to change in the exercise of the Board's judgement.

35. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations

36. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

37. This policy was adopted by the Board on December 14, 2020,

37-38. This policy was reviewed by the Board of Trustees on October 13, 2023,

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: TRAVEL POLICY
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE TRAVEL POLICY (PP-2023-01)

The Travel Policy (PP-2023-01) was adopted by the Board of Trustees on February 10, 2023, and was reviewed by the Governance Committee on September 14, 2023, in accordance with the policy to address recent legislative changes. The Board of Trustees is reminded that legislation sponsored by the Board to amend the pension code statute was passed by the Legislature and signed into law by Governor Pritzker as Public Act 103-506.

The Governance Committee recommended that this policy be approved by the Board of Trustees.

Listing of revision to policy:

- Revised policy in accordance with legislative changes made in Public Act 103-506 which removed references to the "Travel Guide".

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

POLICY NUMBER: PP-2023-01
SUBJECT: TRAVEL POLICY
EFFECTIVE DATE: FEBRUARY 10, 2023
AMENDED: OCTOBER 13, 2023

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

A. INTRODUCTION

1. Prudent oversight of the Illinois Police Officers' Pension Investment Fund requires that Trustees and staff occasionally travel to business meetings, educational conferences or seminars and meetings with participants and stakeholders, held in or outside the state of Illinois.
2. The purpose of the Travel Policy is to encourage and to assist Trustees and staff in meeting their fiduciary duties to govern, administer, and oversee the Investment Fund and to ensure that expenditures incurred in the education and travel process are prudent and cost-effective, and to mitigate the risk of improprieties arising from travel for Fund-related activities.
3. Travel and related costs not only represent legitimate expenses of the Fund but are a sound investment in the ongoing success of the organization and meeting the needs of participants.

B. TRAVEL REIMBURSEMENT CRITERIA

1. The objective of this Policy is to establish criteria and approval authority for reimbursement of travel and meal expenses (collectively "travel expenses") for the Board of Trustees and staff members.
2. Conditions under which expenses will be paid:
 - a. Travel expenses will be paid only when the expenses are actually incurred for the purposes of conducting official IPOPIF business, representing IPOPIF in an official capacity, or obtaining training or information directly beneficial to IPOPIF operations ("official Fund business").
 - b. The actual cost of travel must be reasonable, utilizing the least expensive methods available as determined by the Trustee, the Executive Director, or the Chief Investment Officer, as applicable, given the particular circumstances involved in each trip.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

- c. When the Executive Director or Chief Investment Officer approve specific travel expenses for travel authorized by the Board of Trustees, or when the travel expense is authorized by Board action, including by this Policy, the travel expenses will be considered reasonable and necessary for official Fund business.
3. Travel expenses that can be paid or reimbursed:
- a. Transportation expenses
 - i. Actual and necessary transportation expenses are reimbursable. Necessary transportation expenses consist of the most efficient, economical mode and class of transportation reasonably consistent with scheduling needs, based on a determination by the Trustee, Executive Director, or Chief Investment Officer.
 - b. Rental car
 - i. The use of a rental car by a Trustee or staff member will be reimbursed when it is fiscally reasonable to rent a vehicle due to circumstances where ground transportation is unavailable, unduly expensive, or otherwise impracticable.
 - ii. Trustees and staff are required to obtain and purchase (and IPOPIF will reimburse) Loss Damage Waiver and Supplemental Liability Insurance when renting vehicles on IPOPIF business.
 - iii. The Fund shall reimburse the cost of an intermediate or standard rental car, provided that such vehicle is used exclusively for Fund-related travel. A larger vehicle may be rented in circumstances where several Trustees and/or staff will be using the vehicle together.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

- c. Private vehicles.
 - i. Personal vehicle mileage costs will be reimbursed in accordance with this Policy based on Internal Revenue Service (IRS) then current standard mileage reimbursement rate.
 - ii. The reimbursement request shall include documentation of the mileage driven (e.g., the use of a mileage calculator, a copy of the map and route taken).

- d. Airfares and related expenses:
 - i. Trustees and staff must use good judgment to obtain airline tickets at competitive prices. The Fund will pay for or reimburse the actual cost for “economy plus”, “main cabin extra”, or “Wanna Get Away” fares or equivalent airline (or rail) tickets. The Fund will not reimburse a Trustee or staff member to fly business or first class. An individual may, at his or her own expense, pay to upgrade travel to business or first class but must document the cost of the upgrade.
 - ii. The Fund will reimburse the actual cost of baggage for no more than two bags per trip, provided that such expense is substantiated by a receipt.
 - iii. Charges incurred for cancellations or changes in travel arrangements are the personal responsibility of the claimant except in cases of unavoidable circumstances, including but not limited to, illness, injury, a conflict with job responsibilities, or a *force majeure* event. For the avoidance of doubt, convenience or personal preference shall not be considered an “unavoidable circumstance.”
 - iv. The Fund will not reimburse for advance or preferred boarding fees not included in the fare.
 - v. No Trustee or staff member may be reimbursed for any ticket in excess of \$1,000, unless approved by the Executive Director or Chief Investment Officer prior to purchase of the ticket.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

- vi. Trustees and staff are encouraged to make airline reservations at least two weeks in advance of the first day of travel and to make reservations directly with the airline to avoid issues with refunds, rather than booking through brokers such as Expedia or Priceline.
 - vii. When a Trustee or staff member travels on Fund business by commercial airline, the Trustee or staff member may stop over at other cities as long as the airfare does not exceed the cost of a direct, "economy plus" fare obtained with a two-week advance purchase, or such other purchase standard recognized at that time by the airline industry. No expenses incurred while in a layover city are reimbursable, except for meals which may be reimbursed in accordance with this Policy.
 - viii. If a significant savings can be realized on the airfare by having a Trustee or staff member extend their stay to include a Saturday night, the Trustee, or staff member, at his or her option, may extend his or her stay in order to realize such savings.
- e. Lodging expenses.
- i. Actual and necessary lodging expenses will be paid or reimbursed when travel on official IPOPIF business reasonably requires an overnight stay, including a stay the night before the official Fund business commences or after the business ends, in accordance with this Policy. ~~If applicable, Trustees shall use the lodging rates for reimbursement according to the Travel Guide prepared by the Legislative Travel Control Board.~~
 - ii. If such lodging is in connection with a conference such lodging expenses may not exceed the group rate published by the conference sponsor for the conference.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

