



Illinois Police Officers' Pension Investment Fund

Board of Trustees Meeting- July 19, 2024

Notice is hereby given that the Board of Trustees of the Illinois Police Officers' Pension Investment Fund will conduct a regular meeting on Friday, July 19, 2024 at 9:00 AM at the Pere Marquette Hotel, 501 Main Street, Peoria, IL 61602.

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

Join Zoom Meeting via Video:

Video: www.zoom.us

Meeting ID: 825 2055 0491

Passcode: 462035

Join Zoom Meeting via Dial-In:

Dial In: (312) 626-6799

Meeting ID: 825 2055 0491

Passcode: 462035

July 19, 2024 09:00 AM Central Time (US and Canada)

Agenda Topic

1. Call to Order (9:00 AM)
2. Roll Call
 - 2.1 Roll Call: Discussion and Potential Action
3. Board of Trustees
 - 3.1 Board of Trustees Meeting Minutes – June 14, 2024: Discussion and Potential Action
 - 3.2 Ethics Training: Discussion and Potential Action
4. Investments
 - 4.1 Investment Update Report: Discussion and Potential Action
 - 4.2 Special Investment Principles – Discussion and Potential Action
 - 4.3 Private Markets - Implementation overview: Discussion and Potential Action
 - 4.4 Private Credit Investments – Education: Discussion and Potential Action

- 4.5 [Private Credit Search Request: Discussion and Potential Action](#)
5. Lunch Break (12:00 PM)
6. Administration
 - 6.1 [Insurance Policies and Coverages: Discussion and Potential Action](#)
 - 6.2 [Employee Handbook: Discussion and Potential Action](#)
 - 6.3 [Contract Approval - Shepherd Communications: Discussion and Potential Action](#)
 - 6.4 [Operations Update Report: Discussion and Potential Action](#)
7. General Legal Counsel
 - 7.1 [General Legal Counsel Report: Discussion and Potential Action](#)
8. Fiduciary Legal Counsel
 - 8.1 [Fiduciary Legal Counsel Report: Discussion and Potential Action](#)
9. Closed Session (if necessary)
 - 9.1 [Closed/Executive Session- Appointment, employment, compensation, discipline, performance, or dismissal of Executive Director and Chief Investment Officer \(5 ILCS 120/2\(c\)\(1\): Discussion and Potential Action](#)
10. Public Comment
11. Adjournment (2:30 PM)



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOP BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: AGENDA ITEM: ROLL CALL
DATE: JULY 19, 2024

RECOMMENDATION: Motion to allow Board of Trustee(s) Lee Catavu to participate in the July 19, 2024, meeting of the Board of Trustees by audio, video, or internet conferencing.

§209 Remote Attendance

- a) Upon a majority vote of Trustees present at a meeting, a Trustee who is not physically present may participate in a meeting by audio, video, or internet conferencing, provided the Trustee is prevented from physically attending due to: (1) personal illness or disability; (2) employment purposes or Fund business; (3) a family or other emergency, or (4) unexpected childcare obligations. A Trustee who wishes to attend by telephone, video or internet conferencing must notify the Board Secretary and the Executive Director at least 24 hours prior to the meeting, unless advance notice is impractical. A Trustee who is allowed to participate by telephone, video or internet conferencing shall not be considered present for purposes of a quorum but shall be considered in attendance for all other purposes and allowed to vote on matters brought before the Board.

In accordance with Board rules and the Open Meetings Act, the Board of Trustees will discuss and take necessary action to allow remote participation if members of the Board will not be physically present for the meeting. A quorum of six members of the Board is required to be present in the Board meeting room to comply with the Open Meetings Act.



Illinois Police Officers' Pension Investment Fund

Board of Trustees Meeting Minutes

Friday, June 14, 2024

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

Board of Trustees:

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

Attendees:

IPOPIF Staff:

- Richard White, Executive Director
- Kent Custer, Chief Investment Officer
- Regina Tuczak, Chief Financial Officer/ Assistant Executive Director
- Barbara Meyer, Investment Officer
- Steve Yoon, Investment Officer (Zoom)
- Amy Zick, Senior Accountant
- Kate Cobb, Administrative Analyst

- Samantha Lambert, Administrative Analyst
- Joe Miller, Information Technologist

Others Present:

- Rick Reimer, General Legal Counsel, Reimer, Dobrovolny & Labardi PC
- Taylor Muzzy, Fiduciary Legal Counsel, Jacobs Bums Orlove & Hernandez, LLP
- Scott Whalen, Verus (Zoom)
- Tim McEnery, Verus
- Samantha Grant, Verus
- Greg Kiesewetter, Cook Castle Associates
- Megan Holford, Lauterbach & Amen (Zoom)
- Kim Shepherd, Shepherd Communications (Zoom)
- Members of the Public (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 IPOPIF website, IPOPIF office door, and on the door of the meeting room.

Call to Order

The meeting was called to order by Chairperson Sues at 9:00 A.M.

Roll Call

2.1- Roll Call: Discussion and Potential Action:

A roll call was conducted. Six (6) Trustees were present. Three (3) Trustees were absent. A quorum was established with the required number of six (6) Trustees present in the meeting room.

Board of Trustees:

Present:

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Mark Poulos
- Brad Cole
- Daniel Hopkins
- Michael Inman

Absent:

- Scott Bowers
- Lee Catavu
- Elizabeth Holleb

All individuals present are reflected in the list of attendees.

General Legal Counsel Reimer recommended a motion to nominate Trustee Hopkins as interim Board Secretary at this Board of Trustees meeting to record roll call and voice votes on all board actions.

A motion was made by Trustee Inman and seconded by Trustee Poulos to nominate Trustee Hopkins as the interim Board of Trustee Secretary for the Board of Trustee Meeting today, June 14, 2024.

Motion carried by a voice vote.

Ayes- 6

Nayes- None

Absent- 3

Board of Trustees

3.1- Board of Trustees Meeting Minutes- April 12, 2024:

Executive Director White presented the Board of Trustees Meeting Minutes from April 12, 2024, to the Board of Trustees and recommended they be approved.

A motion was made by Trustee Inman and seconded by Trustee Hopkins to approve the Board of Trustees Meeting Minutes from April 12, 2024.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Poulos, Hopkins, Inman, and Cole

Nays- None

Absent- Trustees Bowers, Catavu, and Holleb

3.2- Trustee Election Policy and Process: Discussion and Potential Action:

Executive Director White discussed the current Trustee Election Policy and recommended revisions with the Board of Trustees.

The pension code authorizes the Board of Trustees to administer the election of the Board of Trustees and to establish rules for the conduct of the election. It is anticipated that the Board of Trustees will approve the revised Election Policy and approve the trustee election process at this meeting. The Election Committee reviewed the election policy and process at their May 17, 2024, meeting and made recommendations to the Board of Trustees to approve the Election Policy and Procedures, as presented at this meeting.

During the discussion about the election of trustees' procedures, one or more members of the Election Committee expressed concern about the proposed schedule of events for the September 13, 2024, meeting, which scheduled multiple decisions by the Board for the same meeting. After that meeting, staff reviewed those discussions and recommended changes to that schedule. The schedule change necessitates that a Special Board of Trustees meeting for August 23, 2024, be added for the purpose of the trustee election, with the decision on the nomination challenge decision being the primary focus.

The Board of Trustees had previously retained Marisel Hernandez, Jacobs, Burns, Orlove & Hernandez, LLP (JBOSH) for the Conflict Counsel role in November 2020 for the purposes of the 2020 election (recall that the previous Conflict Counsel resigned in October 2020). Attorney Hernandez has performed Conflict Counsel responsibilities for the 2022 and 2023 elections and has been consulted for this election, as well. The Fund has an engagement/retainer agreement with JBOSH which in Paragraph 1(e) refers to "other such legal matters as the Fund's Board of Trustees or the Fund's Executive Director may determine."

After consultation with Fiduciary Legal Counsel Muzzy, it was confirmed that the Conflict Counsel services are included and can be performed in accordance with the current engagement/retainer agreement. It is recommended that the Board of Trustees continue to retain Marisel Hernandez as Conflict Counsel. As noted in previous communications with the Board of Trustees, Attorney Hernandez has extensive experience with the administration and oversight of elections.

Executive Director White answered all questions.

A motion was made by Trustee Poulos and seconded by Trustee Swanlund to authorize Marisel Hernandez, JBOSH, to serve as Conflict Counsel for the Trustee Election, under the current engagement/retainer agreement.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Poulos, Hopkins, Inman, and Cole

Nayes- None

Absent- Trustees Bowers, Catavu, and Holleb

Executive Director White briefed the Board of Trustees on the recommended changes to the Election Policy and answered all questions.

A motion was made by Trustee Swanlund and seconded by Trustee Inman to approve the election process for the seats on the Board of Trustees.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Poulos, Hopkins, Inman, and Cole

Nayes- None

Absent- Trustees Bowers, Catavu, and Holleb

Finance

4.1 and 4.2- Monthly Financial Statements- March 2024 and April 2024: Discussion and Potential Action:

Chief Financial Officer (CFO) Tuczak briefed the Board of Trustees on the March 2024 Monthly Financial Statement. March Contributions were \$53,958,667 and March Withdrawals were \$45,710,553 with 171 cash contributions and 181 cash withdrawals in March (a total of 352). April contributions were \$49,351,903 and April Withdrawals were

\$46,714,519 with 135 cash contributions and 187 cash withdrawals in April (a total of 322 transactions). State Street reported 896 unique Cash Management users on eCFM as of May 9, 2024.

CFO Tuczak answered all questions.

A motion was made by Trustee Poulos and seconded by Trustee Swanlund to approve the March 2024 and April 2024 financial statements.

Motion carried by roll call vote.

Ayes- Trustees Sues, Swanlund, Poulos, Hopkins, Inman, and Cole

Nays- None

Absent- Trustees Bowers, Catavu, and Holleb

4.3 and 4.4- Warrants #2024-11 and #2024-12: Discussion and Potential Action:

CFO Tuczak briefed the Board of Trustees on Warrant #2024-11 and Warrant #2024-12 and answered all questions.

A motion was made by Trustee Swanlund and seconded by Trustee Inman to ratify Warrants #2024-11 and #2024-12.

Motion carried by roll call vote.

Ayes- Trustees Sues, Swanlund, Poulos, Hopkins, Inman, and Cole

Nays- None

Absent- Trustees Bowers, Catavu, and Holleb

4.5- Insurance Coverage and Policies: Discussion and Potential Action:

Executive Director White briefed the Board of Trustees on the renewals of the insurance coverage policy for FY2025. IPOPIF has received commercial insurance coverage through Cook Castle Associates, Inc. since 2020.

The Contract Committee reviewed the insurance coverages with Mr. Greg Kiesewetter, CIC, Cook Castle Associates, Inc., at their May 17, 2024, meeting. The Committee recommended by a vote of 3-Aye, 0-No, and 1-absent to recommend that the Board of Trustees approve the insurance policies with increases in coverages as provided by Cook Castle, Inc. Among the reasons for increasing coverages included the growth in investment

assets under management, the increase in full-time staff, and the increased cyber risk in society.

Trustee Cole requested clarification on the need for an increase in coverage for the aggregate limit of liability/ fiduciary liability from \$10M to \$15M, as well as, the increased amount of the premium associated with the increase in fiduciary liability coverage.

Trustee Hopkins requested that Fiduciary Legal Counsel Muzzy speak to the question about the increase in fiduciary liability coverage. Attorney Muzzy noted that the investment decisions are the biggest risk.

Trustee Swanlund inquired if there is an industry standard for fiduciary liability insurance. Mr. Kiesewetter answered that there was not a standard, but he did conduct some research on other Illinois funds – but the comparisons are different because the IPOPIF is unique due to the responsibility of the investment of trust fund assets only, versus the other public pension funds which provide benefits and manage other retirement responsibilities.

Trustee Suess noted that litigation risk is inherent in investment of assets and that \$15 million coverage is a small percentage of a \$10 billion fund and makes sense.

A motion was made by Trustee Hopkins and seconded by Trustee Swanlund to approve Insurance Policy Contracts for the term of July 1, 2024, to June 30, 2025, with the recommended changes and increased coverages.

Motion failed by roll call vote.

Ayes- Trustees Suess, Swanlund, Poulos, and Hopkins

Nayes- Trustees Inman, and Cole

Absent- Trustees Bowers, Catavu, and Holleb

A motion was made by Trustee Cole and seconded by Trustee Inman to keep the Fiduciary Liability at \$10M versus \$15M and accept all other changes.

Motion failed by roll call vote.

Ayes- Trustees Suess, Inman, and Cole

Nayes- Trustees Swanlund, Poulos, and Hopkins

Absent- Trustees Bowers, Catavu, and Holleb

Mr. Kiesewetter explained that if a decision is made at a later date there may be additional documentation needed to ensure proper coverage and that no outstanding litigation is pending. He also noted that he could provide additional information on comparable coverages at a later date.

Mr. Reimer, General Legal Counsel, explained that if no decision is made today there is a jeopardy of no active insurance.

A motion made by Trustee Cole and seconded by Trustee Inman to move forward with \$10M coverage for Fiduciary Liability and to move forward with all other suggestions in coverage and to discuss the suggestion of increased Fiduciary Liability coverage at the next Board of Trustees meeting in July.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Poulos, Inman, and Cole

Nayes- Trustee Hopkins

Absent- Trustees Bowers, Catavu, and Holleb

4.6- Fiscal Year 2025 Annual Budget: Discussion and Potential Action:

CFO Tuczak presented the Fiscal Year 2025 Annual Budget to the Board of Trustees.

CFO Tuczak reviewed changes from the Final FY 2024 Budget as compared to the Proposed Budget FY 2025 Budget and noted that one of the significant changes was regarding the reporting of investment management fees. These changes were reviewed with the Audit and Budget Committee at their May 17th meeting and the Committee requested that the investment management fees be included in the annual budget presentation.

CFO Tuczak recommended that modifications to the monthly financial statement presentation be made since the proposed FY 2025 Budget includes all investment manager fees, including fees that are deducted directly from the investment vehicle, which is a common industry practice. Such presentation would remove investment manager fees billed directly to the Fund from Board of Trustee, Administrative and Investment Operations expenses and reclassify these fees as a reduction of Investment Income (Loss) on the Statement of Changes in Fiduciary Net Position. A sample presentation detailing the recommended change was provided.

She reviewed the proposed salary range increases with the board which include a cost-of-living adjustment for all employees based on the Consumer Price Increase as reported for the Peoria area. CFO Tuczak also discussed the increase in the employer contribution rate required by IMRF effective January 1, 2025. The increase is due to several factors, including the purchase of previous service time by current employees

No other changes were requested by the Committee, which recommended the presentation of the final draft to the Board of Trustees at its Meeting on June 14, 2024.

Trustee Suess inquired about the increased employer rate with IMRF. CFO Tuczak noted that further information on this matter was not provided by IMRF but noted that the initial employer rate upon joining IMRF was anticipated to rise once specific demographic information about current employees was included in the calculations, and each employee earned more service in the plan.

Trustee Cole mentioned that the rate increase could be anticipated with the growth of the organization.

CFO Tuczak answered all questions.

A motion was made by Trustee Swanlund and seconded by Trustee Hopkins to adopt Resolution 2024-02: Approving the Budget for Fiscal Year 2025.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Poulos, Hopkins, Inman, and Cole

Nayes- None

Absent- Trustees Bowers, Catavu, and Holleb

Investments

5.2- Verus Quarterly Report- 1Q2024: Discussion and Potential Action:

Tim McEnery, Verus Advisory, presented the 1Q2024 report to the Board of Trustees.

Total assets increased by nearly \$400 million to \$10.4 billion over the quarter, reflecting strong global equity returns, particularly in the U.S., as investor confidence grew regarding

the Fed's ability to engineer a "soft landing". The IPOPIF Investment Portfolio returned 4.1% for the quarter, which was closely aligned with the Policy Index return of 4.2%, but below the Broad-Based Policy Index of 4.8%, which reflects its higher equity allocation. Since its inception in April 2022, the IPOPIF Portfolio has returned 3.8% on an annualized basis through the end of the 1st quarter, compared to the Policy Index of 3.9% and the Broad-Based Policy Index of 3.4%.

The IPOPIF investment team actively monitors current asset allocations vs. policy targets and conducts rebalancing trades as appropriate. As of 3/31/24, all asset classes except bank loans and cash were within policy targets. The noted variances were due to activity related to funding new mandates.

Trustee Suess asked about the concentration exposure to the S&P 500 index. Mr. McEnergy noted that the issue has been reviewed and changes to the asset allocation are not recommended. CIO Custer mentioned that the Fund uses the Russell 1000 as a benchmark which adds some diversification.

Tim McEnergy, Verus Advisory, answered all questions.

5.3- Investment Update Report: Discussion and Potential Action:

CIO Custer briefed the Board of Trustees on investment performance, cash flow, asset allocation, and rebalancing activity.

The new 3% allocation to US Treasury Bonds is being funded gradually from short-term bonds. The final transfer is planned for late June. The new Emerging Market Equity (EME) ex-China index fund is being funded gradually from the existing EME fund. Similar transfers are planned for June and subsequent months until the conversion is completed. The May 17 transaction took advantage of a "crossing" opportunity to minimize trading costs.

CIO Custer briefed the Board on valuation issues and a potential shift to monthly valuation. Mr. Custer and CFO Tuczak are discussing valuation processes and options with the custodian, State Street Bank and Trust. A shift to monthly valuation could impact cash management, Article 3 data timing availability, and custodial performance reporting.

IPOPIF has a 20% long-term allocation to private market investments with 7% equity, 5% credit, 5% real estate, and 3% infrastructure. Due to investment complexity and risks our approach needs to be robust and sustainable. Verus has developed a private market

implementation plan which utilizes a phased approach. A Board of Trustees discussion is planned for July including private credit education.

The October 1 transition preparation is underway with July being the deadline to establish data feeds with legacy custodians. September will produce the asset certification.

CIO Custer answered all questions.

5.4- Emerging Market Equity Investment Search: Discussion and Potential Action:

CIO Custer presented to the Board of Trustees the request to approve a search for an active investment manager to manage an allocation to Emerging Market Ex China equities.

CIO Custer went through the detailed description of the IPOPIF asset allocation that the newly hired investment manager would be managing. He also explained the portfolio structure concerning Emerging Markets Equity, the fees, and the budget impact. CIO Custer explained the search process and use of the Investment Manager Database to handle all those who respond as interested. The Request for Proposal (RFP), including the search timeline, was provided to the Board of Trustees. The RFP will be posted after the search is approved by the Board of Trustees. Board interviews and selection are targeted for the October 18, 2024, Board of Trustees Meeting.

A motion was made by Trustee Hopkins and seconded by Trustee Swanlund to approve a search for an active investment manager to manage a 3% allocation to Emerging Market ex-China equities.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Poulos, Hopkins, Inman, and Cole

Nays- None

Absent- Trustees Bowers, Catavu, and Holleb

5.5- Passive Investments- Manager Reviews: Discussion and Potential Action:

CIO Custer briefly presented the Manager Reviews to the Board of Trustees.

A Board review of investment service providers is conducted on an ongoing basis. Passive investment managers, RhumbLine and State Street Global Advisors (SSGA), were last reviewed by the Board in June 2023. Mr. Custer stated that both managers are performing well for IPOPIF.

Chair Suess requested tracking error information and CIO Custer responded that he would provide that information to the Board.

CIO Custer answered all questions.

5.1- Investment Staffing: Discussion and Potential Action:

CIO Custer reviewed investment staffing considerations with the Board including guidance from the Governance Committee.

CIO Custer provided a draft policy for the Deputy Chief Investment Officer Job Description to the Board of Trustees, for reference and approval.

Trustee Suess asked if the difficulties in recruiting were based on the compensation for the position or the location of the office. HR consultant Holford noted that it was a bit of both of these factors.

Trustee Cole mentioned that the office location in Peoria should be a topic for a later discussion.

CIO Custer answered all questions.

Megan Holford from Lauterbach & Amen discussed with the Board of Trustees about the Deputy CIO position, the salary range, and the geographic location. She stated that the market value for salary and the geographic location are both difficulties that we are currently facing with all open positions. Ms. Holford answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Swanlund to approve the job description for the Deputy Chief Investment Officer with a salary range of \$175,000 to \$250,000 per year.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Poulos, Hopkins, and Inman

Nayes- None

Absent- Trustees Bowers, Catavu, and Holleb

Present:- Trustee Cole

Closed Session (if necessary)

6.1- Closed/Executive Session-Appointment, employment, and compensation of a specific employee (5 ILCS 120/2(c)(1): Discussion and Potential Action:

Attorney Reimer reviewed the need for a motion to enter a closed session. A motion was made by Trustee Inman and seconded by Trustee Hopkins to enter into a closed session in accordance with the exception under 5 ILCS 120/2(c)(1) to discuss the appointment, employment, compensation, discipline, performance, or dismissal of specific employees and specific individuals.