- iii. Lodging rates that are equal to or less than the government rates available at the hotel are assumed to be reasonable and reimbursable for the purposes of this Policy. Lodging expenses incurred are considered reasonable and necessary if approved in advance by the Executive Director or Chief Investment Officer.
 - iv. If a Trustee's or staff's personal choice is to stay at a non-sponsored hotel, reimbursement will be limited to the government rate, or the group rate published by the conference sponsor, as applicable.
 - v. If, at the conclusion of an authorized Fund trip, it would be impractical for a Trustee or staff member to return home the same day, the Trustee or staff member will be entitled to be reimbursed for one additional night of lodging and the actual and necessary expenses incurred in accordance with this Policy.
 - vi. One-day meetings. Trustees or staff residing within 50 miles from the meeting place will not receive reimbursement for lodging for a one-day meeting.
- f. Meal expenses:
- i. Actual meal expenses (breakfast, lunch, and dinner) for each authorized day of travel. Meal expenses are not to exceed \$100 per day of travel and may include non-alcoholic beverages, taxes, and a reasonable tip (not to exceed 20%). An itemized receipt is required for all meal reimbursements. ~~If applicable, Trustees shall use the per diem/meal rates for reimbursement according to the Travel Guide prepared by the Legislative Travel Control Board.~~
 - ii. A meal expense is not necessary and will not be paid or reimbursed by IPOPIF if a meal is included, for no additional charge, as part of a conference, mode of travel (e.g., airline in-flight meals), or is included with the lodging accommodations.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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- iii. Expenses for alcoholic beverages will not be paid or reimbursed by IPOPIF.
- g. Miscellaneous expenses and limitations.
 - i. Government or group rates shall be used when available.
 - ii. Trustees and staff will be reimbursed up to \$25.00 per authorized day for incidental expenses. Receipts will not be required for these expenses.
 - iii. Actual tolls, ground transportation, parking expenses, and expenses for communications (e.g., internet fees, fax, telephone, overnight mail/postage, and copying/printing) may be paid or reimbursed if the expense is reasonable and necessary for official Fund business.
 - iv. Only self-parking expenses necessary for the claimant's vehicle will be paid. Valet parking will not be paid if there is a non-valet option.
 - v. Personal travel club memberships and frequent flyer or hotel loyalty program fees will not be paid or reimbursed by IPOPIF, and IPOPIF will not reimburse travel expenses waived as a result of a claimant's membership in such a program.
 - vi. Expenses for additional days prior to or after a conference or meeting will be reimbursed only if determined by the Executive Director or Chief Investment Officer to be reasonable and necessary because of the conference or meeting schedule, travel exigencies, or if the extension results in overall trip costs that are the same as or lower than overall trip costs without the extension ("authorized days").
 - vii. IPOPIF will not reimburse or pay for charges for attendance at or participation in networking, social or entertainment type events that are in addition to or not included in the general conference registration fee. "Entertainment" includes, but is not limited to, shows, amusements, theaters, ~~circuses~~, sporting events, or any other place of public or private entertainment or amusement, unless ancillary to the purpose of the program or event.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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- viii. Other actual and necessary expenses not listed in this Policy may be paid for or reimbursed ~~if allowed by the Travel Guide and~~ if determined to be reasonable and necessary by the Executive Director or Chief Investment Officer.
- ix. Expenses of family members and/or traveling companions are not reimbursable by IPOPIF. All meal receipts must identify itemized authorized expenses for the claimant.
- x. Charges incurred for cancellations or changes in travel arrangements are the responsibility of the claimant, except in cases of unavoidable circumstances, including, but not limited to, illness, injury, a conflict with job responsibilities, or a *force majeure* event. For the avoidance of doubt, convenience or personal preference shall not be considered an "unavoidable circumstance."

C. TRAVEL EXPENSE REIMBURSEMENT PROCEDURE

1. Trustees and staff shall be reimbursed for travel expenses, while on Fund business, which shall be approved ~~in accordance with the Accounts Payable Policy, by a majority of the Board.~~
2. Trustees and staff will be required to complete an expense reimbursement claim form, as outlined in the Accounts Payable Policy, to document the expenses incurred while participation in a business meetings, educational conferences, seminar, or meeting with participants or stakeholders. Allowable expenses are those allowed by Board Policy or specifically approved by the Board of Trustees. Appropriate documentation and receipts are required to be included.
3. Travel claims must identify how the expenses relate to official Fund business and attest that the expenses meet the requirements of this Policy.
4. A receipt that includes location, date, time, and amount must be included as proof of expenses. The receipt should be either a copy of the charge slips or hotel bill, if charged to a credit card or hotel room, or an itemized cash receipt, if paid by cash.

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5. Travel claims should be submitted within 60 days of the completion of travel and must be accompanied by receipts documenting the expenses.

D. REIMBURSEMENT FOR MEALS FOR MEETINGS OF THE BOARD OF TRUSTEES, EMPLOYEE WORKGROUPS, OR IPOPIF RELATED EVENTS.

1. With the Executive Director's or Chief Investment Officer's approval, meals for Trustees, staff, trainers, speakers, and subject matter experts required to attend training sessions, meetings, and events that require staff and/or Trustees to work and/or attend during a mealtime may be paid for (or reimbursed if the meal is obtained by the claimant) by IPOPIF.
2. When Trustees and staff are working outside normal work hours, and it is more practical to provide meals than to have Trustees or staff leave and return, meals may be paid or reimbursed by IPOPIF. Scheduling meetings during mealtimes should be based upon business necessity and only in circumstances where the best interests of IPOPIF and its members are served by doing so.
3. With the Executive Director's or Chief Investment Officer's approval, staff members and Trustees shall be reimbursed for reasonable and necessary expenses incurred while promoting the interests of IPOPIF within their particular areas of responsibility. Such expenses may include meal costs for persons who are not IPOPIF employees but who are involved in official IPOPIF business.
4. Claims for such expenses shall include itemized receipts supporting the reimbursement requested. The names of the people who attended the business purpose meeting and a brief description of the business discussed or conducted shall be submitted with the reimbursement request.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
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E. MEALS DURING EMERGENCY SITUATIONS

1. With Executive Director or Chief Investment Officer approval, IPOPIF may provide employees with food or drinks when employees are required to work before, during, and after normal meal periods due to emergencies, provided the amounts claimed are within the limitations of this Policy.
2. In these cases, a written explanation must be provided detailing the emergency situation, and additional documentation must be provided as noted below under additional documentation related to purchases of food or drinks.

F. CASH ADVANCES

1. Cash advances to cover known expenses will be provided upon request for conferences, seminars, meetings, and educational courses that have been pre-approved by the Board of Trustees.
2. All cash advances shall be requested in writing through the Executive Director or Chief Investment Officer.
3. Any cash advance that is not used shall be repaid to the Fund within 5 business days of the last authorized day of travel.
4. Trustees and staff are encouraged to use credit cards to pay expenses.

G. TRAVEL BUDGET

1. The Board of Trustees shall set an appropriation within the annual budget for Trustees and staff for travel and education expenses. The fiscal year budget shall be adopted at a public meeting each year.
2. The Executive Director and Chief Investment Officer are responsible for developing and managing travel expense programs consistent with the best interests of IPOPIF and for justifying the annual budgetary requests.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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H. MISCELLANEOUS

1. This Policy for determining reasonable expense reimbursement for Trustees and staff is adopted by the Board of Trustees exercising its fiduciary responsibility to discharge their duties under the prudent person standard, which is a standard used by similar public pension funds.
- ~~2. The standards for Trustee travel expense reimbursement are subject to 40 ILCS 5/1-150, 40 ILCS 5/22B-115(d) and to the standards in effect for members of the Commission on Government Forecasting and Accountability and the Travel Guide prepared by the Legislative Travel Control Board ("Travel Guide") are referenced for information. (<https://www.auditor.illinois.gov/Legislative-Travel-Control-Board/Travel-Guide.pdf>).~~
- ~~3. To the extent permitted by law, in lieu of the reimbursement limits set forth in the Travel Guide, a Trustee shall be reimbursed in accordance with the guidelines contained in this Policy.~~

I. POLICY REVIEW

1. The Policy is subject to change at the discretion of the Board.
2. The Board of Trustees will review this Policy at least every two (2) years to ensure that it remains relevant and appropriate.
3. In the event of legislative changes applicable to any portion of this Policy, this Policy shall be so amended, and the Board will approve a conforming Policy on a timely basis.
- ~~4. This Policy was adopted by the Board on February 10, 2023.~~
- ~~4.5. This Policy was amended by the Board of Trustees on October 13, 2023, in accordance with primarily based upon legislative changes made in Public Act 103-506 contained in [.....](#)~~



IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: EDUCATION AND TRAINING POLICY
DATE: OCTOBER 13, 2023

RECOMMENDATION: APPROVE EDUCATION AND TRAINING POLICY (PP-2023-05)

The Education and Training Policy (PP-2023-05) is a new policy which is presented to the Board of Trustees for approval, as recommended by the Governance Committee, which considered the policy at their September 14, 2023, meeting.

This policy had previously been reviewed by the Board of Trustees and has been revised in accordance with direction received. Changes made include separating this policy from the Travel Policy and revisions to this policy are highlighted in yellow for the Board's review.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE

POLICY NUMBER: PP-2023-XX
SUBJECT: EDUCATION AND TRAINING POLICY
EFFECTIVE DATE: OCTOBER 13, 2023
AMENDED:

INDEX:

SECTION A: INTRODUCTION
SECTION B: EDUCATION AND TRAINING POLICY GUIDELINES
SECTION C: AUTHORIZED TRAINING OPPORTUNITIES
SECTION D: LIMITATION ON ATTENDANCE AT CONFERENCES OR SEMINARS
SECTION E: REPORTS AND MATERIALS
SECTION F: OTHER REQUIRED TRUSTEE AND STAFF TRAINING
SECTION G: EDUCATION AND TRAINING BUDGET
SECTION H: ORIENTATION PROGRAM
SECTION I: POLICY REVIEW

Board of Trustee Meeting October 13 2023. Version for Governance Committee: May 19, 2023. Yellow highlighted underlined and italic areas are revisions from previous version reviewed by the Board of Trustees on February 10,2023.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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A. INTRODUCTION

1. The purpose of the Education and Training Policy is to encourage and facilitate the pursuit of relevant educational and training by Trustees and IPOPIF staff. The Policy is designed to assist them in meeting their fiduciary duties to govern, administer, and oversee the Investment Fund, ensure that expenditures incurred in the education and travel process are prudent and cost-effective, and to mitigate the risk of improprieties arising from travel for Fund-related activities.

2. Each Trustee is encouraged to regularly participate in educational and training opportunities that will enable competent discharge of the obligations of a trustee position and meet the statutory requirements for continuing education.

3. Each IPOPIF staff member is encouraged to regularly participate in educational and training opportunities that will enable competent discharge of the obligations of their position and to meet the statutory or professional requirements for continuing education associated with their position.

B. EDUCATION AND TRAINING POLICY GUIDELINES

1. As required by the Illinois Pension Code, all IPOPIF Trustees must develop and maintain an adequate level of knowledge and understanding of relevant issues involved in the administration of IPOPIF throughout their terms as Trustees. This Policy is intended to provide the Trustees with guidelines and procedures that recognize and affirm the central role of education and training in the successful discharge of their duties.

2. Trustees are required to complete eight hours of Ethics Training required by Section 1-113.18 of the Pension Code, which includes training on ethics, fiduciary duty, investment issues, and any other curriculum that the Board establishes as being important for the administration of IPOPIF, to be certified annually by the Board to the Illinois Department of Insurance.

3. Trustees are required to complete Open Meetings Act (OMA) training within 90 days after taking the oath of office. Annual training is only required for the OMA designee.

Board of Trustee Meeting October 13 2023. Version for Governance Committee: May 19, 2023. Yellow highlighted underlined and italic areas are revisions from previous version reviewed by the Board of Trustees on February 10, 2023.

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4. Freedom of Information Act (FOIA) training is only required for the designated FOIA officer(s) and must be completed within 30 days after designation, and then on an annual basis.

5. Sexual harassment training is required under the Illinois Human Rights Act which requires the IPOPIF to provide annual sexual harassment prevention training to employees. It is the Policy of the IPOPIF that Trustees complete the training.

6. *The training objectives of the Policy are:*

- a. To ensure that all Trustees have adequate opportunity to acquire the knowledge they need to carry out their fiduciary duties.
- b. That Trustees gain the knowledge they need to ensure they fulfill their fiduciary duties.
- c. That Trustees possess a common base of knowledge to facilitate group discussion, debate, and effective decision-making.
- d. To encourage Trustees to seek and maintain a level of familiarity with public pension issues.
- e. That all newly appointed or elected Trustees are provided with the general introductory knowledge they need to enable them to participate in Board and Committee deliberations actively and effectively.

7. Education and training topics.

- a. Trustees shall endeavor to gain knowledge across a range of pension-related areas that are consistent with the Board's role as a high level, investment policy-setting body.

b. *Appropriate topics for Board education include the following pension related areas:*

- Governance and fiduciary responsibilities
- Ethics
- Institutional investments and investment program management
- Investment performance measurement

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- Actuarial science and related topics
- Pension funding
- Pension benefits structure and administration
- Pension law
- Organizational structure, methods, and practices
- Accounting for pension investments
- New Board Member orientation
- *Other curriculum that the Board establishes as being important for the administration of IPOPIF*

C. AUTHORIZED TRAINING OPPORTUNITIES

1. Staff members are similarly obligated to develop and maintain the appropriate level of skills and continuing education for their position.

2. As a general rule, programs, training, and educational sessions that involve travel for a Trustee or staff member to attend *should contain an average of five (5) hours* of substantive educational content per day.

3. Educational opportunities for Trustees include, but are not limited to:
- a. External conferences, seminars, workshops, roundtables, courses, or similar sessions.
 - b. Industry association meetings or events.
 - c. In-house educational seminars or briefings.
 - d. Periodicals, journals, textbooks, and similar materials.
 - e. Electronic media, internet-based education, and video-based education.

4. *The following shall be deemed to meet Trustee and staff educational and training requirements, provided that the education and training content meet the training objectives set forth in Section B.6, above, and are consistent with the education and training topics set forth in Section B.7, above:*

- a. Educational seminars sponsored by state or national pension fund organizations.

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- b. Educational seminars sponsored by accredited academic institutions.
 - c. Educational seminars sponsored by municipal, state or national organizations.
 - d. Educational seminars sponsored by professional associations or organizations.
5. Trustees and staff members designated by the Executive Director or Chief Investment Officer are encouraged to attend events sponsored by the following organizations:
- a. Conferences and seminars sponsored by the Illinois Public Pension Fund Association (IPPPFA).
 - b. Conferences and seminars sponsored by the Illinois Professional Firefighters Association (IPFA).
 - c. Police, Fire, EMS & Municipal Employee Pension & Benefits Seminar (NAPO).
 - d. Conferences of the National Conference on Public Employee Retirement Systems (NCPERS).
 - e. Conferences of the International Foundation of Employee Benefit Plans (IFEBC).
 - f. Conferences and seminars sponsored by professional organizations appropriate for the staff member, including the GFOA, the IGFOA, the CFA Institute including local member societies, the Alternative Investments Conference (ADISA), and organizations providing continuing education programs to investment professionals, finance officers, and human resource officers.
 - g. Conferences sponsored by the Board of Trustees' retained consultants and/or investment managers.
6. *Pursuant to Section 1-150 of the Pension Code, in order for the expenses for travel or educational missions to be reimbursed by IPOPIF, Trustee and staff attendance for travel or educational missions require Board approval prior to the travel or educational mission:*
- a. *Attendance at the specifically named conferences and seminars designated in Subsection 5.a- 5.g. above, are considered pre-approved by the Board of Trustees and do not require additional Board approval for reimbursement or attendance by a Trustee or staff member.*

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b. In approving reimbursement for travel or educational missions, the Board shall consider:

1. The extent to which an opportunity is expected to provide Trustees or staff with the understanding and information they need to carry out their responsibilities.
2. The extent to which the opportunity meets the requirements of this Policy.
3. The cost-effectiveness of the program in light of travel, lodging and related expenses, and
4. The timeliness and relevance of the opportunity.

c. Reimbursement for travel shall be made in accordance with the Board's Travel Policy, PP-2023-01.