Motion carried by roll call vote.

Ayes- Trustees Sues, Swanlund, Poulos, Hopkins, Inman, and Cole

Nays- None

Absent- Trustees Bowers, Catavu, and Holleb

The Board of Trustees entered into a closed session at 10:33 A.M.

A motion was made by Trustee Inman and seconded by Trustee Cole to return to open session.

Motion carried by roll call vote.

Ayes- Trustees Sues, Swanlund, Poulos, Hopkins, Inman, and Cole

Nays- None

Absent- Trustees Bowers, Catavu, and Holleb

The Board of Trustees returned to open session at 11:20 A.M.

A roll call was conducted. Six (6) Trustees were present. Three (3) Trustees were absent. A quorum was established with the required number of six (6) Trustees present in the meeting room.

Board of Trustees:

Present:

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Mark Poulos
- Brad Cole
- Daniel Hopkins
- Michael Inman

Absent:

- Scott Bowers
- Lee Catavu
- Elizabeth Holleb

Attorney Reimer noted that the Board of Trustees did not take any action in closed session.

Public Comment

7.0- Public Comment:

An opportunity for public comment was provided at 11:22 A.M. No comments were heard, and no discussion was provided.

Adjournment

8.0- Adjournment:

A motion was made by Trustee Poulos and seconded by Trustee Inman to adjourn the Board of Trustees Meeting.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Poulos, Hopkins, Inman, and Cole

Nays- None

Absent- Trustees Bowers, Catavu, and Holleb

Meeting adjourned at 11:23 A.M.

Respectfully submitted by:

Kate Cobb, Administrative Analyst

Approved by:

Phil Suess, Chairperson, Board of Trustees

Lee Catavu, Secretary, Board of Trustees

Date Approved by the Board of Trustees: July 19, 2024

DRAFT



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RICHARD J. REIMER, IPOPIF GENERAL LEGAL COUNSEL
RE: ETHICS TRAINING
DATE: JULY 19, 2024

Recommended Action: Receive training presentation and review materials. No formal action is required.

As the Board of Trustees is aware, the Pension Code mandates a minimum number of training hours to be completed annually by each Board member. Training in Ethics is a component of this requirement. Board member training to “develop and maintain an adequate level of knowledge and understanding of relevant issues” is also noted in the Education and Training Policy (PP-2023-05).

General Legal Counsel Reimer will present an update and refresher course on Basic Ethics for the Board of Trustees at this meeting.

The Ethics Policy is attached for review and supportive information. The Board of Trustees will receive a training certificate for this course.

Attachments:

- Basic Ethics Presentation, July 19, 2024, Richard J. Reimer, Esq.
- IPOPIF Ethics Policy (PP-2020-07)



Illinois Police Officers' Pension Investment Fund

BASIC ETHICS July 19, 2024

RICHARD J. REIMER, ESQ.

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Consequences of Ethics Violations

1. Civil Liability - Potential Breach of Fiduciary Duty
2. Criminal Liability
3. Gift Ban Act – Can be civil (fines) or criminal
4. Removal from Office

Civil Penalties 40 ILCS § 5/1-110

1. Prohibited Transactions

A Fiduciary may not:

1. Sale or exchange or leasing of assets of pension fund for greater or less than adequate consideration with “party in interest.”
2. Deal with the assets of the pension fund for his or her own interest or for their own account.

3. In individual capacity act in any transaction on behalf of party whose interests are adverse to the interests of pension board or adverse to the interests of participants and beneficiaries.
4. Receive any consideration for his own personal account from any party dealing with the pension fund

Remedy: Liability for breach of fiduciary duty.

2.

Prohibition on Gifts

40 ILCS § 5/1-125

The “gift ban” section of the Pension Code, makes certain portions of the State Officials and Employees Ethics Act applicable to all Trustees and employees of IPOPIF.

a. Definitions.

For purposes of §5/1-125 of the Illinois Pension Code, the following definitions apply:

- i. Gift
- ii. Prohibited Source

Prohibition on Gifts

i. Gift.

Any (1) gratuity, (2) discount, (3) entertainment, (4) hospitality, (5) loan, (6) forbearance, (7) or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, or an honoraria for speaking engagements related to or attributed to government employment or the official position of an employee, member, or officer (5 ILCS §430/1-5).

Prohibition on Gifts

ii. Prohibited Source.

A person or entity who:

1. Is seeking official action by the IPOPIF or an IPOPIF Trustee member;
2. Does business or seeks to do business with the IPOPIF or an IPOPIF Trustee member;
3. Has interest that may be substantially affected by the performance or non-performance of the official duties of the IPOPIF member; or
4. Is registered or required to be registered with the Secretary of State under the Lobbyist Legislation Act;
5. Is agent of, or spouse of, or immediate family member living with a prohibited source.

Prohibition on Gifts

b. Prohibitions.

- Prohibits any Trustee from intentionally soliciting or accepting any gift from any prohibited source.

(Educational Materials Excluded)

Applies to Employees of IPOPIF.

Prohibition on Gifts

c. Exceptions.

The following exceptions are relevant:

- i. Food or refreshments not exceeding \$75.00 in value, per person, on a single calendar day, provided that food or refreshments are consumed on the premises on which they were purchased or prepared or catered;
- ii. Any item or items from any one prohibited source during any calendar year, having an accumulated total of less than \$100.00.

Each of the exceptions listed above are mutually exclusive and independent of each other.

d. Disposition of Gifts 5 ILCS §430/10-3

There is no violation of Act if Trustee or Employee:

- Takes reasonable action to return the prohibited gift to the source, or
- Gives the gift or an amount equal to its value to an appropriate charity exempt from income taxation under §501(c)(3) of the I.R.C.

Remedy: Can be fines or Class A misdemeanor

3.

The “Illinois Governmental Ethics Act” 5 ILCS § 420/4A-101

- a. On or before February 1st annually, the “chief administrative officer” of IPOPIF shall certify to the Secretary of State the names and addresses of those persons required to file.

- b. On or before April 1st annually, the Secretary of State shall notify each IPOPIF Trustee of the requirements for filing statements of economic interests.

The “Illinois Governmental Ethics Act”

- c. On or before May 1st annually, each IPOPIF Trustee shall file the verified written statement of economic interests with the Secretary of State’s Office.

- d. Willfully filing a false or incomplete statement constitutes a Class A misdemeanor.

The “Illinois Governmental Ethics Act”

- e. A Trustee who fails to file a statement shall be ineligible to sit on the Board and must forfeit his or her position.

- f. A State’s Attorney shall bring an action in *quo warranto* against any person who fails to file “by either May 31 or June 30 of any given year.”

4.

Contingent and Placement Fees

40 ILCS §5/1-145

- a. Prohibiting contingent and placement fees.
- b. “No person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of a [pension fund], contingent in whole or in part upon the decision or procurement.”

Contingent and Placement Fees

- c. Violation of this section constitutes a business offense subject to a fine of not more than \$10,000. Additionally, a person convicted of violating this section is prohibited from working with pension funds for 3 years.

Criminal Penalties

1.

Prohibited Transactions

40 ILCS §5/1-110(d)

“Prohibited Transactions” creates subsection (d) which bars a fiduciary of a pension fund established under Article III and Article IV from knowingly causing or advising a pension fund to engage in an investment transaction when the fiduciary:

- a. Has any direct interest in the outcome, gains, or profits of the investment advisor through which the investment transaction is made; or
- b. Has a business relationship with that investment advisor that would result in a pecuniary benefit to the fiduciary as a result of this investment transaction.

This new provision does not define what constitutes a business relationship” or “pecuniary benefit.” Violation of this provision is a Class 4 felony.

2.
No Monetary Gain on Investments
40 ILCS §5/1-130

- a. Specifically prohibits any IPOPIF Trustee from “...knowingly [having] any direct interest in the income, gains, or profits of any investments made on behalf of the [pension fund].”

- b. This statute also applies to a Trustee’s spouse.

No Monetary Gain on Investments

- c. Additionally, a pension board trustee cannot receive “...any pay or emolument for services in connection with any investment.”
- d. Violation of this section constitutes a Class 3 Felony.

3.
Fraud
40 ILCS §5/1-135

- a. Establishes criminal penalties for any person who “...knowingly makes any false statement or falsifies or permits to be falsified any record of a [pension fund] in an attempt to defraud the [pension fund].”

b. Fiduciaries must report reasonable suspicion of fraudulent statement:

“reasonable suspicion” means a belief, based upon specific and articulable facts, taken together with rational inferences from those facts, that would lead a reasonable person to believe that fraud has been, or will be, committed. A reasonable suspicion is more than a non-particularized suspicion. A mere inconsistency, standing alone, does not give rise to a reasonable suspicion.

c. Violation of this section constitutes a Class 3 Felony.

**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

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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

1. 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.
2. 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

1. 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.
2. 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.
3. 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.
4. 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.
 5. 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.
 6. 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

1. 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

1. 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.
2. "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.
3. 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.
4. 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.

5. 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.
6. 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

1. 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.
2. 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

1. 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.
 - iv. Any applicable 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.
2. 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.
3. 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

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 December 14, 2020.
5. This policy was reviewed and approved by the Board of Trustees on October 13, 2023.



Illinois Police Officers' Pension Investment Fund

Investment Update

July 11, 2024

Performance Update

	1Q24	Apr 2024	May 2024	FYTD 7/23 – 5/24	YTD 1/24 – 5/24
IPOPIF Pool	+4.1%	-2.6%	+2.9%	10.8%	4.4%
Policy Benchmark	+4.2%	-2.5%	+2.9%	11.0%	4.5%
Broad Benchmark	+4.8%	-3.1%	+3.2%	11.6%	4.8%
Actuarial Assumption (fiscal year)				+6.8%	

- 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% per year.

June 2024 – Preliminary data indicates that the Fund was up approximately 0.9% in June which would increase FY24 performance (July 2023 – June 2024) to 11.7%.

Performance Commentary

- Prior trends continued in May and June with strong equity returns and respectable contributions from credit and risk mitigation asset classes.
- The largest of the US stocks continue to dominate earnings growth and valuation expansion (higher price to earnings) have magnified returns.
- IPOPIF took advantage of the Russell 1000 index reconstitution on June 28 to trim US large cap gains and top off international equity and US TIPS.
- Recent allocation adjustments have been beneficial as EME ex China and US Treasuries outperformed EME and Short-Term Debt, respectively.
- Initial active manager contributions have been mixed but positive overall; +\$4.7 million net of \$1.4 million of fees.
- Participant fund aggregate net cash flows appear to be stabilizing at near zero.

Funding and Rebalancing

Date	Account	Flow \$ mil	Trading Cost \$
25-Jun	Short Term Bonds	-92	-2,464
25-Jun	US Treasury	+110	-5,003
25-Jun	Non-US Developed	+48	0
25-Jun	US TIPS	+29	0
28-Jun	EME	-100	0
28-Jun	EME ex China	+100	-3,439
28-Jun	Rhumblin US Large	-74	-6,921
28-Jun	Rhumblin US Small	+0	-22,558

- Recent allocation adjustments have been beneficial as EME ex China and US Treasuries outperformed EME and Short-Term Debt, respectively.

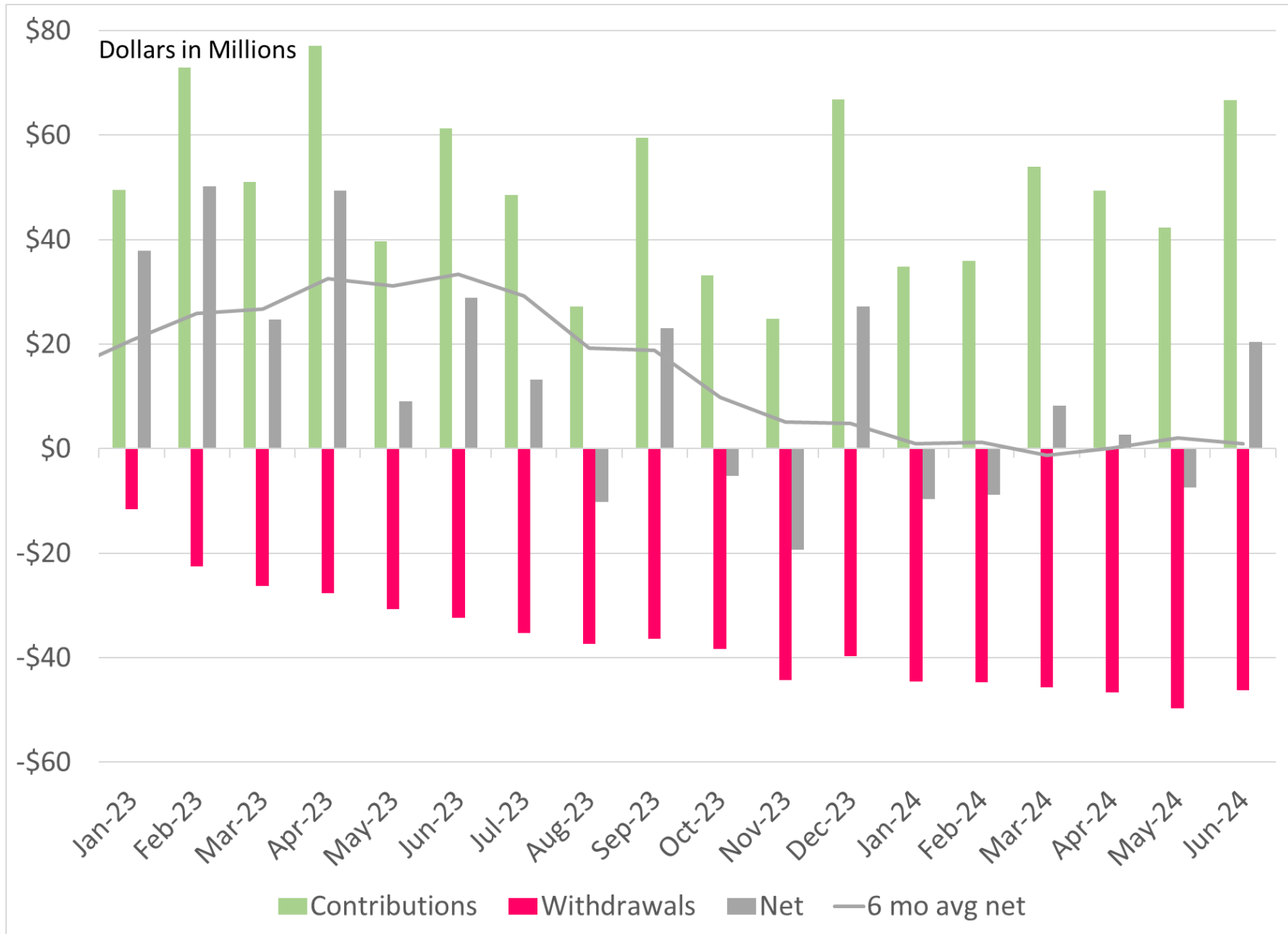
- The new 3% allocation to US Treasury Bonds was funded gradually from Short term bonds and is now complete.
- The new Emerging Market Equity (EME) ex China index fund is being funded gradually from the existing EME fund and will continue in 3Q24.
- Rhumblin activity was related to the annual Russell index reconstitution on June 28th.

IPOPIF/SSGA % Returns	May	June	May- June
EME	1.5	3.4	5.0
EME ex China	-0.2	5.8	5.6
ST Debt	0.7	0.6	1.3
UST	1.5	1.0	2.5

Asset Allocation 7/10/24

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
Growth	6,262	58.4%	6,216	58.0%	46	0.4%
RhumbLine US Large	2,494	23.3%	2,465	23.0%	29	0.3%
RhumbLine US Small	524	4.9%	536	5.0%	(12)	-0.1%
SSGA Non-US Developed	2,049	19.1%	2,036	19.0%	13	0.1%
Intl. Small Cap (3 mgrs)	523	4.9%	536	5.0%	(13)	-0.1%
Acadian	271	2.5%	268	2.5%	4	0.0%
LSV (1 day lag)	128	1.2%	134	1.25%	(6)	-0.1%
WCM (monthly)	123	1.1%	134	1.25%	(11)	-0.1%
EM Equity	671	6.0%	643	6.0%	28	0.0%
SSGA EM Equity ex China	321	3.0%	322	3.0%	(1)	0.0%
SSGA EM Equity	351	3.3%	322	3.0%	29	0.3%
Income	1,669	15.6%	1,715	16.0%	(46)	-0.4%
SSGA High Yield	732	6.8%	750	7.0%	(19)	-0.2%
SSGA EM Debt	631	5.9%	643	6.0%	(12)	-0.1%
Bank Loans (2 mgrs)	306	2.9%	322	3.0%	(16)	-0.1%
Ares (monthly)	102	1.0%	107	1.0%	(5)	0.0%
Aristotle (monthly)	204	1.9%	214	2.0%	(11)	-0.1%
Real Assets	587	5.5%	643	6.0%	(56)	-0.5%
SSGA REITS	429	4.0%	429	4.0%	1	0.0%
PRINCIPAL USPA	158	1.5%	214	2.0%	(56)	-0.5%
Risk Mitigation	2,199	20.5%	2,143	20.0%	56	0.5%
Cash Accounts	172	1.6%	107	1.0%	65	0.6%
SSGA ST GOV-CREDIT	1,053	9.8%	1,072	10.0%	(19)	-0.2%
SSGA TIPS	316	3.0%	322	3.0%	(5)	0.0%
SSGA US TREASURY	315	2.9%	322	3.0%	(7)	-0.1%
SSGA CORE BONDS	343	3.2%	322	3.0%	22	0.2%
Transition account	0.103	0.0%	-	0.0%	0	0.0%
Total Investment Pool	10,717	100.0%	10,717	100.0%	(0)	0.0%

Monthly Participant Fund Cash Flow



Current RFPs

- The Emerging Market Debt (EMD) manager search is proceeding on plan. Semifinalist interview with Staff and Verus were conducted on July 11 and 12. Board interviews and selection are planned for the September Board meeting.
- The Emerging Market Equity (EME) ex China manager search is underway. We are seeing robust manager engagement on the inHub RFP platform. Proposals are due by August 16th. Final interviews and selection are targeted for the October 18 Board meeting.

Looking forward

- July 2024
 - Private Credit Search Request
 - Special Investment Principles
- September 2024
 - EMD finalist interviews and selection
 - Private equity strategic plan and search request
 - Real Estate/Principal US Property review
- October 2024
 - EME ex China finalist interviews selection
- December 2024
 - Private credit finalist interviews and selection
 - US Small Cap search request
 - Custodian review
- January 2025
 - IPS and SAA review
- March 2025
 - IPS and SAA adoption
 - International small cap manager reviews
 - Consultant review
- April 2025
 - Bank loan manager reviews
- June 2025
 - US Small cap finalist interviews and selection
 - Passive manager reviews
- TBD
 - High Yield Search
 - Real assets strategic plan and search
 - Large cap equity structure review (active manager potential)

For discussion and planning purposes. Subject to revision.

Manager Tracking Error as March 2024

Return and tracking error information is provided below to supplement the passive manager review conducted at the June Board meeting.

RHUMBLINE US LARGE	1 year	2 years	Since Inc.
Net Return	29.82	8.93	8.93
Benchmark Return	29.87	9.07	9.07
Excess Return	-0.05	-0.14	-0.14
Tracking Error	0.05	0.14	0.14

RHUMBLINE US SMALL			
Net Return	19.58	2.66	2.66
Benchmark Return	19.71	2.87	2.87
Excess Return	-0.13	-0.21	-0.21
Tracking Error	0.08	0.19	0.19

SSGA NON-US DEVELOPED			
Net Return	15.75	6.32	6.32
Benchmark Return	15.29	5.89	5.89
Excess Return	0.46	0.43	0.43
Tracking Error	0.17	0.16	0.16

SSGA EM EQUITY			
Net Return	7.71	-1.38	-1.38
Benchmark Return	8.15	-1.73	-1.73
Excess Return	-0.44	0.35	0.35
Tracking Error	0.71	1.71	1.71

SSGA HIGH YIELD			
Net Return	11.46	3.28	3.28
Benchmark Return	11.06	3.33	3.33
Excess Return	0.40	-0.05	-0.05
Tracking Error	0.18	0.23	0.23

SSGA EM DEBT	1 year	2 years	Since Inc.
Net Return	11.45	0.71	0.71
Benchmark Return	11.28	1.39	1.39
Excess Return	0.17	-0.68	-0.68
Tracking Error	0.20	0.92	0.92

SSGA REITS			
Net Return	10.43	-6.58	-6.58
Benchmark Return	10.45	-6.57	-6.57
Excess Return	-0.02	-0.01	-0.01
Tracking Error	0.02	0.18	0.18

SSGA ST GOV-CREDIT			
Net Return	3.46	1.88	1.88
Benchmark Return	3.49	1.86	1.86
Excess Return	-0.03	0.02	0.02
Tracking Error	0.05	0.09	0.09

SSGA CORE BONDS			
Net Return	1.67	-1.65	-1.65
Benchmark Return	1.70	-1.60	-1.60
Excess Return	-0.03	-0.05	-0.05
Tracking Error	0.14	0.21	0.21

SSGA TIPS			
Net Return	3.26	1.19	1.19
Benchmark Return	3.20	1.42	1.42
Excess Return	0.06	-0.23	-0.23
Tracking Error	0.16	0.37	0.37

October 1 Transition Milestones

1/19/24 – IL Supreme Court ruling affirms consolidation.

2/9/24 – IPOPIF Board approves 10/1/24 transfer date.

3/14/24 – Transfer Date notification and instructions distributed to all transferring pension funds.

6/30/24 – Deadline for Boards to adopt Authorized Agent Resolutions (Exhibit A).

July – Establish data feeds with legacy custodians.

September – Asset Certification.

10/1/24 – Asset Transfer.

10/31/24 – Complete reconciliations and provide receipts to transferring pension funds.

November – First monthly reports.

October 1 Transition Status

PPF Fund Name	AUM \$	AUM date	Ex A	Ex B	Invest Contacts	Comments
ARLINGTON HEIGHTS	178,404,689.90	12/31/23	4/24/24	Yes	Yes	
AURORA	313,933,932.82	12/31/23	3/28/24	Yes		
CHAMPAIGN	152,642,496.73	6/30/23	5/13/24	Yes	Yes	
CHICAGO HEIGHTS	55,202,969.51	4/30/23	4/11/24			
CHICAGO RIDGE	31,214,363.16	12/31/23	4/24/24			
DEKALB	49,828,233.14	12/31/23	4/26/24	Yes	Yes	
EAST ST LOUIS	21,333,132.25	12/31/23	5/30/24	Yes	Yes	
ELGIN	171,574,063.44	12/31/23	4/17/24	Yes	Yes	
EVANSTON	175,754,505.94	12/31/23	4/25/24	Yes	Yes	
FAIRVIEW HEIGHTS	35,764,565.38	4/30/23	4/29/24			
MARYVILLE	5,425,545.29	4/30/23	6/6/24	Yes	Yes	
MOKENA	27,818,580.70	6/30/23	4/10/24	Yes	Yes	
PALOS HEIGHTS	32,681,848.33	12/31/23	4/25/24	Yes	Yes	
RANTOUL	33,856,979.42	4/30/23	4/24/24		Yes	
SOUTH CHICAGO HEIGHTS	3,618,616.86	12/31/23	4/11/24			
VILLA PARK	37,909,632.47	12/31/23	4/30/24	Yes	Yes	
WOODRIDGE	55,499,334.38	12/31/23	4/17/24			July 17 Board meet
At Risk						
ELMHURST	80,898,927.35	12/31/23				
WASHINGTON PARK	620,451.89	4/30/23			Yes	pension Board?
WOOD DALE	30,278,703.62	4/30/23				7/11 Brd meeting
Special Situations						
MONTICELLO	2,006,921.93	12/31/22	1/25/23	N/A		Only MMFs and CDs
STONE PARK	4,075,735.86	4/30/23	10/11/22	N/A		MMF and annuity
ROBBINS	247,002.00	4/30/16		N/A		Only MMFs and CDs
VENICE	614,381.77	4/30/23		N/A		Only MMFs and CDs



MEMORANDUM

DATE: July 11, 2024
TO: IPOPIF Board of Trustees
FROM: Kent Custer, Chief Investment Officer
SUBJECT: Special Investment Principles, Considerations for Governance Committee

Background

- The IPOPIF Board of Trustees has expressed interest in investment and policy considerations relating to investment in or contracting with businesses that have supported activities that are contrary to the interests of IPOPIF, such as anti-police or anti-pension initiatives or organizations.
- Substantial work was done in early 2022 by Staff, Verus, and Fiduciary Counsel, which was presented to the Board at the April 2022 meeting and revisited at the April 12, 2024, meeting.
- The Board referred this matter to the Governance Committee for further consideration.
- This topic was reviewed by the Governance Committee at their meeting on May 17, 2024.

Governance Committee Feedback

- The draft statement of principle was sufficiently broad enough.
- Certain pension references may be unnecessary as the State of Illinois already provides strong protections for police officer pensions e.g., “right to a strong defined pension.”
- The greatest impact may be through proxy voting. A proxy voting service provider should be considered.

Suggested Board Actions

- Adopt a Statement of Principle to establish a general framework of the issues of concern and the Board’s intention to act and allocate resources.
- Adopt related revisions to the Procurement of Investment Services Policy.
- Adopt strategic objectives to leverage the statement of principle into desired outcomes.

Statement of Principle for Consideration

The Board of Trustees affirms as a matter of Fund policy that IPOPIF’s investments should recognize and respect the positive impact that municipal law enforcement officers have in their communities and these officers’ right to a strong defined benefit pension. The Board recognizes that some publicly traded corporations and private owners or managers of investment vehicles may support organizations that engage in policy making activity, such as ‘defunding the police’ or weakening the defined benefit pensions earned by officers, that could undermine law enforcement officers’ ability to protect and serve their communities safely and that could diminish the actuarial funding strength and the defined benefits provided by the underlying Article 3 pension funds. The Board intends to develop

criteria as part of its Investment Policy Statement that will, within the bounds of financial and fiduciary prudence, strive to ensure that IPOPIF's investments fully support this Statement of Principle.

Related Investment Objectives for Consideration

1. Revise the Investment Policy Statement, Investment Services Procurement Policy, and Template RFP to reference or incorporate the Statement of Principle. A draft revision of the Investment Services Procurement Policy is attached for consideration.
2. Evaluate and recommend proxy voting polices, services, and processes to reflect IPOPIF principles. Through this objective, IPOPIF can have an independent voice with most corporations through our stock ownership, either directly or through commingled funds. This is likely to be a substantial undertaking for investment staff.

**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
[JULY 19, 2024](#)

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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.

~~8-9.~~ “Statement of Principle” means the statement adopted by the Board in the [INSERT REFERENCE TO IPOPIF INVESTMENT POLICY OR STANDALONE POLICY] reflecting the Board’s commitment to evaluate, within the bounds of financial and fiduciary prudence, investments and Investment Services provider activities that: (a) undermine the ability of police officers participating in pension funds established under Article 3 of the Illinois Pension Code to protect and serve their communities safely; or (b) diminish public pension sustainability or retirement security.

~~9-10.~~ “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

~~10-11.~~ “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 agreements 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 [and Investment Consultant](#) shall include a description of any process through which the Investment Adviser [and Investment Consultant](#) 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 [and Investment Consultant'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.

m. Pursuant to Board policy, a requirement that the response to an RFP for an Investment Adviser, Transition Manager, or Investment Consultant shall include:

(i) A description of the process through which the Investment Adviser, Transition Manager, or Investment Consultant will, within the bounds of financial and fiduciary prudence, integrate the Statement of Principle into investment decision-making, investment analysis, portfolio construction, due diligence, and investment ownership; and

(ii) Disclosure of any financial support within the prior five (5) calendar years and/or formal involvement with any community, foundation, think tank, or not-for-profit organization that engages in ideologically, politically, or donor driven activities that are inconsistent with the Statement of Principle by each the following:

(A) The Investment Adviser, Transition Manager, or Investment Consultant;

(B) Any executive officer or shareholder of the Investment Adviser, Transition Manager, or Investment Consultant;

(C) Any parent entity or entity that owns a controlling interest in the Investment Adviser, Transition Manager, or Investment Consultant; and

(D) Any executive officer or shareholder of any parent entity or entity that owns a controlling interest in the Investment Adviser, Transition Manager, or Investment Consultant.

For purposes of this Subsection, 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.

The Board intends to develop a non-exhaustive list of the entities that fall under the disclosure required by this Subsection to be provided with an RFP.

- ~~m-n.~~ 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 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.mk 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.[mk](#), 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 Board will be provided with a copy of the disclosures under Section D.3.i ~~through~~ D.3.mj 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~~ 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;
- g-h. [The disclosures under Section D.3.i through D.3.m, 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; and](#)
- h-i. 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.

[July 19, 2024 – amended.](#)

DRAFT



MEMORANDUM

DATE: July 11, 2024
TO: IPOPIF Board of Trustees
FROM: Kent Custer, Chief Investment Officer
SUBJECT: Private Markets Implementation Strategy

Private market investments are subject to additional risks, including illiquidity, lower transparency, less regulatory oversight, and a wider range of outcomes vs. traditional public market investments. While these risks should be compensated with higher returns, robust implementation is required to avoid disappointing results.

Earlier this year I asked Verus to develop an implementation plan for private market investments. Their "Preliminary Implementation Strategy" is attached for review. In my view, this is an excellent framework to use as we initiate private market investments. The phased approach will allow IPOPIF to initiate exposure and gain experience using proven providers and then build on this base to enhance returns and reduce fees.

The IPOPIF long-term asset allocation includes a 20% weight to private market investments including 7% to private equity, 5% to private credit, 5% to real estate, and 3% to infrastructure. Looking across the private market asset classes, I view private credit as the best first step as a natural extension of our prior credit searches (Bank Loans and EMD) led by Steve Yoon. We intend to follow up in September with a strategic plan for private equity implementation that is consistent with the Verus implementation strategy.

At the Board meeting, we will discuss the private markets implementation strategy before the private credit education and search request.



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



JULY 19, 2024

Private Markets – Preliminary Implementation Strategy

Roadmap for IPOPIF – Private Equity (7%)

	PHASE 1	PHASE 2 <i>(Optional)</i>	PHASE 3 <i>(Non-Discretionary or Discretionary)</i>
Objective	Establish Program – Build a Base	Enhance Returns – Core Satellite	Enhance Returns – Direct
Implementation	Funds of Funds and/or Secondaries	Funds of Funds and/or Secondaries combined with Direct Funds	Direct Funds and Co-Investment Funds
Timeline	Year 0 – 4	Future Years	Future Years
Pacing Analysis	Annually	Annually	Annually
Number of Commitments	0 – 2 per annum	1 – 3 per annum	Varies
Search Deliverable	Due Diligence Report	Due Diligence Report	Due Diligence Report
Performance Reporting	Standard Performance Reporting	Standard Performance Reporting	Standard Performance Reporting and Private Markets Reporting
Client Service Team	No Changes	Periodic Involvement of Private Markets Team Members	Ongoing Involvement of Private Markets Team Members
Costs (Verus)	No Changes	Fund of Funds: No additional costs Direct Funds: Fixed Fee per fund	Addendum to Existing Contract for Private Markets Consulting Services

Implementation considerations

	FUND OF FUNDS	DIRECT FUNDS
Strengths	<ul style="list-style-type: none"> Generally lowers risk through broad diversification across managers, strategies, sub-asset classes, and /or geographies Simpler to implement 	<ul style="list-style-type: none"> Single layer of fees Customized portfolio Increased control over investments: pacing, types of funds Direct relationships with General Partners
Considerations	<ul style="list-style-type: none"> Long-term commitment to vehicle with extra layer of management fees and carried interests Historically lower net returns to LPs than direct funds Potentially lack of transparency Alignment of interests can vary Significantly more difficult to withdraw / terminate after commitment 	<ul style="list-style-type: none"> Operationally complex Resource intensive Can take longer to construct full PE program

	FUND OF FUNDS	DIRECT FUNDS
Return Potential	Lower	Higher
Distribution of Outcomes	Narrower	Wider
Flexibility / Control	Lower	Higher
Transparency	Less	More
Resource Requirements	Lower	Higher
Investment Management Fees	Higher	Lower

FoF economics

- Relative to direct funds, FoFs are more incentivized to deploy capital and to grow their AUM base, eroding alignments of interest between LPs and GPs.
 - This is because FoFs collect a higher portion of their operating profits from management fees than performance fees (i.e., carried interest/‘carry’)
- Typical FoFs charge an extra layer of management fees (typically in the 1% range) + carried interest (5-10%)
 - Clients would still pay the underlying GPs’ fees (“2% + 20%”) on an indirect, manager look-through basis.

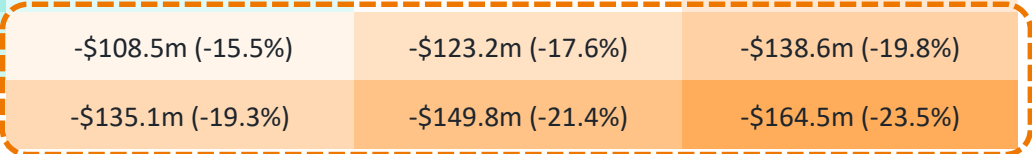
Impact of FoF fees vs. Direct Funds over Fund Life^{1,2}

Representative Economics per \$700m IPOPIF PE commitment (i.e., 7% PE sleeve of \$10B total AUM)

<i>Fee Structure</i>	0% Carry	5% Carry	7.5% Carry	10% Carry
0% Mgmt. Fee	N/A	-\$30.1m (-4.3%)	-\$44.8m (-6.4%)	-\$59.5m (-8.5%)
.50% Mgmt. Fee	-\$52.5m (-7.5%)	-\$82.6m (-11.8%)	-\$97.3m (-13.9%)	-\$112.0m (-16.0%)
.75% Mgmt. Fee	-\$79.3m (-11.3%)	-\$108.5m (-15.5%)	-\$123.2m (-17.6%)	-\$138.6m (-19.8%)
1% Mgmt. Fee	-\$105.0m (-15.0%)	-\$135.1m (-19.3%)	-\$149.8m (-21.4%)	-\$164.5m (-23.5%)

1. Fund life assumption of 12 years for directs and 15 years for Fund of Funds.

2. Does not include administrative passthrough fees which can be substantial for Fund of Funds.

 Typical Fees

Roadmap for IPOPIF – Private Credit (5%)

	PHASE 1	PHASE 2 <i>(Optional)</i>	PHASE 3 <i>(Non-Discretionary or Discretionary)</i>
Objective	Establish Program – Build a Base	Enhance Diversification – Core Satellite	Enhance Diversification – Direct
Implementation	Evergreen Solution	Evergreen Solution combined with Direct Funds	Direct Funds
Timeline	Year 0 – 3	Future Years	Future Years
Pacing Analysis	None	Annually	Annually
Number of Commitments	1 initial commitment	1 – 3 per annum	Varies
Search Deliverable	Due Diligence Report	Due Diligence Report	Due Diligence Report
Performance Reporting	Standard Performance Reporting	Standard Performance Reporting	Standard Performance Reporting and Private Markets Reporting
Client Service Team	No Changes	Periodic Involvement of Private Markets Team Members	Ongoing Involvement of Private Markets Team Members
Costs (Verus)	No Changes	Evergreen Funds: No additional costs Direct Funds: Fixed Fee per fund	Addendum to Existing Contract for Private Markets Consulting Services

Roadmap for IPOPIF – Real Estate (5%)

	PHASE 1	PHASE 2 <i>(Optional)</i>	PHASE 3 <i>(Non-Discretionary or Discretionary)</i>
Objective	Establish Program – Build a Base	Enhance Returns – Core Satellite	Enhance Returns – Direct
Implementation	REITs and Open-Ended Fund(s)	Open-Ended Fund(s) combined with Direct Funds	Direct Funds
Timeline	Current	Future Years	Future Years
Pacing Analysis	None	Annually	Annually
Number of Commitments	No immediate action required	0 – 2 per annum	Varies
Search Deliverable	Due Diligence Report	Due Diligence Report	Due Diligence Report
Performance Reporting	Standard Performance Reporting	Standard Performance Reporting	Standard Performance Reporting and Private Markets Reporting
Client Service Team	No Changes	Periodic Involvement of Private Markets Team Members	Ongoing Involvement of Private Markets Team Members
Costs (Verus)	No Changes	Open-Ended: No additional costs Direct Funds: Fixed Fee per fund	Addendum to Existing Contract for Private Markets Consulting Services

Roadmap for IPOPIF – Infrastructure (3%)

PHASE 1

Objective	Establish Program
Implementation	Open-Ended Fund(s)
Timeline	Build up to the 3% target over 2 – 4 year time period
Pacing Analysis	None
Number of Commitments	2 – 3 investments
Search Deliverable	Due Diligence Report
Performance Reporting	Standard Performance Reporting
Client Service Team	No Changes
Costs (Verus)	No Changes



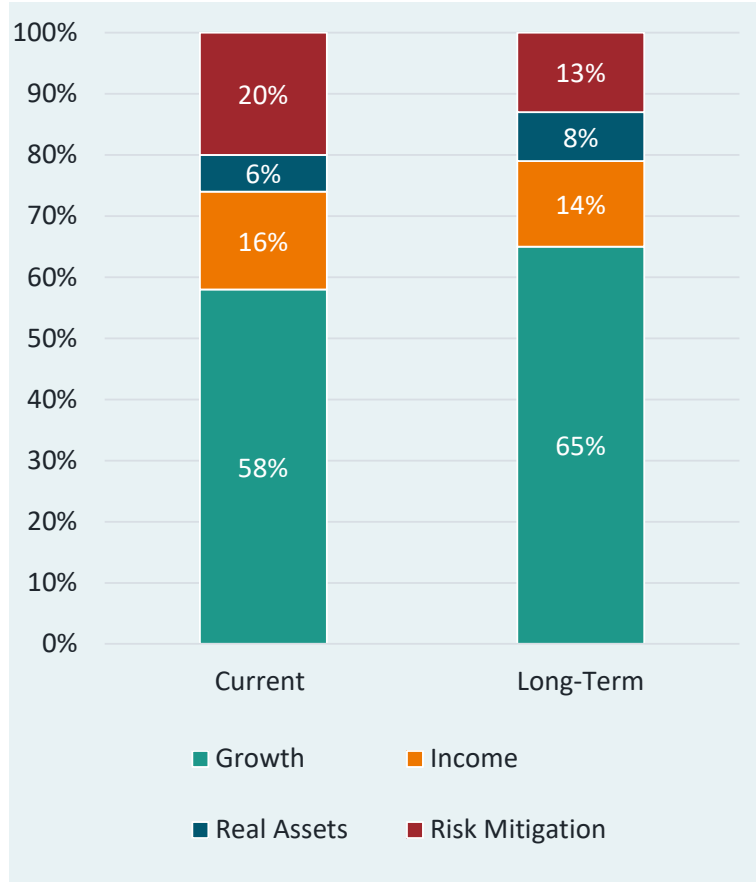
JULY 19, 2024

Educational Overview of Private Credit

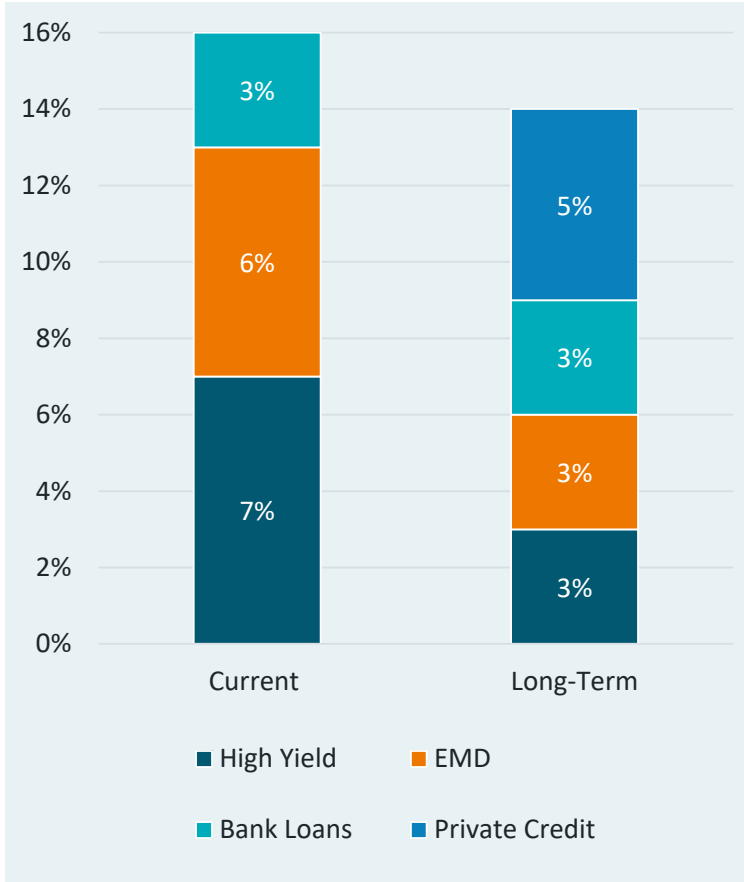
Illinois Police Officers' Pension Investment Fund