D. LIMITATION ON ATTENDANCE AT CONFERENCES AND SEMINARS

1. In cases where attendance at a particular conference is limited:
 - a. The Chair and Executive Director or Chief Investment Officer shall jointly determine whether it is necessary for Trustees or staff to participate; and then
 - b. The Chair shall determine on a rotating basis which interested Trustees or staff may attend.
2. Trustees and staff members who want to attend events (i.e., conferences, seminars, meetings, or courses) that require overnight lodging at IPOPIF's expense shall be limited to two events per fiscal year. The Board of Trustees may approve additional events per fiscal year upon a showing of good cause by a Trustee or staff member.
3. Travel by Trustees or staff to a destination outside the continental United States and Canada is disfavored but the Board of Trustees may determine that there is significant value to IPOPIF in attending, and comparable value cannot be obtained within the continental United States or Canada within a reasonable period of time.

~~Board of Trustee Meeting October 13 2023, Version for Governance Committee: May 19, 2023.~~ Yellow highlighted underlined and italic areas are revisions from previous version reviewed by the Board of Trustees on February 10,2023.

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E. REPORTS AND MATERIALS

1. *When an educational mission or travel for an educational mission is reimbursed by IPOPIF, Trustees and staff shall provide the conference or meeting educational materials to the Executive Director so that the materials may be distributed to other Trustees and/or staff members, as appropriate. In addition, when an educational mission or travel for an educational mission is reimbursed by IPOPIF, Trustees and staff who attend an educational or training conference or seminar will file a report with the Executive Director or Chief Investment Officer that briefly summarizes the information and knowledge gained that may be relevant to other Trustees or staff, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. A copy of the report shall be included in the materials for a future meeting of the Board.*
2. *When an educational mission or travel for an educational mission is not reimbursed by IPOPIF, Trustees and staff are encouraged to provide conference or meeting educational materials to the Executive Director so that the materials may be distributed to other Trustees and/or staff members, as appropriate. In addition, when an educational mission or travel for an educational mission is not reimbursed by IPOPIF, Trustees and staff who attend an educational or training conference or seminar are encouraged to file a report with the Executive Director or Chief Investment Officer that briefly summarizes the information and knowledge gained that may be relevant to other Trustees or staff, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. A copy of the report shall be included in the materials for a future meeting of the Board.*
3. *Trustees and staff shall report to the Executive Director or the Chief Investment Officer, as appropriate, the completion of all education and training required by this Policy. The Fund shall maintain a record of Trustee compliance with this*

[Board of Trustee Meeting October 13 2023, Version for Governance Committee: May 19, 2023](#)- Yellow highlighted underlined and italic areas are revisions from previous version reviewed by the Board of Trustees on February 10,2023.

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Policy, and the Executive Director and Chief Investment Officer will ensure that the Policy and annual compliance report are placed on the IPOPIF website.

F. OTHER REQUIRED TRUSTEE AND STAFF TRAINING

1. Mandatory training is required for Trustees, as applicable and as required by law, regarding:
 - a. Ethics Training:
 1. Eight hours on an annual basis.
 - b. Freedom of Information Act (FOIA):
 1. Training is required for the designated FOIA officer(s) and must be completed within 30 days after designation, and then on an annual basis.
 - c. Open Meetings Act (OMA):
 1. Trustees must complete training within 90 days after taking the oath of office.
 2. The OMA designee is required to complete training on an annual basis.
 - d. Sexual Harassment Prevention Training:
 1. Annual training for employees and Trustees.

G. EDUCATION AND TRAINING BUDGET

1. The Board of Trustees shall set an appropriation within the annual budget for IPOPIF Board of Trustees and staff for education, training, and travel expenses. The annual fiscal year budget shall be adopted at a public meeting each year.
2. The Executive Director or Chief Investment Officer is responsible for developing and managing education and travel expense programs consistent with the best interests of IPOPIF and for justifying the annual budgetary requests.
3. A schedule of conferences, meetings and seminars will be developed and maintained to assist in the planning and budgeting of travel for the Board and staff.

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
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H. ORIENTATION PROGRAM

1. A formal orientation program shall be developed by the Executive Director and Chief Investment Officer for the benefit of new Trustees. The aim of the orientation program will be to ensure that new Trustees are in a position to contribute fully to Board and Committee deliberations, and effectively carry out their fiduciary duties as soon as possible upon joining the Board.
2. During the course of their first 12 months on the Board of Trustees, new Trustees are encouraged to attend a seminar on the principles of pension investment management.
3. The Executive Director or Chief Investment Officer shall review and update orientation material as needed.

I. POLICY REVIEW

1. The Policy is subject to change in the discretion of the Board.
2. The Board of Trustees will review this Policy at least every two (2) years to ensure that it remains relevant and appropriate.
3. In the event of legislative changes applicable to any portion of this Policy, this Policy shall be so amended, and the Board will approve a conforming Policy on a timely basis.
4. This Policy was adopted by the Board on October 13, 2023. [DATE]

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ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

TO: Board of Trustees

FROM: Richard White, Executive Director
Regina Tuczak, Finance Director

RE: Agenda Item 4.5.16 – CHIEF FINANCIAL OFFICER JOB DESCRIPTION POLICY

DATE: October 13, 2023

RECOMMENDATION: Delete the Chief Financial Officer Job Description Policy (PP 2020-05).

The Chief Financial Officer (CFO) Job Description Policy was originally adopted by the Board of Trustees on July 10, 2020. At that time, the policy was intended to account for the roles and responsibilities of an outsourced CFO, through a vendor contract with an independent certified public accounting firm. Since that date, a full-time Finance Director/Assistant Executive Director has been hired and the roles and responsibilities of the CFO have been incorporated into and assumed by this position. The job description of the Finance Director/Assistant Executive Director has been renamed and reflects the requirements of the position, along with other responsibilities that have been identified.

The contract for outsourced CFO services has since expired and was not renewed.

The Audit and Budget Committee recommended that this policy be presented to the Board of Trustees for deletion.

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

POLICY NUMBER: **PP-2020-05**
SUBJECT: **CHIEF FINANCIAL OFFICER JOB DESCRIPTION**
EFFECTIVE DATE: **JULY 10, 2020**
AMENDED:

INDEX:

SECTION A: INTRODUCTION
SECTION B: POSITION SUMMARY
SECTION C: DUTIES AND RESPONSIBILITIES
SECTION D: DESIRED SKILLS AND ABILITIES
SECTION E: QUALIFICATIONS
SECTION F: SALARY AND BENEFITS

A. INTRODUCTION:

1. The Chief Financial Officer (CFO) of the Illinois Police Officers' Pension Investment Fund is a senior level executive position.
2. The CFO position is a necessary role and responsibility for the Fund to ensure the proper stewardship of the financial affairs of the Fund and one of the precedent conditions of the loan agreement with the Illinois Finance Authority.

B. POSITION SUMMARY:

3. The Chief Financial Officer (CFO) reports directly to the Fund's Executive Director.
4. The CFO works closely with and coordinates with the Chief Investment Officer and General Legal Counsel.
5. The CFO, under general direction is responsible for planning, organizing and directing the Fund's finance operations, such as accounts payable and payroll, managing financial transactions; record keeping; reporting and preparation of financial statements; general accounting for investments; budget development, and performs related duties as required.