IPOPIF – policy targets

TOTAL FUND – POLICY TARGETS



INCOME BUCKET – ASSET CLASS TARGETS



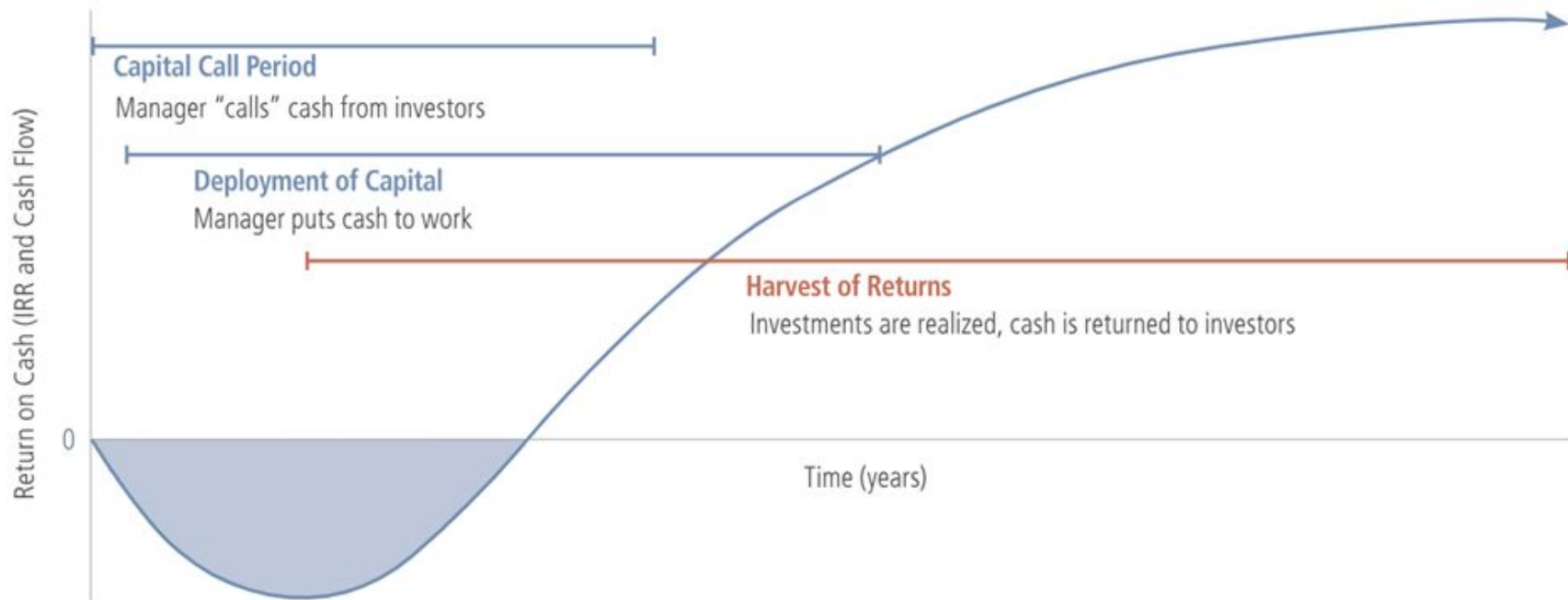
Implementation roadmap for private credit

	PHASE 1	PHASE 2 (Optional)	PHASE 3 (Non-Discretionary or Discretionary)
Objective	Establish Program – Build a Base	Enhance Diversification – Core Satellite	Enhance Diversification – Direct
Implementation	Evergreen Solution	Evergreen Solution combined with Direct Funds	Direct Funds
Timeline	Year 0 – 3	Future Years	Future Years
Pacing Analysis	None	Annually	Annually
Number of Commitments	1 initial commitment	1 – 3 per annum	Varies
Search Deliverable	Due Diligence Report	Due Diligence Report	Due Diligence Report
Performance Reporting	Standard Performance Reporting	Standard Performance Reporting	Standard Performance Reporting and Private Markets Reporting
Client Service Team	No Changes	Periodic Involvement of Private Markets Team Members	Ongoing Involvement of Private Markets Team Members
Costs (Verus)	No Changes	Evergreen Funds: No additional costs Direct Funds: \$30k per fund	Addendum to Existing Contract for Private Markets Consulting Services

Lifecycle of private market cash flows

The 'J Curve': Capital Call → Deployment → Realization

SINGLE PRIVATE MARKETS PARTNERSHIP



Information presented is for illustrative purposes.

What is private credit?

- Private credit is the investment of capital, in the form of loans, bonds or other credit instruments that are issued to private companies by non-bank lenders
- In private credit, investors (private credit managers) play the role of lenders, directly negotiating and transacting deals with borrowers
- Private credit borrowers are often small and medium-sized companies without investment-grade credit ratings
- Private credit expanded rapidly after the Global Financial Crisis in 2008, when banks, due to their capital constraints, scaled back their financing, which resulted in an opening in the market for alternative sources of lending, such as private credit fund managers
- Today, private credit makes up approximately 10 – 15% of total assets under management in the private markets, and ranks as the 3rd largest asset class after private equity and real estate¹

¹ Source: Pitchbook

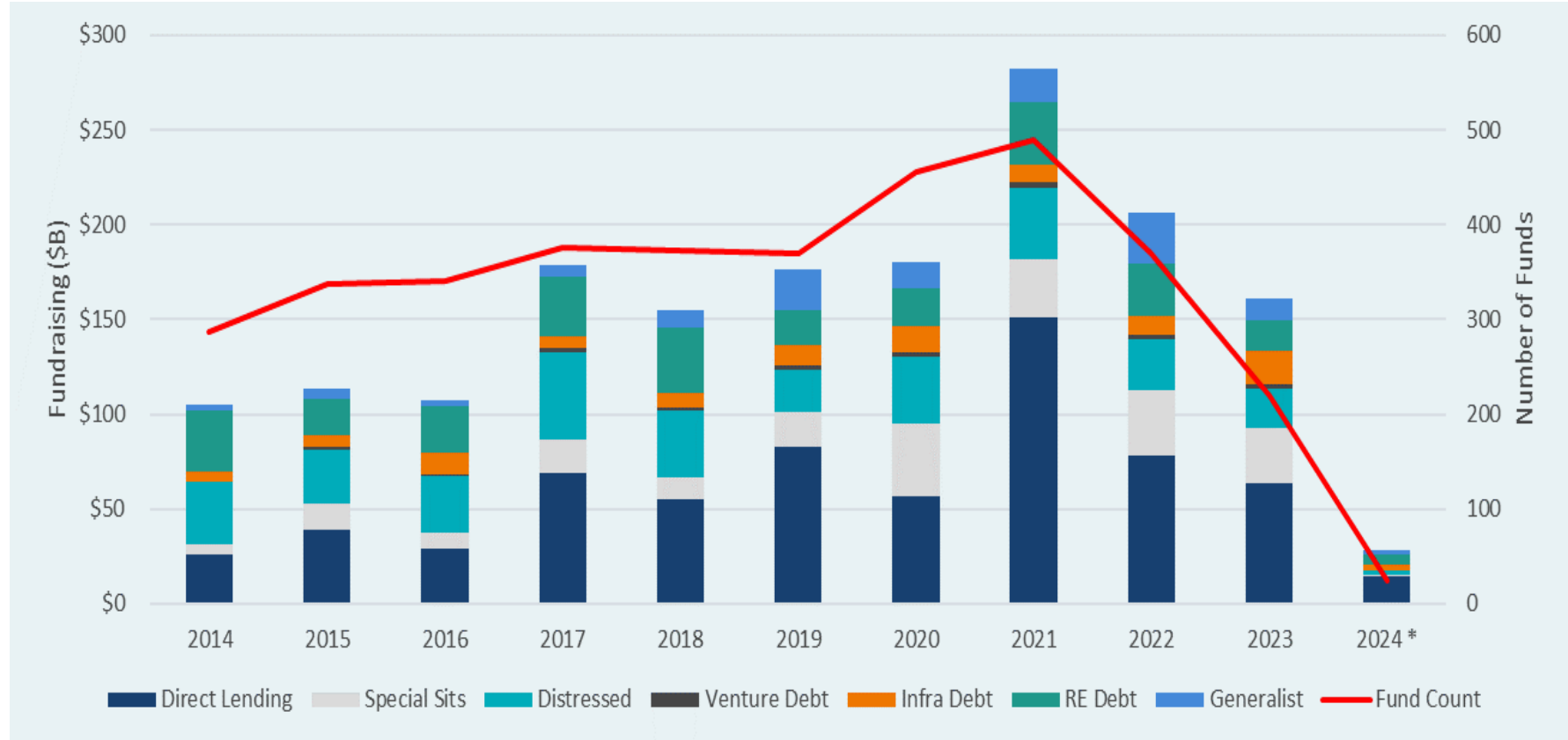
How do bank loans and private credit differ?

	BANK LOANS	PRIVATE CREDIT
Lenders	Dozens or more	Generally 1 to 6
Deal Size	\$200M to \$5B+	\$20M to \$2B+
Pricing	Typically less than Private Credit	Premium over Bank Loans
Liquidity	Tradeable except in extreme market circumstances	Less liquid; lenders often plan to hold debt to maturity
Execution	Typically about 2 months to execute from inception	Faster to execute with a single lender, as short as 30 to 75 days
Workout	Added complexity due to number of lenders	More simplified process due to fewer lenders in the deal
Ratings	Typically rated with public credit rating; Most deals rated BB to B-	Most deals unrated

Source: Standard & Poor's Financial Services

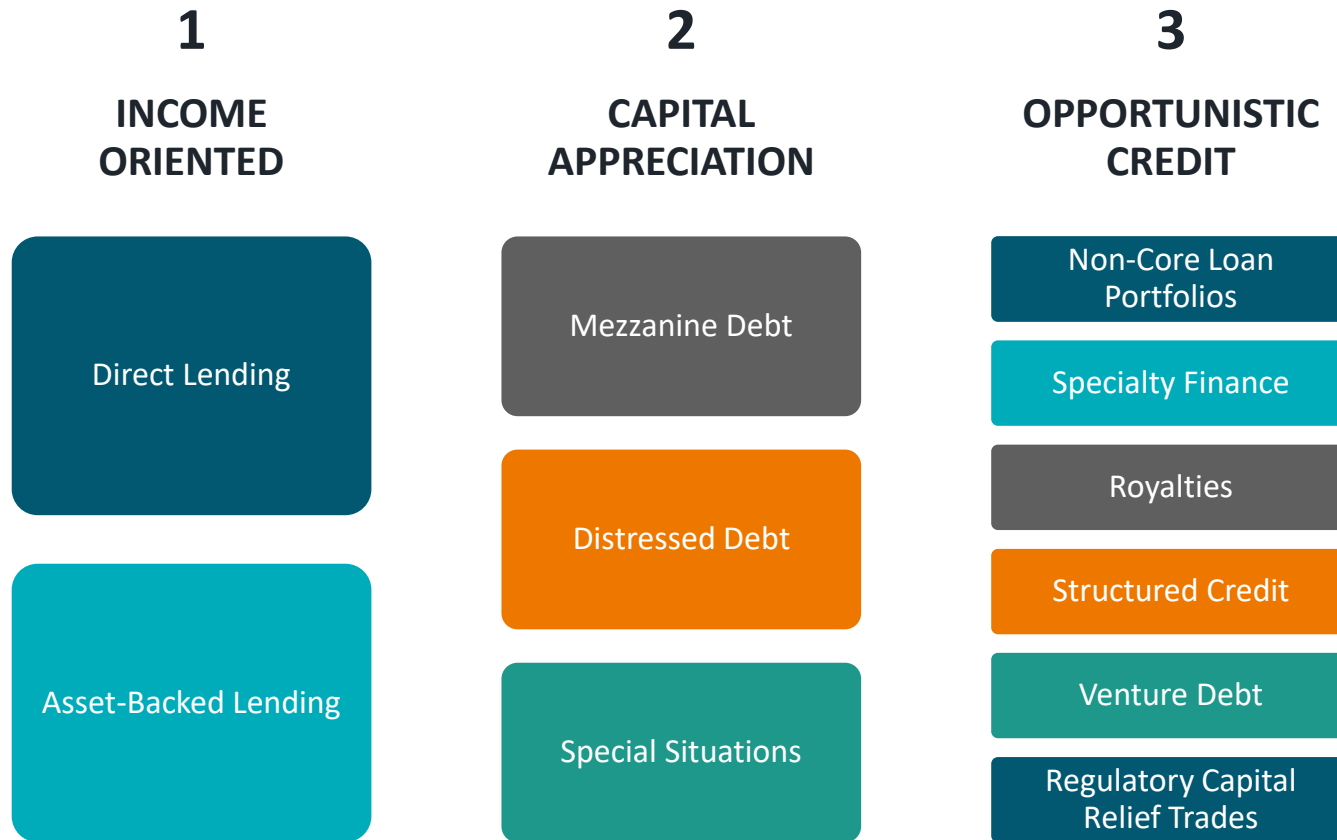
Private credit fundraising

CAPITAL RAISED IN PRIVATE CREDIT BY STRATEGY



Source: PitchBook as of March 31, 2024

Private credit strategy landscape



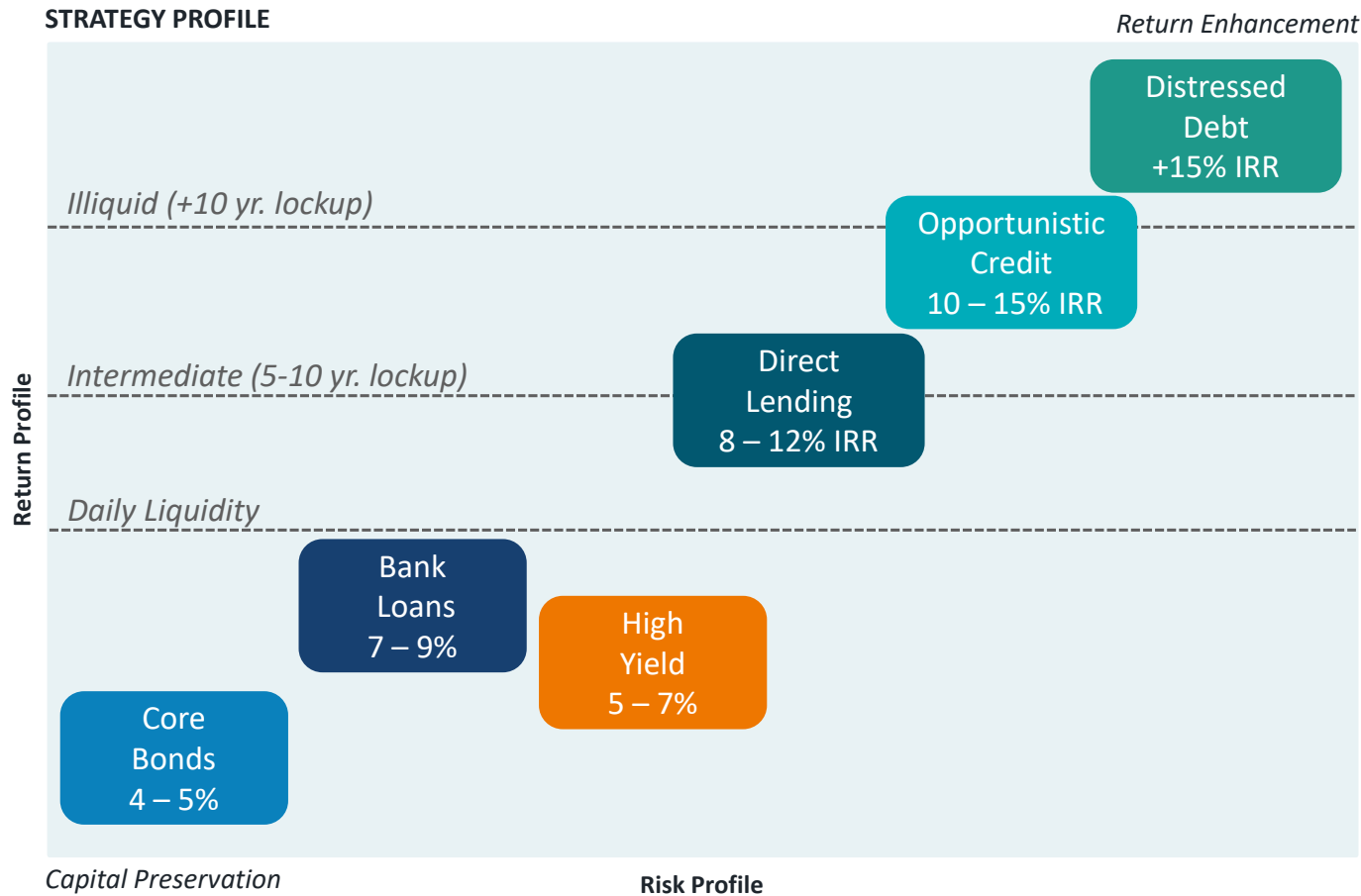
Investment strategies that fall within the private credit asset class

Information presented is for illustrative purposes.

Private credit sub-strategies

Direct Lending	Mezzanine	Real Estate Credit	Real Assets Credit	Specialty Finance	Structured Credit	Distressed & Special Situations
U.S. middle market lending <ul style="list-style-type: none"> — Sr. focus — Opportunistic — Lower middle market (sponsored focus) — Lower middle market (non-sponsored focus) — Private BDC's 	U.S. mezzanine <ul style="list-style-type: none"> — Upper middle market — Middle market — Lower middle market 	U.S. CRE lending <ul style="list-style-type: none"> — Bridge lending — Transitional lending — Core lending 	Infrastructure lending <ul style="list-style-type: none"> — Sr. focus — Mezz focus 	Consumer & SME lending <ul style="list-style-type: none"> — Marketplace finance — Lender/platform finance 	CLO <ul style="list-style-type: none"> — CLO debt — CLO multi — CLO risk retention — 3rd party CLO equity 	Corporate distressed <ul style="list-style-type: none"> — U.S. — European — Emerging markets — Global — Single trade
	European mezzanine	European CRE lending <ul style="list-style-type: none"> — Bridge lending — Transitional lending — Core lending 	Energy credit <ul style="list-style-type: none"> — Direct lending — Opportunistic credit 	Factoring & receivables	CRE <ul style="list-style-type: none"> — Non-agency CRE B-piece — Agency CRE B-piece — CMBS/CRE 	Stressed credit
European middle market lending <ul style="list-style-type: none"> — Sr. focus — Opportunistic — Lower middle market — Country-specific funds 		Emerging markets CRE lending	Trade finance	Regulatory capital relief	RMBS	Real estate distressed <ul style="list-style-type: none"> — U.S. — European — Global
Emerging markets lending <ul style="list-style-type: none"> — Asia lending — Africa lending — CEE/Middle East lending — Latin America lending — Pan-EM lending 		Residential mortgages <ul style="list-style-type: none"> — Residential NPLs — Single family rental — Mortgage servicing rights — U.S. resi origination — European resi origination 	Metals & mining finance	Royalties	Consumer ABS	Cross-asset <ul style="list-style-type: none"> — U.S. — European — Emerging markets — Global
Global middle market lending			Agriculture credit	Healthcare lending	Esoteric ABS	
SBIC lending				Venture lending	Europe structured credit	
				Insurance linked	Structured credit multi-sector	
				Litigation finance		
				Merger appraisal rights		

Comparative risk and return



While the primary return drivers for private credit are income and capital appreciate, different strategies and sub-strategies have different risk and return characteristics

Information presented is for illustrative purposes.

Why allocate to private credit?

Institutional adoption of private credit stems from the total portfolio benefits

Return Enhancement

- Interest income is typically the primary return driver for private credit
- Certain opportunistic strategies emphasize capital appreciation to drive returns
- Private credit investments have generated a return premium over high yield and bank loans

Return Stability

- Returns driven by interest income generate consistent portfolio level yields
- Security valuations are less reactive to public market movements often reducing volatility

Diversification

- Private credit strategies may include exposure to corporate borrowers, consumer, asset-based finance, and cash generating instruments
- Certain strategies may be counter cyclical, benefitting from market volatility

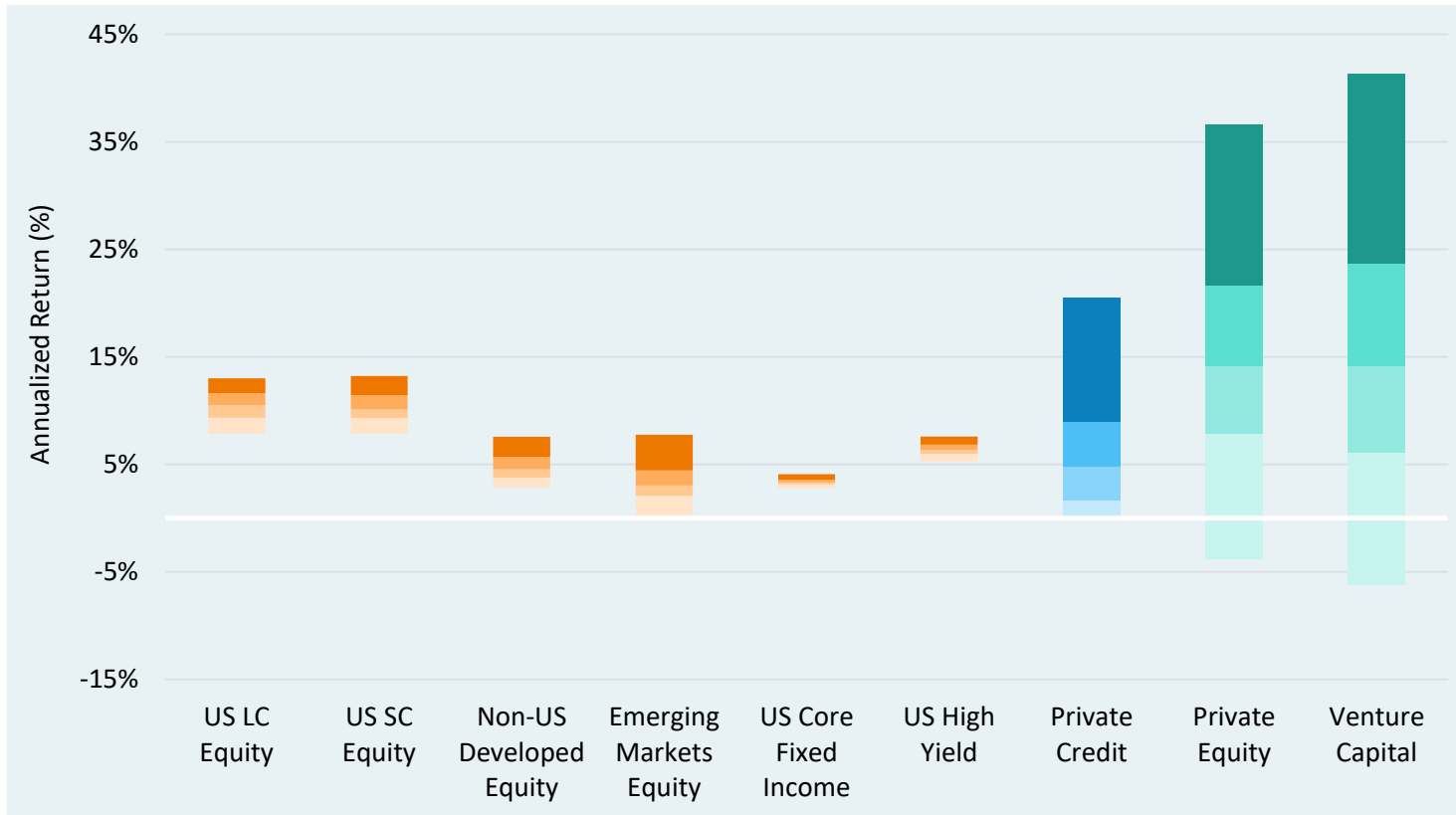
Historical returns have been quite strong...

	3 Years	5 Years	10 Years	20 Years
Private Credit	13.6%	9.8%	9.5%	10.3%
Direct Lending	10.6%	7.8%	8.1%	9.5%
Distressed Debt	19.4%	13.6%	11.7%	11.6%
CS Leveraged Loans Index	5.6%	5.6%	4.4%	4.7%
Bloomberg U.S. Corporate High Yield Index	2.0%	5.4%	4.6%	6.6%
Bloomberg Barclays Aggregate Index	-3.3%	1.1%	1.8%	3.2%
91 Day T-Bill	2.1%	1.8%	1.2%	1.4%

Source: Refinitiv C|A September 30, 2023. Investment Metrics as of December 31, 2023.

... but manager selection is critical

DISPERSION OF MANAGER RETURNS BY ASSET CLASS – BASED ON RETURNS OVER 15 YEARS¹



Investors need the resources to identify and gain access to top-tier managers.

¹ Source: eVestment Alliance and Refinitiv CJA. Universe returns for public equity and fixed income are average annualized time-weighted returns (TWRs) for 15 years ending June 30, 2023. Universe returns for private credit, private equity and venture capital are internal rate of returns (IRRs) calculated since inception to June 30, 2023. Vintage years include 2005-2020.

Other important considerations

CONSIDERATIONS

Illiquidity	<ul style="list-style-type: none">— Lock-up periods of 5 to 8 years, and at times longer for certain sub-strategies— Capital call notices usually provide investors 10 to 30 days to fulfill their obligation and contribute funds as specified in the partnership agreement
Higher Fees	<ul style="list-style-type: none">— Fees vary depending on vehicle, strategy and return target— Base management fees generally range 0.50% to 1.50% plus a performance fee
Structure	<ul style="list-style-type: none">— Generally closed-end partnerships with an investment period of 2 to 4 years and a final term of 5 to 8 years, which is often subject to optional extensions— However, open-end or evergreen fund structures are becoming more common
Diversification	<ul style="list-style-type: none">— Diversification across vintage years and sub-strategies is important to reduce the impact of poor performance in a particular year or economic environment
Downside Risk	<ul style="list-style-type: none">— Portfolios are likely to experience a small number of defaults or restructuring

Closing Thoughts

- We believe that private credit serves an important role in institutional investment programs, providing diversification in terms of opportunity set, risk and sources of return.
- Private credit offers the opportunity to access potentially higher yield than those available in the public fixed income market
- Benefits extend beyond returns to include the potential for reduced volatility and alpha through the selection of skilled managers
- As with any private market asset class, IPOPIF must be prepared to handle more extensive due diligence requirements, increased operational complexity, illiquidity and higher fee structures



MEMORANDUM

DATE: June 28, 2024
 TO: IPOPf Board of Trustees
 FROM: IPOPf Investment Staff
 SUBJECT: Investment Manager Search Request: Private Credit

Recommendation

That the Board of Trustees approve a search for an active investment manager for private credit (PC) investments.

Procurement of Investment Services Policy

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

Allocation

- The long-term asset allocation dedicates 5% to the Private Credit (PC) asset class.
- IPOPf Currently has zero exposure to private credit as the asset class is not available in passive strategies.
- Private credit is expected to provide return diversification and enhancement to the broader credit portfolio, offset by higher fees and illiquidity.
- Private market investments are implemented through well-defined capital commitments which will require IPOPf to fund a series of “capital calls” on demand.
- Detailed education regarding private credit is being provided by Verus, under separate cover.
- Funding for private credit investments is expected to come primarily from the current passive credit exposures to high yield and emerging markets debt.

Portfolio Structure

- This search seeks a single private credit platform with a wide spectrum of diversified strategies and an experienced track record. We believe a single platform will provide the scale and scope to allow IPOPf’s private credit program to scale up in a timely and effective process.
 - Due to investment and operational complexity of private credit investments, platform solutions are preferred to provide the manager with the flexibility to deploy their investment strategy.

- A manager with robust operational infrastructure to support fund administrative responsibilities such as reporting, cash flow management, and administration can streamline IPOPIF's operations.
- The search process will consider a spectrum of approaches including:
 - Single manager platform – a large private credit manager with a wide range of capabilities to provide a broadly diversified platform solution.
 - Manager of managers platform – a manager that specializes in their manager research capabilities to build a diversified portfolio of third-party private credit managers.
 - Private credit fund – a commingled fund that provides broad diversification through loans in the fund ranging across the private credit opportunity set.
- The objective is to identify one manager that will be responsible for at least 3% of the allocation. Additional managers may be considered if deemed necessary for diversification.

Search Process

- Staff and Investment Consultant, Verus, have built robust search preferences, desired characteristics, minimum qualifications, and evaluation criteria for the search to reach appropriate candidates. We believe that there are approximately forty firms that have the expertise and experience to be considered for this mandate
- The search process will be conducted in three phases with each phase identifying the highest caliber managers. The phased approach will optimize the search process, allowing efficient consideration of the broadest pool of candidates. However, any firm may submit a full proposal.
 - Phase 1 – Request for information – the candidates that meet the search preference and minimum qualifications will submit information on their firm and private credit capabilities.
 - Phase 2 – Sample portfolio construction – the candidates are requested to build a model portfolio using their best ideas.
 - Phase 3 – Request for proposal – highest caliber candidates are requested to submit their proposal.
- All MWDBE and Veteran-Owned investment advisers that meet the initial evaluation criteria in the RFP will be requested to submit additional information as part of the RFP.
- Search preferences and process are detailed in the attached RFP.

Fees and Budget Impact

Private market investments generally carry two types of fees: management fee and carried interest (performance fee). Some platforms (i.e., manager of managers) charge additional fees. Verus believes the private credit management fee load will be approximately 1 - 1.5%, which would range approximately from \$5.5 to \$8.3 million annually for a \$550 million allocation. The carried interest (performance fee) will vary based on the underlying strategies and performance above a specified hurdle rate, but typically range from 10-20%. In some cases, fees are charged on capital commitments as opposed to invested capital.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES

FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
REGINA TUCZAK, CHIEF FINANCIAL OFFICER/ASSISTANT EXECUTIVE
DIRECTOR

RE: IPOPIF COMMERCIAL INSURANCE COVERAGE -RENEWAL

DATE: JULY 19, 2024

RECOMMENDED ACTION: Approve Fiduciary Liability Insurance Coverage: Additional limit option of \$15,000,000 with a retention of \$50,000 for the term of July 1, 2024, to June 30, 2025.

BACKGROUND:

The IPOPIF receives commercial insurance coverage through Cook Castle Associates, LLC, which was awarded the original contract in 2020 for services through a competitive bid process and has included annual renewals of the policies since then.

At the May 17, 2024, meeting of the Contract Committee, the insurance coverages were reviewed and discussed with Mr. Greg Kiesewetter, Certified Insurance Counselor (CIC), Cook Castle Associates, Inc. The Committee recommended by a vote of 3 aye with 1 absent that the Board of Trustees approve the insurance policies with increases in coverages, as noted on the attached renewal summary. Among the reasons for increasing coverages includes the growth in assets under management, the increase in full-time staff and the increased cyber risk in society.

At the June 14, 2024, meeting of the Board of Trustees, a discussion was held regarding the liability coverages and a motion to approve the policies that included the increases in coverages as recommended by the Contract Committee, did not pass.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

A motion to approve the policies that included the coverages from the previous year, plus an increase in the commercial crime coverage and business personal property, for the new fiscal year was approved. The Board of Trustees also directed that the increase in the Fiduciary Liability insurance be returned for further consideration at this meeting.

The Fiduciary Liability coverage to be considered at this meeting is an increase in aggregate amount of liability from the current coverage level of \$10,000,000 to \$15,000,000 with the continued retention amount of \$50,000. The annual premium increase for the increased coverage would be \$104,885 versus \$81,386 for the current coverages. As the Contract Committee recommended the increased coverage, the increased premium is included in the FY 25 Budget.

The recommendation for the increased coverage is primarily due to the current and projected increased size of the trust fund assets that are projected to reach over \$11 billion during fiscal year 2025.

Mr. Greg Kiesewetter, CIC, Cook Castle Associates, Inc. will be available for the Board of Trustees to review the recommendations for the increased Fiduciary Liability coverage.

Additional information is provided to the Board of Trustees for consideration from two providers of fiduciary liability insurance and was provided as a courtesy to the Board of Trustees through Fiduciary Legal Counsel Muzzy who reached out to these firms about this issue. The firms were generous in providing this information even though IPOPIF are not clients.

This information may be helpful to address the Board's request for 'peer benchmarking' on the level of coverage and information related to claims. The Alliant presentation has peer benchmarking data for state, county, and municipal funds in and outside of Illinois. The Ullico presentation has both peer benchmarking data for public and multi-employer funds, as well as examples of fiduciary claims and the incurred losses.

Attachments:

- Commercial Insurance Renewal Summary
- Alliant: Fiduciary and Cyber Liability Benchmarking Limit Analysis
- Ullico: Benefit Plans: Benchmarking and Claims Scenarios



Illinois Police Officers' Pension Investment
Fund (IPOPIF)

Fiduciary and Cyber Liability
Benchmarking Limit Analysis

Alliant Insurance Services
www.alliant.com

Why Alliant Insurance Services



- We are an **employee-owned** insurance broker, employing over 4,000 employees among our affiliates
- Alliant Insurance Services is an **independent, full-service** insurance broker (placing Fiduciary Liability Insurance Coverage Summary, Property, Casualty, Life & Health insurance programs)
- We have a **Practice Group dedicated to Organized Labor** (including multi-employer, Taft-Hartley and public pension clients)
- Our experienced staff of professionals consists of **former underwriters** who can better tailor products to meet the evolving needs of Trustees
- Our team leader, Craig Goesel, has over **25 years of experience** in underwriting and placing Management Liability insurance for clients
- We are an **industry expert**; with over 500 clients and \$5,000,000 premium placed nationally, we are the **largest broker in the nation** for Taft-Hartley and Public Pension clients
- Our **data and analytics** surpass the resources available to all other brokers – allowing our clients to make educated decisions about their procurement.
- We **partner** with state and national agencies and associations - including NASRA, IPPFA, IPPAC, MAPERS and TEXPERS - to help Trustees better understand their liability, insurance options and how to reduce their exposures. Alliant is a **CorPERS** member of the National Conference on Public Employee Retirement Systems (NCPERS)
- We act as a **procurement agency** for clients, ensuring that they receive the most comprehensive and favorably priced program through a competitive bid process
- We provide helpful **guidance** on coverage provisions, market selection and limits analysis in a clear, easy to understand, proposal presentation
- We have a **network** of positive relationships in the management liability space (clients, attorneys, consultants, etc.) that would provide **favorable references**
- Alliant Insurance Services has challenged a number of carriers (including ULLICO, Euclid, Beazley and Chubb) in **coverage development** to ensure the most comprehensive coverage meets the unique needs of our clients
- We have a **dedicated claim advocacy** team, and have been successful in **reversing denials** of coverage on behalf of our Taft- Hartley and Public Pension clients

Representative Clients

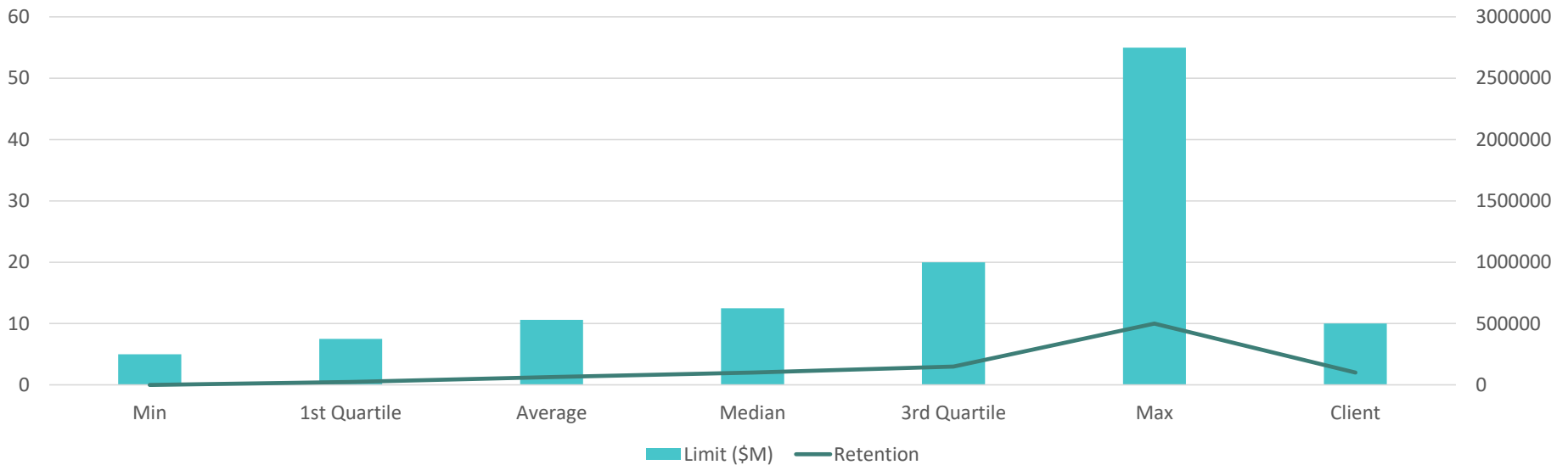


- State Retirement System of Illinois (SRS)
- Judges Retirement System of Illinois (JRS)
- State University Retirement System of Illinois (SURS)
- California Public Employees' Retirement System (CalPERS)
- Firefighters Pension Investment Fund
- The Chicago Municipal Annuity and Benefit Fund
- The Chicago Laborers' Annuity and Benefit Fund
- The Chicago Policemen Annuity and Benefit Funds
- The Chicago Firemen Annuity and Benefit Funds
- Illinois State Board of Investments (ISBI)
- State of Kentucky Teachers' Retirement System
- State of South Carolina Public Employees' Retirement System & Deferred Comp Plan
- Orange County Employees' Retirement System
- Contra Costa County Employees' Retirement System
- Missouri Department of Transportation and Patrol Employees' Retirement System
- Napa County Deferred Comp Plan
- Fresno County Employees' Retirement System
- Merced County Employees' Retirement System & Deferred Comp Plan
- Imperial County Employees' Retirement System
- Mendocino County Employees' Retirement System
- Sacramento County Benefit Plans
- San Bernardino County Employees' Retirement System
- Santa Barbara County Employees' Retirement System
- Sonoma County Employees' Retirement System
- The Retirement Plan for Chicago Transit Authority Employees (CTA Retirement Plan)
- Illinois Secure Choice Savings Program

Fiduciary Liability - PEER BENCHMARKING 2024



- Peer Group: Public Pension Funds (including state, county & municipal); between \$5B and \$15B in Assets;
- Fiduciary Liability Insurance; peer group size = 72
- Median Limits: \$12.5M Median Retention: \$100K
- Average Limits: \$10.6M Average Retention: \$65K

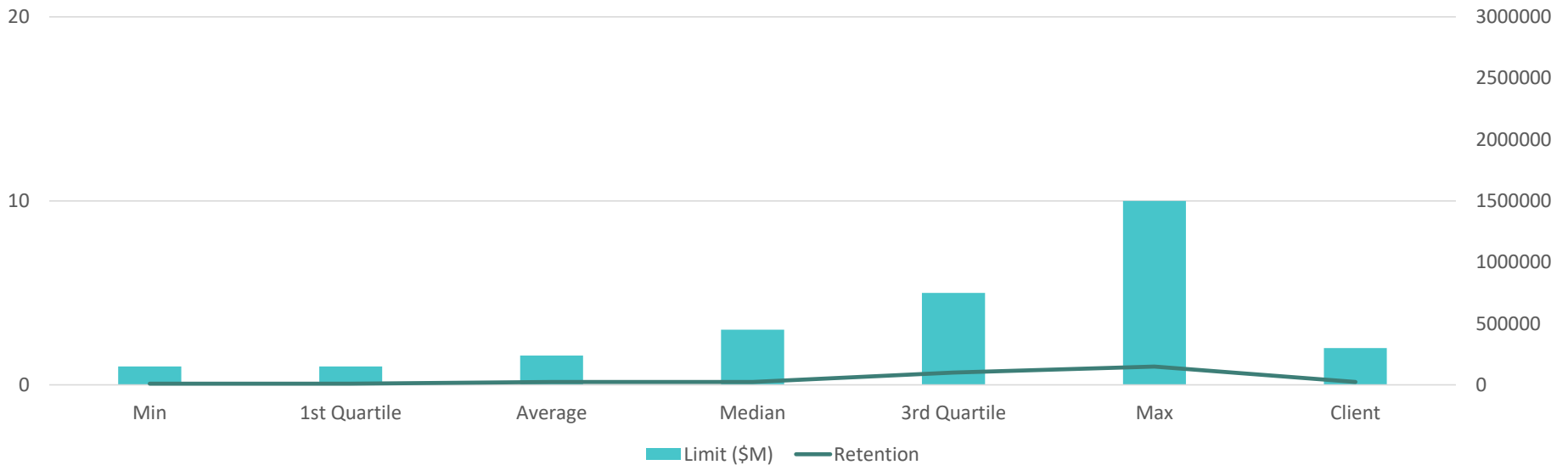


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Cyber Liability - PEER BENCHMARKING 2024