C. DUTIES AND RESPONSIBILITIES:

6. Plans, organizes, and directs the financial management and operation for IPOPIF, including all general and investment fund accounting activities and transactions.
 - a. Ensures that the financial matters of IPOPIF are conducted in accordance with Generally Accepted Accounting Principles (GAAP), the Illinois Pension Code and other Federal and State statutes, as well as, Fund policies.
7. Coordinates closely with the Illinois Finance Authority.
 - a. Recommends IFA Loan disbursements and/or bank accounts transfers as needed to cover expenses and meet obligations.
 - b. Ensures financial reporting to IFA is timely and correctly made.
8. Directs the preparation of the IPOPIF's annual budgets and regularly reports on them to the Board of Trustees.
9. Directs preparation of the financial reports and budget reports for the Board of Trustees and other entities, including but not limited to:
 - a. CAFR and related financial reports to stakeholders including a supporting presentation of each participating pension fund's activity and balances for the reporting period.
 - b. Illinois Department of Insurance,
 - c. Illinois Finance Authority.
10. Recommends and implements appropriate internal financial controls to safeguard the physical and financial assets of the Fund. Works closely with the internal and external auditor.
11. Directs and/or performs a wide range of fiscal analysis, financial projections and special studies to ensure the mission of IPOPIF is accomplished.
12. Confers and coordinates with the Fund's external service providers including the External Auditor, Accountants, Banks, Actuaries, Investment Custodian Banks, Municipalities and participating pension funds, and others on financial and accounting issues.
13. Makes presentations to and maintains effective relationships with the Board of Trustees and stakeholders.
14. Working in consultation with the auditor, actuary and Chief Investment Officer, the CFO assists in the development of policy and procedure in the valuation and transition of participating pension fund assets, including:
 - a. Separate and distinct accounting methods for accepting deposits from or making disbursements to the approximately 350 participating police pension funds, possibly quarterly, and

- b. with the assistance of the Fund Actuary, support establishment and maintenance of a credit balance or similar calculation for each participating pension fund.
 - c. Assist in the design, development, recommendation and implementation of investment related operational and internal control policies and procedures.
15. Maintains strict confidentiality, professionalism, integrity, and compliance with applicable laws and regulations at all times.
16. Establish and maintain working relationships with members of the Board of Trustees of the FUND, stakeholders of the FUND, public officials, staff, consultants and others encountered in the course of work.

D. DESIRED SKILLS AND ABILITIES:

17. Ability to understand, interpret and apply provisions of Federal, State and local regulations and policies including Governmental Accounting Standards Board, Financial Accounting Standards Board, Governmental Finance Officers' Association and American Institute of Certified Public Accountant pronouncements.
18. Knowledge of accounting and auditing principles, theories and procedures applicable to the control of various accounting systems.
19. Knowledge of actuarial principles and accounting standards as related to pension systems.
20. Ability to identify and define actual and potential issues or concerns pertaining to the accuracy and integrity of accounting and fiscal data, use sound and logical judgement, and make effective decisions to develop resolutions.
21. Demonstrates integrity when applying accounting and management principles and practices, dealing with large amounts of money and funding, ensuring the validity and acceptance of accounting and fiscal data, and resolving discrepancies in the accounting of money or funds.
22. Communicate effectively in English orally and in writing.

E. QUALIFICATIONS:

23. A bachelor's degree from an accredited college or university with a major in accounting, finance, economics, business administration, or related field which includes the successful completion of coursework in elementary, intermediate and advanced accounting, cost accounting, governmental accounting and auditing.
24. Five years of progressively responsible management experience in government, public or private industry accounting.

25. A Masters in Business Accounting (MBA) degree or Certified Public Accountant (CPA) license may be substituted for one year of professional accounting/auditing experience.

F. SALARY AND BENEFITS

26. The IPOPIF has not established the salary and benefits for the full-time position.

27. The Transition Board of Trustees of IPOPIF may contract with an external service provider for some or all of these duties and responsibilities.

DELETED



VISION M.A.I. Consulting

Lobbyist Report – October 13, 2023

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

I. HOUSE PERSONNEL AND PENSIONS SUBJECT MATTER HEARINGS

- a. On September 28, 2023, the House Personnel and Pensions Committee held a subject matter hearing on Police/Fire/Public Safety positions update and review, Sb 1629/1630, SB 1956, HB 4065, HB 4099, HB 1185 and continued discussions of prior subject matter topics – Indian Prairie School District and the Chicago Teachers' Pension Fund.
- b. Committee Members of the Senate Special Committee on Pensions participated in the hearing remotely. Those members included: Majority Caucus Whip Napoleon Harris, Vice-Chairperson Rachel Ventura, and Senator Neil Anderson.
- c. The following entities testified on the public safety portion of the hearing. Those entities included: Illinois Police Officers' Pension Investment Fund (IPOPIF), Firemen's Annuity and Benefit Fund of Chicago (FABF), Associated Firefighters' of Illinois (AFFI), the Fraternal Order of Police Labor Council, (FOP) Troopers Lodge 41, Illinois Sherriff's Association (ISA), Illinois State Police Command Officers' Association, Illinois Municipal League (IML) and the AFSCME.
 - i. Topics of discussion included: problems with recruitment, ballooning unfunded liabilities, dangers and hazards of the job for public safety personnel, the inadequacy of Tier 2, negotiations, and inadequate retirement ages for public safety personnel.
- d. IPOPIF Executive Director Richard White, testified before the committee, providing insightful and informative information on the Fund's background, and investment portfolio. Members of the committee received copies of the PowerPoint presentation.
 - i. Committee members asked questions related to the status of the litigation, the Illinois Supreme Court and the status of the remaining funds that have yet to transfer assets.
- e. FOP Labor Council's contractual lobbyist testified on the concerning issue of law enforcement recruitment. He stated that Tier 2 benefits are an impediment to recruitment. States outside of Illinois are recruiting at a rapid pace. An additional issue laid out for the committee was the lack of benefit parity across law enforcement agencies.
- f. ISA confirmed the trouble with recruitment and a need for reciprocity amongst the pension systems where law enforcement is concerned.
- g. Testimony on SB 1692 and HB 4065 are both designed to help with recruitment.
 - i. SB 1692 removes a restrictive date on the transfer of service. Impacts a wide range of officers – state policemen, investigators, conservation police.

- ii. HB 4065 removes Tier 2 limitations on the amount of salary for annuity purposes. Impacts Downstate Police and Fire, along with Chicago Police and Fire.
 - 1. The AFFI is supportive of these measures.
- h. IML addressed the comments from the police and fire unions. Additional statements were made about municipalities being on the hook to pay for all services and benefits. There is not just a shortage of law enforcement personnel, but a shortage of employees in all positions of local government. The IML maintains that the law that mandated consolidation meets the Safe Harbor Provision.
 - i. The AFFI disagreed and is on record as opposing HB 1185.
 - ii. HB 1185 changes the actuarial required contribution funding scheduled to be at 90% funded by the fiscal year 2050, instead of 2040.
- i. The IML also provided testimony on HB 4099. HB 4099 lowers the age that public safety personnel will begin to receive benefits, thereby rolling back progress that the IML has made on curbing ballooning pension costs. Benefit expansion is a serious concern.
- j. AFSCME believes that IMRF must be a part of the conversation in order for real progress to be made. IMRF is actuarially sound and should be the prototype in order to address equity in benefits and funding for pension solvency.
- k. The main takeaways from the testimony were that more work needed to be done to properly address the ballooning pension crisis that is crippling municipalities and deterring talented recruits from joining the ranks of police officers' and firefighters.