- Peer Group: Public Pension Funds (including state, county & municipal); between \$5B and \$15B in Assets;
- Cyber-Liability Insurance; peer group size = 68
- Median Limits: \$3M Median Retention: \$25K
- Average Limits: \$1.6M Average Retention: \$20K



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Current Coverage Profile of Similar Public Funds



Illinois				
Type	Fund Size	Limit of Liability	Aprox. Premium	Aprox. Rate
Chicago	\$ 1 Billion	\$10,000,000	\$150,000	1.50%
Chicago	\$ 1.5 Billion	\$10,000,000	\$150,000	1.50%
Chicago	\$ 3 Billion	\$10,000,000	\$200,000	2.00%
Chicago	\$ 5 Billion	\$10,000,000	\$200,000	2.00%
County Fund	\$ 13 Billion	\$15,000,000	\$150,000	1.00%
State Fund	\$ 14 Billion	\$15,000,000	\$200,000	1.33%
State Fund	\$ 18 Billion	\$20,000,000	\$250,000	1.25%
State Fund	\$ 20 Billion	\$20,000,000	\$300,000	1.50%
Non-Illinois				
Type	Fund Size	Limit of Liability	Aprox. Premium	Aprox. Rate
County Fund	\$ 5 Billion	\$5,000,000	\$200,000	4.00%
County Fund	\$ 7 Billion	\$20,000,000	\$200,000	1.00%
State Fund	\$ 7 Billion	\$10,000,000	\$200,000	2.00%
City Fund	\$ 10 Billion	\$15,000,000	\$150,000	1.00%
County Fund	\$ 10 Billion	\$5,000,000	\$50,000	1.00%
State Fund	\$ 10 Billion	\$5,000,000	\$75,000	1.50%
State Fund	\$ 10 Billion	\$15,000,000	\$100,000	0.67%
State Fund	\$ 10 Billion	\$15,000,000	\$150,000	1.00%
City Fund	\$ 15 Billion	\$10,000,000	\$200,000	2.00%
County Fund	\$ 15 Billion	\$10,000,000	\$200,000	2.00%
State Fund	\$ 15 Billion	\$5,000,000	\$50,000	1.00%
City Fund	\$ 20 Billion	\$15,000,000	\$300,000	2.00%
State Fund	\$ 20 Billion	\$25,000,000	\$100,000	0.40%
State Fund	\$ 20 Billion	\$30,000,000	\$300,000	1.00%
State Fund	\$ 25 Billion	\$5,000,000	\$200,000	4.00%
State Fund	\$ 25 Billion	\$20,000,000	\$200,000	1.00%
State Fund	\$ 25 Billion	\$25,000,000	\$300,000	1.20%
State Fund	\$ 30 Billion	\$35,000,000	\$500,000	1.43%
State Fund	\$ 35 Billion	\$35,000,000	\$500,000	1.43%
State Fund	> \$ 100 Billion	\$75,000,000	\$850,000	1.13%
State Fund	> \$ 100 Billion	\$100,000,000	\$1,000,000	1.00%

The Alliant Story

Premier Specialty Broker



\$3.3 Billion
Revenue



\$30.7 Billion
Premium Volume



51%
Employee Owned



9,700+
Employees



4th Largest
Insurance Broker*

**According to Business Insurance Top 100 Largest Brokers of U.S. Business 2022*

Clients First
No Bureaucracy

One P&L
Full Access

Flat Structure
Access to Management



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Benefit Plans: Benchmarking and Claims Scenarios

Ullico Casualty Group, LLC



Benchmarking: \$1.5B-\$27B in Assets

Fiduciary Limit of Liability	% of Benefit Plans
\$5M	2%
\$10M	18%
\$15M	7%
\$20M	11%
\$30M	23%
\$35M	5%
\$40M	5%
\$45M	16%
\$50M	5%
\$60M	5%
\$65M	2%
\$80M	2%

- Based on 44 Benefit Plans
- Includes Public and Multiemployer



Public Funds Only: Sample Limits of Liability

Asset Size	Fiduciary Limit of Liability	Limits to Assets
\$910M	\$25M	2.75%
\$1.1B	\$10M	.91%
\$1.2B	\$10M	.83%
\$1.5B	\$10M	.67%
\$2.0B	\$10M	.50%
\$2.2B	\$20M	.91%
\$2.8B	\$10M	.36%
\$3.0B	\$10M	.33%
\$3.7B	\$10M	.27%
\$4.2B	\$10M	.24%
\$15.6B	\$15M	.10%
\$23.4B	\$10M	.04%
\$24.3B	\$30M	.12%
\$27.0B	\$30M	.11%

- Fiduciary limits for selected public plans based on \$910M-\$27B in assets
- Limits vary based on cost, risk tolerance and asset size

Fiduciary Claims Examples

Type of Loss	Incurred Losses	Comments
Breach of Fiduciary Duty (Imprudent Investments) brought in 2014; dismissed and related case brought in 2018; final dismissal in 2020	\$5M	Defense only - \$5M Limit of Liability; Case Continued after Limits Ran Out, Eventually Dismissed
Contract Dispute with Employer over Benefits Owed to Participants brought in 2013; reached decision after final appeal in 2018	\$7.3M	Defense only; Benefits Paid by Plan
Benefit Dispute (Brought by Participants – 4 Related Claims) first claim brought in 2014; 4 th related claim brought in 2023 and still ongoing	\$3.8M	Defense only; One Case still Pending
Breach of Fiduciary Duty (Fees Paid to Vendors too High) brought in 2022; settled in 2024	\$6.2M	Defense and Indemnity
Breach of Fiduciary Duty (Fees Paid to Vendors too High) brought in 2018; settled in 2021	\$10.2M	Defense and Indemnity
Breach of Fiduciary Duty (Imprudent Investments) brought in 2011; case finalized in 2018	\$7.6M	Defense and Indemnity



Public Benefit Plan Data*

- Average Claim: **\$105,745**
- Average Imprudent Investment Claim: **\$5,480,175**

*Based on Ullico Casualty Group's Book of Business as of 3/31/2024



Ullico | **Casualty Group**

ullico.com/casualty

888.315.3352



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: EMPLOYEE HANDBOOK - REVISION
DATE: JULY 19, 2024

RECOMMENDATION:

Approve the Employee Handbook, revised as of July 19, 2024:

-
- Revisions incorporating changes to State law, including the Illinois Paid Leave for All Workers Act, Personnel Records Review Act, Victim's Economic Security and Safety Act, and the Family Bereavement Act.
 - Revisions to PTO to 20 days for year 1 through year 4
 - Revisions to PTO to 25 days for year 5 and beyond
 - Revisions to PTO accrual to two years' time.
 - Apply revisions to all current employees.
-

Background:

The Governance Committee reviewed the Employee Handbook revisions at their May 17, 2024, meeting and voted 3-0 (with one trustee absent) in favor of recommending that the Board of Trustees approve the Employee Handbook with the revisions, as presented.

The IPOPIF Employee Handbook, adopted by the Board of Trustees on July 8, 2022, is provided to all employees and contains extensive information about the rules, policies and expectations of employment with the Fund.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Revisions to the Employee Handbook:

The revision to the PTO provisions of this Employee Handbook is primarily the result of recent Illinois Paid Leave for Workers Act which took effect on January 1, 2024. In general, the existing IPOPIF PTO Policy is more robust than the policy in the law which means that the Employee Handbook complies with the Act in terms of the amount of paid leave, the accrual of paid leave, the rollover of paid leave and the pay out of paid leave but there were some amendments needed to address providing paid leave to part-time employees, defining the time period for employees to request time off for foreseeable and unforeseeable leave and the tracking and reporting of paid leave.

The Act applies to all employees (full-time and part-time) working for an employer in Illinois and thus, applies to the IPOPIF. The Act requirements pertaining to part-time employees is included in the Employee Handbook even though the Fund does not currently have any part-time employees.

Revisions made in the Employee Handbook which were reviewed by Fiduciary Legal Counsel and Human Resources consultant can be found in the following sections:

- **Section 3.14. Access to Personnel Files.** Details the procedures an employee will use and the timelines that the employer will follow to enable an employee to be able to access and review their personnel files.
- **Section 6.2 Paid Time Off.** Provides that part-time employees are eligible to accrue PTO on a pro rata basis of the PTO for regular full-time employees. Defines the time period for employees to request time off for foreseeable and unforeseeable leave. Provides for the tracking and reporting of paid leave.
- **Section 6.5 Victim's Economic Security and Safety Act (VESSA).** Further defines and outlines the leave that may be taken by an employee who experiences a crime of violence or whose family or household member experiences or is killed in a crime of violence. Further defines the certification requirements necessary for an employee to be eligible for the VESSA leave.
- **Section 6.7 Family Bereavement Leave.** Redefines this section from the previous Child Bereavement Leave to the Family Bereavement Leave and incorporates changes to definitions of those eligible for this leave, the documentation required to qualify for the leave and the leave provisions.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Revisions to Paid Time Off Policy:

(1) Section 6.2 Paid Time Off

The IPOPIF has recruited and hired eight employees subsequent to the adoption of the employee handbook in 2022. Six of these employees are currently working at IPOPIF. The IPOPIF is currently in the recruitment process for one or more employees to join the team. The employees hired and the employees being recruited are all seasoned employees with significant experience at their previous places of work. The IPOPIF has not hired, nor recruited individuals with limited work experience and it would not be anticipated that we would be doing so at any time in the future. Based upon this history as well as discussions with applicants during the recruitment process, it is believed that a review of the Personal Time Off earned by employees is needed at this time.

The reasoning behind the review is that these experienced applicants have earned a certain level of personal time off which in most cases would be reduced upon joining the IPOPIF. Currently, employees earn 15 days of PTO during the first year of employment. This increases to 20 days of PTO upon reaching year two and continues at this rate to four. The recommendation is to designate the earnings of 20 days of PTO during the first four years of employment with IPOPIF.

Essentially, the recommendation is to revise the PTO from three tiers into two tiers:

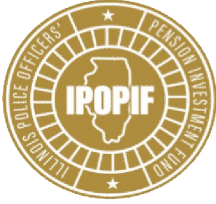
SERVICE TIME	CURRENT PTO	REVISED PTO
Year 1	15	20
Years 2 -4	20	20
Years 5 and beyond	25	25

(2) Section 6.2 Accrual of PTO time

Accrual of PTO is recommended to be changed from the current policy of one year of the PTO to two years of PTO time. This change will enable the Fund to complete the work underway, especially the time sensitive items, and permit the team members to have a longer planning time for the use of PTO time.

Additionally, the IPOPIF will make and preserve a record documenting hours worked, PTO time accrued, taken and remaining balances for each employee for a period of no less than 3 years.

It is recommended that these PTO changes (20 days and two-year accrual) be applied to our employees retroactively.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

The accumulated PTO time is an expense liability to the Fund and this change will increase this expense in accordance with both of these changes, as follows:

Accrual Days:	1 Year Accrual (Max)	2 Year Accrual (Max)
20 Days	\$167,845.32	\$263,575.31

Note: These PTO accrual numbers are based on the last Fiscal Year before the FY 2025 salary increases (as the budget had not yet been approved) and prior to the hiring of the Deputy CIO.



**Illinois Police Officers'
Pension Investment Fund**

**IPOPIF
EMPLOYEE HANDBOOK**

Effective: July 19, 2024 ~~June 14, 2024~~ ~~Eff. July 8, 2022~~

Welcome to the Illinois Police Officers' Pension Investment Fund ("IPOPIF" or "Fund"). We are delighted that you have chosen to join our Fund and hope that you will enjoy a long and successful career with us. As you become familiar with our culture and mission, we hope you will take advantage of opportunities to enhance your career and further IPOPIF's goals.

This Employee Handbook has been developed to provide you with a general overview of some of the rules, policies and expectations governing your employment. You are required to read and familiarize yourself with the contents of this Handbook and follow the policies contained herein. If you have questions, feel free to contact the Executive Director. You may also contact our present outsourced Human Resources Consultant, and later, our in-house Human Resources ("Human Resources").

Except as provided by law, IPOPIF reserves the right to amend, supplement, interpret, or rescind any of the policies, rules, or benefits contained in this Handbook at any time at its sole discretion with or without notice. You are required to sign the attached acknowledgment form to certify that you have read, understood, and agree to the contents of this Handbook.

We look forward to working with you and hope that you find employment to be both enjoyable and rewarding.

Cordially,

The IPOPIF Board of Trustees
June 14, 2024 ~~July 8, 2022~~

IPOPIF EMPLOYEE HANDBOOK

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IPOPIF EMPLOYEE HANDBOOK

**SECTION 1
EMPLOYMENT AT WILL**

Employment with Illinois Police Officers' Pension Investment Fund (IPOPIF) is on an at-will basis.

This means that either the employee or IPOPIF may terminate the employment relationship at any time, for any reason, with or without cause and without prior notice.

Nothing in this Employee Handbook creates or is intended to create an employment agreement, express or implied. Nothing contained in this, or any other document provided to the employee is intended to be, nor should it be, construed as a contract that employment or any benefit will be continued for any period of time. In addition, no representative from IPOPIF is authorized to modify this policy for any employee or to enter into any agreement, oral or written, that changes the at-will relationship. No statement of IPOPIF employees constitute a binding obligation unless it is in writing, labeled as an agreement, signed by the Executive Director, and approved by the Board of Trustees.

Any salary figures provided to an employee in annual or monthly terms are stated for the sake of convenience or to facilitate comparisons and are not intended to and do not create an employment contract for any specific period of time.

Nothing in this statement is intended to interfere with, restrain, or prevent concerted activity as protected by the Illinois Public Labor Relations Act ("IPLRA"). Such activity includes employee communications regarding wages, hours, or other terms or conditions of employment. IPOPIF employees have the right to engage in or refrain from such activities.

**SECTION 2
EMPLOYMENT PRACTICES AND REPORTING PROCEDURES**

2.1 Commitment to Diversity

IPOPIF is committed to creating and maintaining a workplace in which all employees have an opportunity to participate and contribute to the success of the Fund and are valued for their skills, experience, and unique perspectives. This commitment is embodied in IPOPIF policy and is an important principle of sound Fund management.

IPOPIF EMPLOYEE HANDBOOK

2.2 Equal Employment Opportunity

IPOPIF provides equal employment opportunities to all employees and applicants for employment without regard to actual or perceived race, color, creed, ancestry, national origin, citizenship, sex or gender (including pregnancy, childbirth, and pregnancy-related conditions), gender identity or expression (including transgender status), sexual orientation, marital status, religion, age, disability, genetic information, service in the military, or any other characteristic protected by applicable federal, state, or local laws and ordinances. Equal employment opportunity applies to all terms and conditions of employment, including hiring, placement, promotion, termination, layoff, recall, transfer, leave of absence, compensation, and training.

2.3 Discrimination and Harassment Free Workplace

IPOPIF is committed to maintaining a work environment that is free from all forms of discrimination on the basis of any legally protected status, including harassment. IPOPIF will not tolerate interference with the ability of employees to perform their expected job duties. Accordingly, IPOPIF does not permit any form of unlawful harassment, discrimination or intimidation against its employees or vendors based on any protected status. Protected status includes perceived or actual race, color, age, religion, marital status, sex, ancestry, national origin, citizenship, veteran's status, pregnancy, disability, sexual orientation, protected activity, conviction record, or any other characteristic protected by federal, state, or local law. This policy also prohibits harassment against an employee because of that employee's association with an individual (e.g., relatives, friends, or associates) who belongs to a protected category.

IPOPIF strongly believes in maintaining a work environment that is free from all forms of sexual abuse, sexual misconduct, emotional misconduct, physical misconduct, bullying and hazing.

Any violation of this policy by an IPOPIF employee may subject the employee to disciplinary action, up to and including discharge. Appropriate action also will be taken against any subcontractor, vendor or other third party found in violation of this policy.

2.4 Americans with Disabilities Act (ADA) and Reasonable Accommodations

IPOPIF is committed to the fair and equal employment of individuals with disabilities. It is IPOPIF's policy to provide reasonable accommodation to qualified individuals with disabilities unless the accommodation would impose an undue hardship on the Fund. IPOPIF prohibits any harassment of, or discriminatory treatment of, employees based on a disability or because an employee has requested a reasonable accommodation.

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Reasonable accommodations will be provided to qualified individuals with disabilities to enable them to perform the essential functions of their jobs and to enjoy the equal benefits and privileges of employment. An employee with a disability may request an accommodation from Human Resources and engage in an informal process to clarify what the employee needs and to identify possible accommodations. If requested, the employee is responsible for providing medical documentation regarding the disability and possible accommodations. All information obtained concerning the medical condition or history of an applicant or employee will be treated as Confidential Information, maintained in separate medical files, and disclosed only as permitted by law.

It is the policy of IPOPIF to prohibit harassment, discrimination or retaliation based on disability or because an employee has requested a reasonable accommodation. Employees should use the procedures described in the Reporting Procedure to report any harassment, discrimination, or retaliation they have experienced or witnessed.

2.5 Discriminatory Harassment

Harassment consists of unwelcome conduct, whether verbal, physical or visual, that is based upon a person's protected status. Harassment has the purpose or effect of substantially interfering with the individual's work performance or creating an intimidating, hostile or offensive working environment. Harassment can cause an individual to feel threatened, humiliated, or patronized. It can lead to a belief that the acceptance of harassment is necessary to keep a job or to progress and is, therefore, contrary to the philosophy of equal opportunities at work.

IPOPIF will not tolerate and prohibits intentional and unintentional harassment of or against job applicants, contractors, interns, volunteers, or employees by another employee, supervisor, vendor, or third party based on actual or perceived race, color, creed, religion, national origin, ancestry, citizenship status, age, sex or gender (including pregnancy, childbirth, and pregnancy-related conditions), gender identity or expression (including transgender status), sexual orientation, marital status, military service and veteran status, physical or mental disability, genetic information, or any other characteristic protected by applicable federal, state, or local laws.

2.6 Sexual Harassment

Sexual Harassment is a form of discrimination. Unwelcome sexual advances, requests for sexual favors, and other verbal, written or physical conduct of a sexual nature constitute sexual harassment when:

- Submission to such conduct is made either explicitly or implicitly a term or condition of the individual's employment,

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- Submission to or rejection of such conduct by an individual is used as the basis for an employment decision affecting that individual, or
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance and creating an intimidating, hostile, or offensive working environment.

Every person who works for IPOPIF, any person who is not an employee of IPOPIF but who directly performs services for the Fund pursuant to a contract, including contractors and consultants, and every Board Trustee has the right to perform their work free of sexual harassment in their working environment. For the purposes of this definition, the phrase "working environment" is not limited to a particular physical location to which an employee or non-employee is assigned to perform their duties but can be anywhere the individual may be performing their duties.

Sexual harassment includes many forms of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser. The following is a non-exhaustive list of sexual harassment examples:

- Unwanted sexual advances.
- Offering employment benefits in exchange for sexual favors.
- Making or threatening reprisals after a negative response to a sexual advance.
- Visual conduct that includes leering, making sexual gestures, or displaying of suggestive objects or pictures, cartoons or posters.
- Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes.
- Verbal sexual advances or propositions.
- Verbal comments or abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations.
- Physical conduct that includes touching, assaulting or impeding or blocking movements.

Any person who believes they have been subjected to sexual harassment or has witnessed sexual harassment is obligated to immediately report the conduct to Human Resources or any other member of management with whom you feel comfortable.

2.7 Reporting Procedure

If you believe you have been subject to or have witnessed unlawful discrimination, including sexual or other forms of unlawful harassment, or other inappropriate conduct, you are required to immediately report this conduct. You may file a report directly with Human Resources or any other member of management with whom you feel comfortable. Similarly, if you observe acts of discrimination toward or harassment of another employee, you are required to immediately report this to Human Resources or any other member of management with whom you feel comfortable.

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You may also contact the Illinois Department of Human Rights for additional information or to file a charge of discrimination. The Illinois Department of Human Rights can be accessed online at <https://www2.illinois.gov/dhr> or by telephone at (217) 785-5100.

All reports of unlawful discrimination and harassment will be investigated promptly, and confidentiality will be protected to the extent possible. At the conclusion of the investigation, the affected parties shall be notified of the results of the investigation.

If the investigation confirms a violation of this policy, IPOPIF will take immediate, appropriate, corrective action, including discipline, up to and including immediate termination of employment or the termination of services by a third party.

2.8 Retaliation Prohibited

Retaliation means adverse conduct taken because an individual reported an actual or a perceived violation of this policy, opposed practices prohibited by this policy, or participated in the reporting and investigation process.

Retaliation against any employee for raising issues of equal employment opportunity, reporting discrimination or harassment, including sexual harassment, requesting an accommodation, or participating or aiding in an investigation of discrimination, including sexual harassment, is strictly prohibited. Retaliation is also prohibited based on political affiliation and political positions. Employees with questions or concerns about equal employment opportunities in the workplace are encouraged to bring these issues to the attention of Human Resources. In addition, any employee who believes that he or she has been subjected to retaliation should bring the retaliatory conduct to the attention of Human Resources or any other member of management with whom the employee feels comfortable.

All reports of unlawful retaliation will be investigated promptly, and confidentiality will be protected to the extent possible. At the conclusion of the investigation, the affected parties shall be notified of the results of the investigation.

If the investigation confirms a violation of this policy, IPOPIF will take immediate, appropriate, corrective action, including discipline, up to and including immediate termination of employment or the termination of services by a third party.

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2.9 Annual Sexual Harassment Training

Sexual harassment prevention training shall be provided at least once a year to all employees. Human Resources will provide employees with the training module and certification.

**SECTION 3
WORKPLACE GUIDELINES AND EXPECTATIONS**

3.1 Standards of Conduct

We value professionalism in the workplace. It is every employee's responsibility to be aware of IPOPIF's rules, policies, and procedures, and to conduct oneself in accordance with them. The following list includes, but is not limited to, examples of activities which may result in immediate termination:

- Engaging in any violation of federal, state, or local law or engaging in any behavior that would bring IPOPIF's reputation into question.
- Any act that causes one's integrity to be questioned, such as intentional falsification of IPOPIF records and documents, fraud, theft, or unauthorized use of IPOPIF assets.
- Violation of IPOPIF's Alcohol and Drug Free Workplace Policy.
- Refusing to perform a job assignment or other reasonable request, insubordination, or discourteous conduct toward co-workers, supervisors or a Member.
- Any act that may create a dangerous situation, such as acts or threats of violence, intimidation, harassment, coercion, or disregard of property and safety standards.
- Any breach of IPOPIF's By-Laws or Ethics policy.
- Any act which violates IPOPIF's EEO, Discrimination and Harassment policies.
- Any act which reflects negatively on the Fund.

This list is not all-inclusive. Management has the right to exercise its discretion in disciplinary action, up to and including termination.

3.2 Conflicts of Interest

IPOPIF expects all employees to conduct themselves conscientiously, honestly and in accordance with the best interests of the Fund and in a manner that reflects the highest standards of ethical conduct and in accordance with all federal, state, and local laws and regulations. This includes avoiding real and potential conflicts of interests.

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Exactly what constitutes a conflict of interest, or an unethical Fund practice is both a moral and a legal question. IPOPIF recognizes and respects the individual employee's right to engage in activities outside of employment that are private in nature and do not in any way conflict with or reflect poorly on the Fund.

It is not possible to define all the circumstances and relationships that might create a conflict of interest. If a situation arises in which there is a potential conflict of interest, the employee should discuss this with a manager for advice and guidance on how to proceed.

Employees are obligated to read and abide by IPOPIF's Ethics Policy, PP-2020-07, which details the conduct expected of employees and Board of Trustees alike. If there is any conflict between this section and PP-2020-07, the Ethics Policy shall take precedence. The following are some of the types of activities that indicate improper behavior, unacceptable personal integrity, or unacceptable ethics:

1. Simultaneous employment by another entity that is a peer to, competitor of or supplier to IPOPIF.
2. Acquiring any business interest in an entity which conducts business with IPOPIF.
3. A close relative of an employee acquiring any business interest in an entity which conducts business with IPOPIF.
4. Holding a substantial interest in, or participating in the management of, an entity to which IPOPIF makes sales or from which it makes purchases.
5. Borrowing money from IPOPIF vendors other than recognized loan institutions, from which IPOPIF buys services, materials, equipment, or supplies.
6. Accepting any item of value from an entity or individual or the spouse or domestic partner, or immediate family members of such individuals who are doing business with the Fund or are seeking to do business with the Fund within the next twelve (12) months, or who have an interest that is substantially affected by Fund business. Such individuals can include but are not limited to lobbyists, attorneys, investment managers, consultants, professional service providers, brokers and vendors.
7. Speculating or dealing in materials, equipment, supplies, services, or property purchased by IPOPIF.
8. Violation of IPOPIF By-Laws or Policies.
9. Misusing privileged information or revealing confidential data to outsiders.
10. Using one's position in IPOPIF or knowledge of its affairs for personal gains.
11. Engaging in practices or procedures that violate antitrust laws, commercial bribery laws, copyright laws, discrimination laws, campaign contribution laws, or other laws regulating the conduct of IPOPIF.

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12. Loss of independence or impartiality.
13. Adversely affecting public confidence in the integrity or the reputation of IPOPIF.
14. Endangering life, health, or safety.

3.3 Confidential Information

The protection of Confidential Information and trade secrets is vital to the interests and success of IPOPIF. Confidential Information includes any and all information about such things as IPOPIF's operations, practices and procedures, financial information, member information, software and hardware disclosed to or known by employees because of employment with IPOPIF, and any and all information disclosed to or known by the employee because of employment with IPOPIF that is not generally known to people outside IPOPIF.

An employee who improperly uses or discloses trade secrets or Confidential Information will be subject to disciplinary action up to and including termination of employment and legal action, even if the employee does not actually benefit from the disclosed information.

3.4 Employment Classification

In order to determine eligibility for benefits and overtime status and to ensure compliance with federal and state laws and regulations, IPOPIF classifies its employees as shown below. IPOPIF may review or change employee classifications at any time.

Exempt: Exempt employees are typically paid on a salary basis and are not eligible to receive overtime pay.

Non-exempt: Non-exempt employees are paid on an hourly basis and are eligible to receive overtime pay for over forty (40) hours per week worked. Non-exempt employees are further classified as follows:

- **Regular, full time.** Employees who are not in a temporary status and work a minimum of thirty (30) hours weekly and maintain continuous employment status. Generally, these employees are eligible for the full-time benefits package and are subject to the terms, conditions, and limitations of each benefits program.
- **Regular, part-time.** Employees who are not in a temporary status and who are regularly scheduled to work less than thirty (30) hours weekly but at least twenty (20) hours weekly and who maintain continuous employment status. Part-time employees are eligible for some of the benefits offered by IPOPIF and are subject to the terms, conditions, and limitations of each benefits program.

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- **Temporary, full time.** Employees who are hired as interim placements to temporarily supplement the workforce or to assist in the completion of a specific project and who are temporarily scheduled to work IPOPIF's full-time schedule for a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status.
- **Temporary, part time.** Employees who are hired as interim placements to temporarily supplement the workforce or to assist in the completion of a specific project and who are temporarily scheduled to work less than thirty (30) hours weekly for a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status.

3.5 Workweek and Hours of Work

The standard workweek is from Saturday 12:00 a.m. until Friday 11:59 p.m. and generally consists of forty (40) work hours per week. Office hours are 8:30 a.m. to 5:00 p.m. Individual work schedules may vary depending on the needs of IPOPIF.

3.6 Lunch Break

Employees are entitled to a 30-minute unpaid lunch break each day. Any non-exempt employee who is required to work through a lunch break will be paid for the 30-minute period.

3.7 Time Records

All non-exempt employees are required to complete accurate weekly time reports showing all time actually worked. These records are required by governmental regulations and are used to calculate regular and overtime pay. At the end of each week, employees must sign the time sheet attesting to its correctness before forwarding it to the Executive Director.

3.8 Overtime

When required due to the needs of IPOPIF, employees may be asked to work overtime. Overtime is actual hours worked in excess of forty (40) hours in a single workweek. Non-exempt employees will be paid overtime compensation at the rate of one and one-half their regular rate of pay for all hours over forty (40) actually worked in a single workweek. Paid leave, such as holidays, bereavement time, and jury duty, and paid time off (PTO) does not apply toward actual work time. All overtime work must be approved in advance by a supervisor or manager.

3.9 Deductions from Pay/Safe Harbor Exempt Employees

IPOPIF complies with the salary basis requirements of the Fair Labor Standards Act (FLSA). Employees classified as exempt from the overtime pay requirements of the FLSA will be notified of this classification at the time of hire or change in position. All required deductions, such as for federal, state, and local taxes and all authorized voluntary deductions, such as for health insurance contributions, will be withheld automatically from pay.

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3.10 Permitted Deductions

The FLSA limits the types of deductions that may be made from the pay of an exempt employee. Deductions that are permitted include:

- Deductions that are required by law, e.g., payroll taxes;
- Deductions for employee benefits when authorized by the employee or required by law;
- Absence from work for one (1) or more full days for personal reasons other than sickness or disability;
- Absence from work for one (1) or more full days due to sickness or disability if the deduction is made in accordance with a bona fide plan, policy, or practice of providing compensation for salary lost due to illness;
- Offset for amounts received as witness or jury fees or for military pay;
- Unpaid disciplinary suspensions of one (1) or more full days imposed in good faith for workplace conduct rule infractions; *and*
- Any full workweek in which the employee does not perform any work.

During the week an exempt employee begins work for IPOPIF or during the last week of employment, the employee will only be paid for actual hours worked. In addition, an employee may be paid only for hours worked during a period when the employee is using unpaid leave under the Family and Medical Leave Act (FMLA).

3.11 Improper deductions

If an employee classified as exempt believes that an improper deduction has been taken from the employee's pay, the employee should immediately report the deduction to Human Resources. The report will be promptly investigated, and if it is found that an improper deduction has been made, IPOPIF will reimburse the employee for the improper deduction.

3.12 Direct Deposit

IPOPIF pay periods for all employees are semi-monthly via electronic direct deposit on the 15th and the last day of each month. If a payday falls on a state or federal holiday or a weekend, IPOPIF will deposit their pay on the preceding workday.

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3.13 Employee Benefits

IPOPIF recognizes the value of benefits to employees and their families.

IPOPIF is proud to offer comprehensive and competitive benefits designed to enhance an employee's work life. Regular full-time employees at IPOPIF are offered a comprehensive benefits plan that includes, but is not limited to:

- medical insurance
- dental insurance
- vision insurance
- term life insurance
- flexible spending account

If an employee has any questions regarding their eligibility for a benefit, they should speak with Human Resources.

As benefit options may be added and changed occasionally, please refer to the current benefits guide for all current offerings. For more information regarding certain benefits programs, please ask Human Resources for a copy of IPOPIF's Summary Plan Descriptions (SPD). To the extent the information provided in this Handbook conflicts with the SPD or full plan document, the full plan document will control.

3.14 Access to Personnel Files

IPOPIF abides by the Personnel Records Review Act (820 ILCS 0.01 et seq.) A personnel record of necessary job-related and personal information about each employee will be maintained and retained by Human Resources. ~~The personnel record is the property of IPOPIF.~~

Employee Personnel File Inspection

Normally, internal access to an employee's personnel record is limited to the Executive Director, Chief Investment Officer, Chief Financial Officer, General Legal Counsel, and Human Resources. An employee may request to inspect personnel documents which are, have been, or are intended to be used in determining that employee's qualifications for employment, promotion, transfer, additional compensation, discharge or other disciplinary action, unless exempted under Section 10 of the Personnel Record Review Act, 820 ILCS 40/10 ("Personnel File"). All inspection requests should be in writing and IPOPIF may require that such requests be made on a form supplied by IPOPIF.

The requesting employee will be given the opportunity to inspect their Personnel File within 7 working days after the request has been made, unless IPOPIF cannot meet the deadline, in which case IPOPIF will have an additional 7 days to comply. The inspection will take place at the IPOPIF

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office and during normal working hours. IPOPIF may, in its discretion, allow the inspection to take place at a time other than working hours or at a place other than the IPOPIF office if that time or place would be more convenient for the employee. An employee may request to inspect their Personnel File up to a maximum of 2 times per year, when requests are made at reasonable internals.

The personnel record is the property of IPOPIF and shall not be removed at any time from IPOPIF office by the employee.

Employee Personnel File Copy

Upon an employee's written request, IPOPIF will e-mail or mail a copy of the requested Personnel File to the employee for purposes of receiving the copy of the requested record. IPOPIF may charge the employee a fee limited to the actual cost of duplicating the requested record.

Accuracy of Employee Personnel Files

Employees who question the accuracy of or disagree with any information contained in their record should bring the matter to the attention of the Executive Director. -The matter will be brought to the attention of the necessary parties for further review. If it is decided that retention of disputed information is appropriate, the employee is entitled to place a brief statement in the record identifying the disputed material.

Requests for verification of employment by employees should be in writing. All requests for information pertaining to an employee or former employee from any outside source should be referred to the Executive Director.

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3.15 Employment of Relatives and Domestic Partners

IPOPIF shall not employ relatives and domestic partners of the IPOPIF Board of Trustees. Relatives and domestic partners of employees may be hired by IPOPIF if (1) the persons concerned will not work in a direct supervisory relationship, and (2) the employment will not pose difficulties for supervision, security, safety, or morale. For the purposes of this policy, “relatives” are defined as spouses, domestic partners, children, siblings, parents, or grandparents. A “domestic partnership” is generally defined as a committed relationship between two individuals who are sharing a home or living arrangements.

Current employees who marry each other or become involved in a domestic partnership will be permitted to continue employment with IPOPIF provided they do not work in a direct supervisory relationship with each other or otherwise pose difficulties as mentioned above. If employees who marry or live together do work in a direct supervisory relationship with each other, IPOPIF will attempt to reassign one of the employees to another position for which the employee is qualified if such a position is available. If no such position is available, the employees will be permitted to determine which one of them will resign from IPOPIF.

3.16 Attendance

All employees are expected to arrive on time, ready to work, every day they are scheduled to work.

If unable to arrive at work on time, or if an employee will be absent for an entire day, the employee must contact the Executive Director or Chief Investment Officer as soon as possible. Excessive absenteeism or tardiness will result in discipline up to and including termination. Failure to show up or call in for a scheduled shift without prior approval also may result in discipline up to and including termination. If an employee fails to report to work or call in to inform the supervisor of the absence for three (3) consecutive days or more, the employee will be considered to have voluntarily resigned employment.

3.17 Job Performance and Performance Reviews

Communication between employees and supervisors or managers is very important. Discussions regarding job performance are ongoing and often informal. Employees should initiate conversations with their supervisors if they feel additional ongoing feedback is needed.

Generally, formal performance reviews are conducted annually. These reviews include a written performance appraisal and discussion between the employee and the supervisor about job performance and expectations for the coming year.

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3.18 Pay Adjustments

Pay adjustments for regular full-time and regular part-time employees will normally take place at the start of each fiscal year. After an employee has worked for one year at IPOPIF, pay adjustments may occur after the beginning of the following fiscal year. Pay adjustments, if any, depend on the employee's work performance throughout the prior year.

3.19 Outside Employment

Employees generally are permitted to work a second job as long as it does not interfere with their job performance or create a conflict of interest with IPOPIF. All employees, including part-time employees, must obtain prior approval from Human Resources before undertaking any outside employment or other work activity.

Employees with a second job are expected to work their assigned schedules. A second job will not be considered an excuse for poor job performance, absenteeism, tardiness, leaving early, refusal to travel, or refusing to work overtime or different hours. In addition, employees who have accepted outside employment may not use PTO to work on the second job. However, an employee on a leave of absence may continue to work the second job if this employment has been approved by IPOPIF under this policy and the employee's reason for the leave of absence does not preclude the outside employment.

If outside work activity causes or contributes to job-related problems, it must be discontinued, or the employee may be subject to disciplinary action up to and including termination.

3.20 Dress and Grooming

IPOPIF provides a casual yet professional work environment for its employees. Even though the dress code is business casual, it is important to project a professional image in the workplace. All employees are expected to dress in a manner consistent with good hygiene, safety, and good taste. Please use common sense.

Certain employees may be required to meet special dress and grooming expectations depending on the nature of their job. Any questions regarding the appropriateness of attire should be directed to the Executive Director or Chief Investment Officer.

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3.21 Lactation Room

After a child’s birth and for at least one year after a child’s birth, an employee who is breastfeeding her child will be provided reasonable paid break times as needed to express breast milk for her baby. IPOPIF has designated a room for this purpose. A refrigerator is available for storage purposes. Any breast milk stored in the refrigerator must be labeled with the name of the employee and the date the milk was expressed. Employees storing milk in the refrigerator assume all responsibility for the safety of the milk and the risk of harm for any reason, including improper storage or refrigeration.

A notice is available to post on the room door indicating the room is in use and the door is to remain closed.

3.22 Bulletin Boards

All required governmental postings are posted on the boards located in the break room. These boards may also contain general announcements. Postings in general office areas must be pre-approved.

Nothing in this policy is meant to, nor should it be interpreted to, in any way limit an employee’s rights under any applicable federal, state, or local laws, including rights under the Illinois Public Labor Relations Act to engage in protected concerted activities with other employees to improve or discuss terms and conditions of employment, such as wages, working conditions, and benefits. Employees have the right to engage in or refrain from such activities.

3.23 Solicitation

Employees should be able to work in an environment that is free from unnecessary annoyances and interference with their work. In order to protect our employees and visitors, solicitation by employees is strictly prohibited while either the employee being solicited or the employee doing the soliciting is on “working time.” Lunch breaks and time on the premises immediately before or after a shift does not count as “working time”.

Employees are also prohibited from distributing written materials, handbills, or any other type of literature on working time and, at all times, in “working areas.” “Working areas” do not include break rooms, parking lots, or common areas shared by employees during non-working time.

Nonemployees may not trespass or solicit or distribute materials anywhere on IPOPIF property at any time.

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Nothing in this policy is meant to, nor should it be interpreted to, in any way limit an employee's rights under any applicable federal, state, or local laws, including rights under the Illinois Public Labor Relations Act to engage in protected concerted activities with other employees to improve or discuss terms and conditions of employment, such as wages, working conditions, and benefits. Employees have the right to engage in or refrain from such activities.

3.24 Drug-Free and Alcohol-Free Workplace

It is the policy of IPOPIF to maintain a drug and alcohol-free work environment that is safe and productive for employees and others at the Fund.

Manufacturing, distributing, dispensing, possessing, or using illicit drugs, controlled substances, alcohol or cannabis (including medical marijuana) or a component thereof, such as THC, on premises or off premises, while the employee is conducting work for IPOPIF, is prohibited. The only exception is approved or sponsored functions or Fund-related meetings where alcohol may be served. At such functions or meetings, moderate consumption of alcohol is permitted, but reasonable standards of conduct must be maintained.

Employees are prohibited from being at work while under the influence of alcohol, cannabis (including medical marijuana) or a component thereof, such as THC, illegal drugs, or controlled substances. Any employee violating this prohibition will be subject to disciplinary action up to and including immediate discharge. If IPOPIF disciplines an employee on the basis that the employee is under the influence or impaired by cannabis, IPOPIF shall give the employee a reasonable opportunity to contest the basis of the determination.

An employee taking a drug or other medication, whether or not prescribed by a medical professional, which is known or publicized as possibly impairing judgment, coordination, or other senses important to the safe, productive performance of work must notify his/her supervisor prior to starting work. Management will decide whether the employee can continue to work, and/or impose any necessary work restrictions.

To ensure compliance with this policy, substance abuse screening may be conducted in the following situations:

- Preemployment: as required by IPOPIF for all prospective employees who receive a conditional offer of employment.
- For cause: upon reasonable suspicion that the employee is under the influence of alcohol or drugs that could affect or have adversely affected the employee's job performance.
- Random: as authorized or required by federal or state law.

Compliance with this policy is a condition of employment. Employees who test positive or who refuse to submit to substance abuse screening will be disciplined, up to and including termination. Notwithstanding any provision herein, this policy will be enforced at all times in accordance with applicable federal, state, and local law.

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3.25 Smoke-Free Workplace

Smoking is not allowed in IPOPIF’s office or work areas at any time. “Smoking” includes the use of any tobacco products (including chewing tobacco), electronic smoking devices, and e-cigarettes.