II. 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.

III. 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


 IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: Board of Trustees

FROM: Richard White, Executive Director
Regina Tuczak, Finance Director

RE: Agenda Item 6.1 – MONTHLY FINANCIAL STATEMENT AUGUST 2023

DATE: October 13, 2023

RECOMMENDATION: Approve the Monthly financial statement for August 2023.

Two matters to note with respect to the monthly financial statements for August 31, 2023:

- 1) The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position now display a comparative format that includes prior year information. Specifically,
 - a) The Statements of Fiduciary Net Position detail the Assets and Liabilities of the Fund in two columns - as of August 31, 2023, and as of August 31, 2022.
 - b) The Statements of Changes in Fiduciary Net Position detail the Additions to Fund Assets and the Deductions from Fund Assets in two columns – for the two months ended August 31, 2023, and for the two months ended August 31, 2022.

This comparative format is designed to provide the user with additional context with respect to the current year information and reflects financial statement formatting provided in large, sophisticated funds.

- 2) Consistent with the proposed revisions to the Budget Administration Policy, the following expense is included in the monthly financial statements for August 31, 2023, that was not budgeted:

Election Services \$3,500

At the time of preparation of the FY 24 Budget, the Board had not yet authorized the election process for the vacant trustee position. The total estimated costs for Election Services are \$19,336. Postage costs are not included in this estimate, however, the current budget for Postage is able to absorb the anticipated costs for the election mailings. This item will be included as an amendment to the Budget as part of the Mid-Year review.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



MONTHLY FINANCIAL REPORT

FOR THE TWO MONTHS ENDED AUGUST 31, 2023

MODIFIED CASH BASIS

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

Illinois Police Officers' Pension Investment Fund
Statements of Fiduciary Net Position
As of August 31, 2023, and 2022

	<u>August 31, 2023</u>	<u>August 31, 2022</u>
Assets		
Cash		
Lake Forest Bank & Trust	\$ 104,146	\$ 3,075,746
Total Cash	104,146	3,075,746
Investments		
Investments	9,449,456,844	4,369,575,714
Total Investments	9,449,456,844	4,369,575,714
Total Assets	9,449,560,990	4,372,651,460
Liabilities		
Illinois Finance Authority Loan	-	7,424,000
Capitalized Interest	-	79,635
Total Payables	-	7,503,635
Accrued Expenses		
Payroll & Related	145,171	88,294
Professional	200,396	773,183
Administrative	10,795	16,374
General	3,469	89,626
Total Accrued Expenses	359,831	967,477
Total Liabilities	359,831	8,471,112
Net Position Restricted	9,449,201,159	4,364,180,348

Illinois Police Officers' Pension Investment Fund
Statements of Changes in Fiduciary Net Position For
the two months ended August 31, 2023, and 2022

	<u>August 31, 2023</u>	<u>August 31, 2022</u>
Additions		
Proceeds		
Cash Received from Local Funds	75,661,664	-
Investments Received from Local Funds	13,100,419	1,623,667,769
Total Proceeds	88,762,083	1,623,667,769
Investment Income (Loss)		
Lake Forest Bank & Trust	100	2,055
Interest	10,660,012	6,500,964
Net appreciation (depreciation) in fair value of investments	36,323,822	(210,365)
Net Investment Income (Loss)	46,983,934	6,292,654
Total Additions	135,746,017	1,629,960,423
Deductions		
Administrative Expenses		
Board of Trustees & Meetings	(7,966)	(10,258)
Administrative Operations	(267,205)	(144,364)
Investment Operations	(97,989)	(122,788)
Total Administrative Expenses	(373,160)	(277,410)
Participating Fund Withdrawals	(72,679,982)	(251,100)
Total Deductions	(73,053,142)	(528,510)
Net Increase (Decrease)	62,692,875	1,629,431,913
Net Position Restricted		
Beginning of the Year	9,386,508,284	2,734,748,434
End of the Period	9,449,201,159	4,364,180,347

Illinois Police Officers' Pension Investment Fund

Additions Report for the Two Months Ended August 31, 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	27,146,671	-	75,661,664	-
Investments Received from Local Funds	13,100,419	-	13,100,419	-
	<u>40,247,090</u>	<u>-</u>	<u>88,762,083</u>	<u>-</u>
<u>Investment Income (Loss)</u>				
Interest & Dividends	6,532,960	-	10,660,112	-
Net appreciation (depreciation)	(201,339,887)	-	36,323,822	-
	<u>(194,806,927)</u>	<u>-</u>	<u>46,983,934</u>	<u>-</u>
Total Additions	(154,559,837)	-	135,746,017	-

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Two Months Ended August 31, 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>	-	4,950	-	59,400
<i>Election Services</i>	3,500	-	3,500	-
Education and Training	-	3,000	-	36,000
Meeting Expenses	4,247	4,583	4,247	55,000
Board Member Reimbursements	219	2,787	219	33,440
Municipal Reimbursements	-	992	-	11,900
	7,966	16,312	7,966	195,740
Administrative Operations				
<u>Personnel</u>				
Administrative Personnel	67,667	71,674	95,375	860,088
Employment Expenses				
<i>FICA/Medicare</i>	4,760	4,921	6,874	59,052
<i>Medical/Dental Benefits</i>	22,132	10,399	22,866	124,788
<i>Unemployment</i>	182	113	239	1,354
<i>Retirement Benefits</i>	2,645	4,464	2,645	53,570
	97,386	91,571	127,999	1,098,852
<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	11,400	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	3,000	18,000
	7,200	59,514	14,400	714,155

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Two Months Ended August 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	187	375	395	4,500
	187	375	395	4,500
<u>Services & Supplies</u>				
Assets under \$5,000	-	4,167	1,495	50,000
Insurance	-	8,918	106,906	107,017
Office Lease/Rent	5,375	5,375	10,750	64,500
Printing & Postage	5	2,833	5	34,000
Supplies & Maintenance	686	1,167	686	14,000
Telecommunication	492	1,417	492	17,000
Contingency	(3)	1,000	(1)	12,000
Dues / Licenses	1,851	6,549	1,851	78,586
Training & Education	395	1,000	395	12,000
Travel & Transportation	1,832	1,000	1,832	12,000
Utilities	-	667	-	8,000
Website	-	1,667	-	20,000
	10,633	35,760	124,411	429,103
Investment Operations				
<u>Personnel</u>				
Investment Operations Personnel	53,515	83,333	80,140	1,000,000
Employment Expenses				
<i>FICA/Medicare</i>	2,318	5,279	3,467	63,344
<i>Medical/Dental Benefits</i>	9,535	8,795	9,902	105,542
<i>Unemployment</i>	-	66	-	790
<i>Retirement Benefits</i>	4,480	5,923	4,480	71,072
	69,848	103,396	97,989	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 Two Months Ended August 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	193,220	499,481	373,160	5,993,733
Participating Fund Withdrawals	37,382,611		72,679,982	
Total Deductions	37,575,831		73,053,142	

Warrant #24-04 Paid 10-2-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - October 13, 2023 Board Meeting

BOARD OF TRUSTEES and MEETINGS

Professional Services - Election Services

	Survey & Ballot Systems Inc	
9/20/2023	Election services for the 2023 Special Paper Election, Phase 01, Invoice #18265	\$10,293.00

Meeting Expenses

	Sound & Light Creations by Scott Fort	
9/18/2023	Sound system with table top microphones and video screen at Peoria Marriott Pere Marquette for Committee and Board Meetings September 14-15, 2023, Invoice #9182301	\$1,590.00

Board Member Reimbursements

	Lee Catavu	
9/25/2023	Out of pocket reimbursement for hotel and travel for September 14, 2023, Committee Meeting and September 15, 2023, Board Meeting	\$283.59
	Elizabeth Holleb	
9/26/2023	Out of pocket reimbursement for hotel and travel for September 14, 2023, Committee Meeting and September 15, 2023, Board Meeting	\$240.43
	Daniel Hopkins	
9/15/2023	Out of pocket reimbursement for hotel and travel for September 14, 2023, Committee Meeting and September 15, 2023, Board Meeting	\$312.51
	Philip Suess	
9/26/2023	Out of pocket reimbursement for hotel and travel for September 14, 2023, Committee Meeting and September 15, 2023, Board Meeting and travel for September 22, 2023, IML Annual Conference	\$407.68

Total Board of Trustees and Meetings Board Member Reimbursements **\$1,244.21**

TOTAL BOARD OF TRUSTEES AND MEETINGS EXPENSES **\$13,127.21**

ADMINISTRATIVE OPERATIONS

Professional Services - Government Liaison

	Vision M.A.I. Consulting	
9/1/2023	Professional services rendered for September 2023, Invoice #9	\$5,700.00
10/1/2023	Professional services rendered for October 2023, Invoice #10	\$5,700.00

Total Government Liaison Professional Services Expenses **\$11,400.00**

Professional Services - Actuarial Services

	Foster & Foster, Inc.	
9/7/2023	Preparation of Fiscal Year 2022 Actuarial Valuation Reports for 88 participating pension funds, Invoice #28270	\$44,000.00

Warrant #24-04 Paid 10-2-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - October 13, 2023 Board Meeting

Professional Services - Legal Fiduciary & Litigation

	Jacobs Burns Orlove & Hernandez LLP	
9/11/2023	Legal services rendered in August 2023 regarding general matters, Invoice #290	\$8,045.12

Professional Services - Technology

	Central Illinois Security	
9/1/2023	Alarm Monitoring fees, September 2023 to February 2024, Invoice #199025	\$210.00
	Thomson Reuters	
9/6/2023	Support fees, August 2023, Invoice #SP11060705	\$224.00
	Total Technology Professional Services Expenses	\$434.00

Professional Services - Communication

	Shepherd Communications	
9/29/2023	Professional Service Fee for October 2023	\$1,500.00

Services and Supplies Assets under \$5,000

	CityBlue Technologies, LLC	
8/30/2023	Epson AM-C4000 Copier delivery and installation, Invoice #I263514	\$8,876.70
	Lincoln Office	
5/22/2023	Office furniture receipt, delivery, and installation, Invoice 2957	\$32,466.16
	Total Services and Supplies, Assets under \$5,000	\$41,342.86

Office Lease

	City of Peoria	
10/1/2023	Rent for October 2023	\$5,375.00

Printing & Postage

	Katherine Cobb	
9/21/2023	Out of pocket reimbursement for postage for express mailing of documents to Board of Trustee members, September 2023	\$115.00
	Survey & Ballot Systems Inc	
9/21/2023	Postage for IPOPIF Special Election, October 2023, Invoice #18271	\$6,982.83
	Total Services and Supplies, Printing & Postage	\$7,097.83

Warrant #24-04 Paid 10-2-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - October 13, 2023 Board Meeting

Supplies & Maintenance

	AAA Certified Confidential Security Corp	
8/31/2023	On-site confidential records destruction August 2023, Invoice #103466	\$42.40
	The Cleaning Source	
9/25/2023	Weekly cleaning service for September 2023, Invoice #IP0923	\$186.00
	Katherine Cobb	
9/25/2023	Out of pocket reimbursement for comb binding office supplies, September 2023	\$95.12
	Samantha Lambert	
9/18/2023	Out of pocket reimbursement for book binding office supplies, September 2023	\$11.99
	ODP Business Solutions, LLC	
9/7/2023	Office supplies, Binding combs, 100 pack, Plates, Binders, qty5, Invoice #331733612001	\$73.95
9/7/2023	Office supplies, Binding clear covers, 100 pack, Invoice #331733613001	\$52.19
9/7/2023	Office supplies, Binding covers, 200 pack, Invoice #331733617001	\$61.99
9/11/2023	Office supplies, Binding machine, Invoice #331733449001	\$647.99
9/13/2023	Office supplies, Binding combs, 100 pack, qty 2, Sign Here Tape, Invoice #327595650001	\$58.37
9/13/2023	Office supplies, Paper Box 10 Ream Count, qty 3, Invoice #327716947001	\$154.62
	Trapp Electric, Inc.	
9/26/2023	Electrical installation for Ring camera doorbell, September 2023 Invoice #15900	\$480.00
	Total Services and Supplies, Supplies & Maintenance	\$1,864.62

Telecommunications

	AmeriCALL	
9/4/2023	Monthly telephone charges, 9/4/2023 to 10/3/2023, Invoice #3007558	\$331.02
	Richard White	
9/15/2023	Out of pocket expense reimbursement for 1 month of AT&T charges	\$741.68
9/15/2023	Out of pocket expense reimbursement for 1 month of Comcast internet charges	\$236.51
	Total Services and Supplies, Telecommunications	\$1,309.21

Warrant #24-04 Paid 10-2-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - October 13, 2023 Board Meeting

Dues & Licenses

	ADP, Inc.	
7/28/2023	Processing charges for period ending July 15, 2023, Debit #638694237	\$94.76
8/11/2023	Processing charges for period ending July 31, 2023, CA Debit #639754325	\$8.95
8/18/2023	Processing charges for period ending July 31, 2023, Debit #640088578	\$97.53
	Levi, Ray & Shoup, Inc.	
9/6/2023	LRS Axcient CloudFinder for Office 365 backup, 25 licenses, Invoice #303712	\$125.00
	Thomson Reuters	
9/20/2023	NetStaff CS Web Services fees, August 2023, Invoice #WS11070680	\$466.00
	Total Services and Supplies, Dues & Licenses	\$792.24

Training & Education

	Illinois Government Finance Officers Association (IGFOA)	
9/27/2023	Professional development seminar, Investigating Fraud, R. Tuczak	\$35.00

Travel & Transportation

	Katherine Cobb	
9/11/2023	Out of pocket reimbursement for parking fees, September 2023	\$81.00
	Kent Custer	
9/13/2023	Out of pocket reimbursement for meal with Investment Officer Interview Candidate, Exec Director and Finance Director, September 2023	\$63.24
	Samantha Lambert	
9/5/2023	Out of pocket reimbursement for parking fees, September 2023	\$81.00
	Richard White	
9/25/2023	Out of pocket reimbursement for travel to IML Annual Conference and Illinois House Personnel and Pensions Committee Hearing, September 2023	\$374.12
	Sean Zears	
9/18/2023	Out of pocket reimbursement for parking fees, September 2023	\$86.00
	Total Services and Supplies, Travel & Transportation	\$685.36

Utilities

	City of Peoria	
10/1/2023	Q2 2023 Utility Reimbursement, Invoice #47549	\$1,265.23

Warrant #24-04 Paid 10-2-2023



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - October 13, 2023 Board Meeting

Website		
	Levi, Ray & Shoup, Inc.	
9/6/2023	Website maintenance, August 2023, Invoice #303710	\$143.75
9/6/2023	Website hosting and related support, August 2023, Invoice #303711	\$200.00
	Total Services and Supplies, Website	\$343.75
TOTAL ADMINISTRATIVE OPERATIONS EXPENSES		\$125,490.22
INVESTMENT OPERATIONS		
Investment & Banking		
Investment Management		
	RhumbLine Advisors	
9/19/2023	Investment Management Services for August 2023 \$2,365,542,554 AUM, .5bps, Invoice #gipop12023August	\$9,856.00
Custodial Services		
	State Street Bank & Trust Company	
9/19/2023	Custody Fees, Charges and Expenses for July 2023 Invoice #2307149465-6011	\$33,901.81
TOTAL INVESTMENT OPERATIONS EXPENSES		\$43,757.81
TOTAL EXPENSES FOR RATIFICATION		\$182,375.24

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

TO: Board of Trustees
FROM: Richard White, Executive Director
Regina Tuczak, Finance Director
RE: Agenda Item 6.3 – AGREED UPON PROCEDURES
DATE: October 13, 2023

RECOMMENDATION: Approve Agreed Upon Procedures RFP submitted.

At the meeting on July 21, 2023, the Board considered two options to conduct examinations of each pension fund established under Article 3 of the Illinois Pension Code, pursuant to 40 ILCS 5/1A-104. The Board provided direction that Fund staff should prepare a Request for Proposals for Independent Certified Public Accounting firms to perform these procedures. The Illinois Pension Code cites the following requirement:

The Division or the Consolidated Fund, as appropriate, shall examine or investigate each pension fund established under Article 3 or Article 4 of this Code. The schedule of each examination shall be such that each fund shall be examined once every 3 years.

Each examination shall include the following:

- (1) an audit of financial transactions, investment policies, and procedures;
- (2) an examination of books, records, documents, files, and other pertinent memoranda relating to financial, statistical, and administrative operations;
- (3) a review of policies and procedures maintained for the administration and operation of the pension fund;
- (4) a determination of whether or not full effect is being given to the statutory provisions governing the operation of the pension fund;
- (5) a determination of whether or not the administrative policies in force are in accord with the purposes of the statutory provisions and effectively protect and preserve the rights and equities of the participants;
- (6) a determination of whether or not proper financial and statistical records have been established and adequate documentary evidence is recorded and maintained in support of the several types of annuity and benefit payments being made; and
- (7) a determination of whether or not the calculations made by the fund for the payment of all annuities and benefits are accurate.

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

In addition, the Division or the Consolidated Fund, as appropriate, may conduct investigations, which shall be identified as such and which may include one or more of the items listed in this subsection.

A draft Request for Proposals (RFP) has been prepared and was submitted to the Audit and Budget Committee at their meeting on September 14, 2023. The proposed timeframe relating to the RFP is as follows:

Date	Action
October 16, 2023	RFP Issued and Distributed
October 27, 2023	Deadline for written questions to be submitted to adminrfp@ipopif.org <i>4pm Central Time</i>
November 3, 2023	Issuance of questions and responses, along with any RFP addenda <i>4pm Central Time</i>
November 20, 2023	Deadline for Submitting Electronic PDF Proposals <i>4pm Central Time</i>
November 21, 2023	Deadline for Receipt by IPOPIF of Hard Copy Documents of the PDFs Submitted <i>4pm Central Time</i>
November 21 – December 31, 2023	Review of proposals by IPOPIF staff and interviews of respondents
January 19, 2024	Consideration of proposals and interviews of finalists by the Board
April 2024	Communication to first group of Article 3 Funds subject to Agreed Upon Procedures
May 2024	Agreed Upon Procedures commence

Note that Agreed Upon Procedures engagements shall begin at the conclusion of the transition period, December 31, 2022.

Since submission of the RFP to the Audit and Budget Committee, the document has been reviewed by fiduciary legal counsel and all related comments are included herein. In addition, the RFP now includes the title “Agreed Upon Procedures” rather than “Examinations” for consistency with attest reporting of CPA firms.

The Audit and Budget Committee recommended that the RFP be submitted to the Board for approval.

Illinois
Police
Officers'
Pension
Investment
Fund

**Administration/Operations
Update**

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, October 13, 2023**

COMMUNICATIONS

- **ARTICLE 3 FUNDS**

- Monthly investment reports through August for each of the Article 3 funds have been posted to the Website.
- Reports continue to be available to Funds via on-line portal.

- **SPEAKING ENGAGEMENTS**

- Illinois Public Pension Fund Association, October, Lincolnshire.
- Regional Stakeholder Meeting, October, Normal
- Illinois Professional Firefighters Association, November, Addison

HUMAN RESOURCES

- **EMPLOYEE BENEFITS**

- Open enrollment for team members occurred in September.
- Employee/Employer contribution amounts increased approximately 9% for Blue Cross medical plans. This is a consistent increase across medical plans.
 - IPOPIF increase about \$1,200 per month
 - Team member increase about \$24 per month
- Dental plans also increased, though smaller.
- Overall, team members express satisfaction with the employee medical and benefits coverages.
- Consultant reviewed coverages and recommended no changes to plans or coverages.

SPECIAL TRUSTEE ELECTION

- **TRUSTEE SPECIAL ELECTION - UNDERWAY**
 - **OCTOBER 3, 2023 – BALLOTS MAILED TO ELECTORS**
 - **OCTOBER 31, 2023 – ELECTION DATE. BALLOTS MUST BE RECEIVED BY 4:30 PM TO BE COUNTED.**
 - **NOVEMBER 3, 2023 – ELECTION RESULTS RELEASED.**
 - **NOVEMBER 7 – 16, 2023 – ELECTION CHALLENGE PERIOD.**
 - **DECEMBER 15, 2023 – CERTIFICATION OF ELECTION RESULTS AND SEATING OF NEW TRUSTEE MEMBER.**

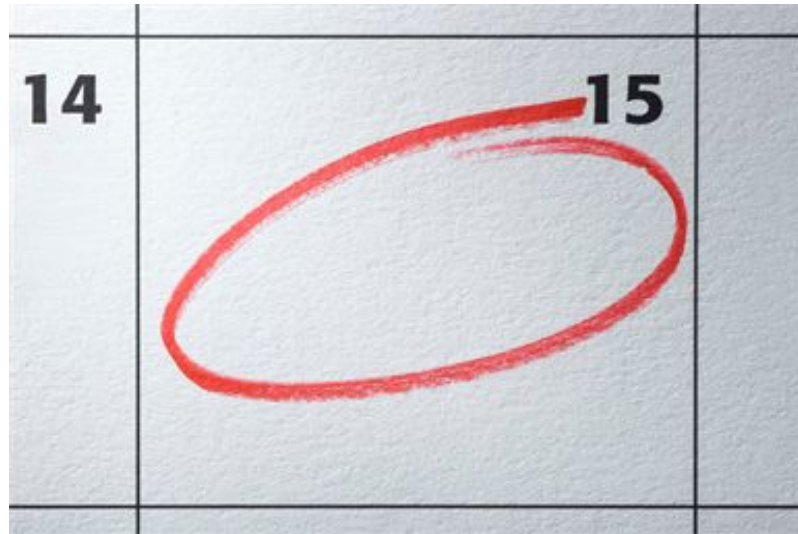
REGIONAL STAKEHOLDER MEETING

**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

December 14, 2023

Audit & Budget

Board of Trustees:

Friday,

December 15 , 2023

NOVEMBER 9, 2023 – COMMITTEE MEETINGS CANCELLED

Illinois
Police
Officers'
Pension
Investment
Fund

**Administration/Operations
Update**

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, October 13, 2023**



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

Nays- 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,

Nays- 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 Suess, Swanlund, Catavu, Poulos, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- None

Vacant- 1

Respectfully submitted by:

Kate Cobb, Administrative Analyst

Approved by:

Phil Suess, 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.