Smoking is only permitted during break times in designated outdoor areas. Employees using these areas are expected to dispose of any smoking debris safely and properly.

3.26 Employee Assistance Program

The Fund is interested in helping those who are willing to help themselves by voluntarily seeking outside assistance. Employees are encouraged to request assistance from reputable sources in the community or through our health insurance plan. The employee’s decision to seek such assistance will not be used as the basis for disciplinary action. However, seeking such assistance will not be a defense for violating Fund policy regarding drugs and alcohol. Nor will it excuse or limit the employee’s obligation to meet the Fund’s policies regarding attendance, job performance or safe behavior on the job.

3.27 Disciplinary Procedure

IPOPIF expects employees to comply with IPOPIF’s standards of behavior and performance and to correct any noncompliance with these standards.

Under normal circumstances, IPOPIF endorses a policy of progressive discipline in which it attempts to provide employees with notice of deficiencies and an opportunity to improve. It does, however, retain the right to administer discipline in any manner it sees fit. This policy does not modify the status of employees as employees at will or in any way restrict IPOPIF’s right to accelerate discipline or immediately terminate employees.

The following steps are suggested in the discipline procedure. All steps should be documented in the employee’s personnel file:

Step 1: Informal Discussion. When a performance problem is first identified, the nature of the problem and the action necessary to correct it should be thoroughly discussed with the employee.

Step 2: Counseling. If a private informal discussion with the employee has not resulted in corrective action, following a thorough investigation, the supervisor should meet with the employee and (a) review the problem, (b) permit the employee to present information regarding the problem, (c) advise the employee that the problem must be corrected, (d) inform the employee that failure to correct the

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problem will result in further disciplinary action that may include discharge, and (e) issue a counseling notice to the employee.

Step 3: Reprimand. If satisfactory performance and corrective action are not achieved under Steps 1 and 2, the supervisor and a representative from Human Resource should meet with the employee in private and proceed to issue a reprimand notice to the employee.

Step 4: Suspension. The Executive Director has the authority to temporarily remove employees from the workplace, with or without pay. An exempt employee generally may not be suspended without pay for less than a full day, and the suspension must be related to written workplace conduct rules applicable to all employees, such as a written policy prohibiting sexual harassment or workplace violence.

Step 5: Failure to improve. Failure to improve performance or behavior after the written warning or suspension can result in termination.

The progressive disciplinary procedures described above also may be applied to an employee who is experiencing a series of unrelated problems involving job performance or behavior.

In cases involving serious misconduct, or any time the Executive Director or Chief Investment Officer determines it is necessary, such as a serious breach of policy or violation of law, the procedures outlined above may be disregarded. Typically, the supervisor should suspend the employee immediately (with or without pay), and an investigation of the incidents leading up to the suspension should be conducted to determine if any further action, such as termination, should be taken.

3.28 Separation from Employment

In all cases of voluntary resignation (one initiated by the employee), employees are asked to provide a written notice to their supervisors at least ten (10) working days in advance of the last day of work. Holidays and PTO will not be counted toward the 10-day notice. Employees who provide the requested amount of notice will be considered to have resigned in good standing and generally will be eligible for rehire.

In most cases, the Executive Director, Chief Investment Officer, and/or Human Resources will conduct an exit meeting on or before the last day of employment to collect all IPOPIF property and to discuss final pay. If applicable, information regarding benefits continuation through the Consolidated Omnibus Budget Reconciliation Act (COBRA) will be sent to the employee's home address.

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3.29 Press Inquiries

All inquiries from the media must be referred to the Executive Director or Chief Investment Officer.

3.30 Changes to Personal Information

Employees are required to provide IPOPIF with current personal information, including their address, phone number, dependents, spouse's name, next of kin, and beneficiaries, as necessary for legitimate work-related purposes. Employees are required to notify IPOPIF regarding any change to this information within one week of its occurrence.

SECTION 4

WORKPLACE SAFETY AND SECURITY

4.1 Commitment to Safety

Protecting the safety of our employees and visitors is paramount at IPOPIF.

All employees have the opportunity and responsibility to contribute to a safe work environment by using common sense rules and safe practices and by notifying management when any health or safety issues are present. All employees are encouraged to partner with management to ensure maximum safety for all.

In the event of an emergency, notify the appropriate emergency personnel by dialing 911 to activate the emergency services.

Any workplace injury, accident, or illness must be reported to the employee's supervisor and Human Resources within 24 hours, unless it is physically impossible to do so.

4.2 Visitors

In order to maintain security and safety for our employees, IPOPIF has the following policy with respect to visitors:

- All visitors must check in with the receptionist.
- This policy applies to anyone who is not an active employee, including employees on leave, former employees, vendors, and suppliers, excluding Board Trustees.
- When employees have any doubt whether a person can visit, they should contact the Executive Director or Chief Investment Officer for clarification and authorization.

IPOPIF EMPLOYEE HANDBOOK

4.3 IPOPIF Property

It is IPOPIF's goal to respect the individual privacy of its employees and at the same time maintain a safe and secure workplace. When issues of safety and security arise, you may be requested to cooperate with an investigation. The investigation may include the following procedures to safeguard IPOPIF and its employees: searches of personal belongings, searches of work areas, searches of private vehicles on IPOPIF premises, medical examinations, and the like. Failure to cooperate with an investigation is grounds for termination. Providing false information during any investigation may lead to discipline, including termination.

Employees are expected to make use of IPOPIF facilities only for advancing Fund purposes. Accordingly, materials that appear on IPOPIF hardware or networks are subject to review by IPOPIF at any time without notice to the employees. Employees should not have any expectation of privacy with respect to any material on IPOPIF property, including IPOPIF computers and phones. IPOPIF regularly monitors its communications systems and networks as allowed by law. Monitored activity may include voice, e-mail, and text communications, as well as Internet search and browsing history. Employees who make excessive use of the communications system for personal matters are subject to discipline. Employees are expected to keep personal communication to a minimum and to emergency situations.

Office telephones are for conducting Fund business. While IPOPIF recognizes that some personal calls are necessary, these should be kept as brief as possible and to a minimum. Where applicable, personal use of IPOPIF's cell phones, long-distance account, or toll-free numbers is strictly prohibited. Abuse of these privileges is subject to corrective action up to and including termination.

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4.4 Use and Protection of Social Security Numbers

Social Security numbers obtained from employees, vendors, contractors, customers, or others are Confidential Information. Social Security numbers will be obtained, retained, used, and disposed of only for legitimate Fund reasons and in accordance with the law and this policy.

Documents or other records containing employee Social Security numbers generally will be requested, obtained, or created only for legitimate Fund reasons consistent with this policy. For example, Social Security numbers may be requested from employees for tax reporting purposes (i.e., Internal Revenue Service (IRS) Form W-4), for new hire reporting, or for purposes of enrollment in IPOPIF's employee benefit plans.

All records containing Social Security numbers (whether partial or complete) will be maintained in secure, confidential files with limited access.

Any employee who obtains, uses, or discloses Social Security numbers for unauthorized purposes or contrary to the requirements of this policy and procedure may be disciplined, up to and including discharge. IPOPIF will cooperate with government investigations of any person alleged to have obtained, used, or disclosed Social Security numbers for unlawful purposes.

4.5 Video Surveillance. As part of its security measures and to help ensure a safe workplace, IPOPIF reserves the right to position video cameras to monitor various areas of its facilities. Video cameras will not be used in private areas, such as break rooms, restrooms, locker/dressing rooms, etc. Videotapes will not include an audio component.

4.6 Workplace Violence Prevention

IPOPIF is committed to providing a safe, violence-free workplace for our employees. Due to this commitment, we discourage employees from engaging in any physical confrontation with a violent or potentially violent individual or from behaving in a threatening or violent manner. Threats, threatening language, or any other acts of aggression or violence made toward or by any employee will not be tolerated. A threat may include any verbal or physical harassment or abuse; attempts to intimidate others; menacing gestures; stalking; or any other hostile, aggressive, and/or destructive actions taken for the purposes of intimidation. This policy covers any violent or potentially violent behavior that occurs in the workplace or at IPOPIF sponsored events.

All IPOPIF employees bear the responsibility of keeping our work environment free from violence or potential violence. Any employee who witnesses or is the recipient of threats or violent behavior should promptly inform their supervisor or Human Resources. All threats will be promptly investigated. No employee will be subject to retaliation, intimidation, or discipline as a result of reporting a threat in good faith under this guideline.

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Any individual engaging in violence against IPOPIF, its employees, or its property will be prosecuted to the full extent of the law. All acts will be investigated, and the appropriate action will be taken. Any such act or threatening behavior may result in disciplinary action up to and including termination.

4.7 Emergency Closings

IPOPIF's mission requires that the Fund operates year round.

However, there may be situations in which employees may choose to leave the office if they feel immediate concern for their safety. Employees must notify the Executive Director or the Chief Investment Officer about this situation as soon as practicable.

If the office is officially closed early due to an emergency, non-exempt employees who are working on-site as of the time of the closing will be paid for the actual hours they were unable to work that day. Exempt employees will be paid for a normal full day but are expected to complete their work at another time.

SECTION 5

TECHNOLOGY AND SOCIAL MEDIA USE AND RESTRICTIONS

5.1 Computers, Internet, E-Mail, and Other Resources

IPOPIF provides a wide variety of communication tools and resources to employees for use in running day-to-day Fund business activities. The IPOPIF telephone, voicemail, scanner, Internet, intranet, e-mail, text messaging, portable electronic devices, or any other IPOPIF-provided technology should be reserved for Fund related matters. All communication using these tools should be handled in a professional and respectful manner.

Employees should not have any expectation of privacy in their use of IPOPIF computer, phone, portable electronic devices, or other communication tools. Furthermore, all communications related to IPOPIF matters, regardless if they are made using one's personal equipment or services or IPOPIF-provided equipment or services, including e-mail and Internet activity, may be subject to disclosure under the Illinois Freedom of Information Act, and are subject to inspection by IPOPIF. Furthermore, internal and external e-mails are considered business records and may be subject to federal and state recordkeeping requirements, as well as to discovery in the event of litigation. Be aware of this possibility when sending e-mails within and outside IPOPIF.

All communications systems and equipment, including telephone, computers, voicemail, and e-mail are the property of IPOPIF and IPOPIF reserves the right to access, monitor and record without notice to the employee all telephone and electronic communications made via IPOPIF systems and equipment. The reason for recording and monitoring is to ensure that members receive complete and accurate information, for training purposes, and to generally ensure quality control among the staff.

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Please note that in the course of monitoring or reviewing recorded calls for quality control or training purposes, or reviewing e-mails or voicemails, it is possible that the person monitoring or reviewing may overhear or read personal communications. To ensure that personal communications remain private, employees should utilize personal email and non-IPOPIF cellular telephones when communicating regarding a personal subject matter. However, work related communications must be made via IPOPIF equipment and systems. Employees should keep in mind that even if they delete an e-mail, a voicemail, or another communication, a copy may be archived on IPOPIF's systems.

Employee use of IPOPIF-provided communication systems, including personal e-mail and Internet use, which is not job-related has the potential to drain, rather than enhance, productivity and system performance. Employees should also be aware that information transmitted through e-mail and the Internet is not completely secure or may contain viruses or malware, and information employees transmit and receive could damage IPOPIF's systems, as well as the reputation and/or competitiveness of IPOPIF. To protect against potential problems, delete any e-mail messages before opening that are received from unknown senders and advertisers. It also is against IPOPIF policy to turn off antivirus protection software or make unauthorized changes to system configurations installed on IPOPIF computers. Violations of this policy may result in termination for a first offense.

All use of IPOPIF-provided communications systems, including e-mail and Internet use, should conform to our IPOPIF guidelines/policies, including but not limited to the Equal Opportunity, Harassment, Confidential Information, and Conflicts of Interest policies. So, for example, employees should not engage in harassing or discriminatory behavior that targets other employees or individuals because of their protected class status or make defamatory comments. Similarly, employees should not divulge Confidential Information such as trade secrets, client lists, or information restricted from disclosure by law on social media sites.

The electronic communication systems are not secure and may allow inadvertent disclosure, accidental transmission to third parties, etc. Sensitive information should not be sent via unsecured electronic means.

Employees should pay particular care to the use and security of portable electronic devices when used for business-related purposes, such as laptops, tablets, smartphones, and other data storage media. Lost or stolen portable electronic devices containing IPOPIF information may cause breaches of security that result in the loss of IPOPIF confidential commercial data, the loss of vital research data, the unauthorized disclosure of sensitive employee data, lawsuits against the individual, and lawsuits against IPOPIF. Employees should use appropriate password protections for such devices and physically secure them as required by IT.

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5.2 Social Media Acceptable Use

As used in this policy, “social media” refers to blogs, forums, and social networking sites, such as Twitter, Facebook, LinkedIn, YouTube, Instagram, and Snapchat, among others.

IPOPIF encourages employees to share information with co-workers and with those outside IPOPIF for the purposes of gathering information, generating new ideas, and learning from the work of others. Social media provides inexpensive, informal, and timely ways to participate in an exchange of ideas and information. However, information posted on a website is available to the public, and therefore, IPOPIF has established the following guidelines for employee participation in social media.

Off-duty use of social media: Employees may maintain personal websites or weblogs on their own time using their own equipment and property during non-work hours. Employees must ensure that social media activity does not interfere with their work. In general, IPOPIF considers social media activities to be personal endeavors, and employees may use them to express their thoughts or promote their ideas. In addition, employees may not post on a personal blog or webpage or participate on a social networking platform for personal purposes during work time or at any time with IPOPIF equipment or property.

On-duty use of social media: Employees may engage in social media activity during work time provided it is directly related to their work and approved by their manager and does not identify or reference IPOPIF members, other employees or vendors without express permission. IPOPIF monitors employee use of IPOPIF computers and the Internet, including employee blogging and social networking activity.

Respect: Demonstrate respect for the dignity of IPOPIF, its Members, its vendors, and its employees. A social media site is a public place, and employees should avoid inappropriate comments. For example, employees should not divulge IPOPIF Confidential Information such as trade secrets, client lists, or information restricted from disclosure by law on social media sites. Similarly, employees should not engage in harassing or discriminatory behavior that targets other employees or individuals because of their protected class status or make defamatory comments or engage in other behavior that violates IPOPIF’s policies.

Post disclaimers: Employees who identify themselves as IPOPIF employees or discuss matters related to IPOPIF on a social media site must include a disclaimer on the front page stating that it does not express the views of IPOPIF and that the employees are expressing only personal views—for example: “The views expressed on this website/Weblog are mine alone and do not necessarily reflect the views of my employer.” Place the disclaimer in a prominent position and repeat it for each posting expressing an opinion related to IPOPIF or IPOPIF’s business. Employees must keep in mind that if they post information on a social media site that is in violation of IPOPIF policy and/or federal, state, or local law, the disclaimer will not shield them from disciplinary action.

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Competition: Employees should not use social media to criticize any person or public or private entity with whom IPOPIF has a relationship.

Confidentiality: Employees should not identify or reference other IPOPIF employees, IPOPIF Members or vendors without express permission. Employees may write about their jobs in general but may not disclose any Confidential or proprietary information. For examples of Confidential Information, please refer to the confidentiality policy. When in doubt, ask before publishing.

New ideas: Please remember that new ideas related to work or IPOPIF's business belong to IPOPIF. Do not post them on a social media site without IPOPIF's permission.

Trademarks and copyrights: Do not use IPOPIF's or others' trademarks on a social media site or reproduce IPOPIF's or others' material without first obtaining permission from the Executive Director or Chief Investment Officer.

Legal: Employees are expected to comply with all applicable state and federal laws, including, but not limited to, Federal Trade Commission (FTC) guidelines and copyright, trademark, and harassment laws.

Discipline: Violations of this policy may result in discipline up to and including immediate termination of employment.

Nothing in this policy is meant to, nor should it be interpreted to, in any way limit an employee's rights under any applicable federal, state, or local laws, including rights under the Illinois Public Labor Relations Act to engage in protected concerted activities with other employees to improve or discuss terms and conditions of employment, such as wages, working conditions, and benefits. Employees have the right to engage in or refrain from such activities.

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SECTION 6

TIME OFF AND LEAVES OF ABSENCE

6.1 Holidays

IPOPIF observes the following State of Illinois holidays:

- New Year's Day
- Martin Luther King Day
- Lincoln's Birthday
- Washington's Birthday (President's Day)
- Memorial Day
- Juneteenth National Freedom Day
- Independence Day
- Labor Day
- Columbus Day
- General Election Day
- Veterans' Day
- Thanksgiving Day
- Day after Thanksgiving
- Christmas Day

Generally, if one of these holidays falls on a Sunday, it will be observed on the following Monday. If the holiday falls on a Saturday, generally IPOPIF will select either the following Monday or the preceding Friday as a substitute holiday. IPOPIF reserves the right to pay eligible employees in lieu of time off if the holiday falls on Saturday, Sunday or state or federal holiday.

Holiday pay: Exempt and regular full-time employees are eligible for holiday pay. Regular part-time employees will be paid holiday pay for any hours they would have normally worked on the holiday. All temporary full-time and temporary part-time employees, including summer employees, are not eligible for holiday pay.

Holiday pay shall be at the employee's regular straight-time rate of pay.

To receive holiday pay, an eligible non-exempt employee must have worked the workday immediately preceding and immediately following the day on which the holiday is observed. If an employee is absent on one or both these days because of an illness or injury, IPOPIF may require verification of the reason for the absence before approving holiday pay. Employees on unpaid leaves of absence or who are being paid through short or long-term disability, or workers' compensation are not eligible for holiday pay.

Religious observances: Employees who need time off to observe religious practices or holidays not already scheduled by IPOPIF should speak with their supervisor. Depending upon the needs

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of the Fund, the employee may be able to work on a day that is normally observed as a holiday and then take time off for another religious day. Employees may also be able to switch a scheduled day with another employee, take PTO time, or take off unpaid days. IPOPIF will seek to reasonably accommodate individuals' religious observances.

6.2 Paid Time Off

IPOPIF recognizes the importance of time off from work to relax, spend time with family, and enjoy leisure activities. IPOPIF provides Paid Time Off (PTO) to regular full-time employees for this purpose, and employees are encouraged to take PTO during the year. PTO is a bank of hours in which IPOPIF pools sick days and vacation days that allows employees to use as the need arises, and without the need for additional explanation to IPOPIF.

All exempt and regular full-time employees are eligible to accrue PTO on a pro-rata basis every payroll period and request the use of accrued PTO. The number of business days an employee is entitled to accrue during an anniversary year is based on years of service from the date the employee commenced continuous employment with IPOPIF.

Exempt and regular full-time employees will accrue PTO, pro-rated throughout the year based on a pay period basis, according to the following schedule:

<u>Service Period</u>	<u>PTO Days</u>
<u>Years 1 through 4</u>	<u>20 Business Days</u>
<u>Years 5 and beyond</u>	<u>25 Business Days</u>

In the first year of service, PTO days granted will be pro-rated based on full months of service from the date of hire. An employee that is hired in the first half of the month will receive the full month's accrual. If the employee is hired in the second half of the month, the accrual will be given at half the month's full accrual. New hires are eligible to begin to take this PTO time immediately as it accrues.

Part-time employees are eligible to accrue PTO on a pro-rata basis of the PTO for exempt and regular full-time employees (based on a 40 hour work week). For purposes of determining part-time employees' Service Period, one year of service for part-time employees will be equal to two thousand and eighty (2080) hours actually worked. Part-time employees will accrue pro-rated PTO Days based on hours actually worked. For example, a part-time employee who works twenty (20) hours a week will accrue one half (1/2) of the PTO accrued by an exempt or full-time employee during the same time period.

Generally, if an employee's request to use PTO is foreseeable, an employee should submit PTO plans to their supervisor at least 7 days~~4 weeks~~ in advance of the requested PTO date. If an employee's request to use PTO is unforeseeable, then the employee should submit a request to

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their supervisor as soon as practically possible. Employees may take PTO in no less than two-hour increments. – IPOPIF may deny an employee’s request to use PTO under limited circumstances as necessary to meet IPOPIF’s operational needs for the requested time period. Managers have the right to designate when some or all of PTO must be taken.

Employees should try to use PTO in the year it is earned. –However, if they do not, an Exempt and full-time employees may accrue up to a maximum of two years one year of earned PTO at any one time. The maximum of earned PTO that part-time employees may accrue will be pro-rated based on hours actually worked. Any unused PTO over the maximum allowed for accrual will be forfeited at the end of each fiscal year. IPOPIF will make and preserve a record documenting hours worked, PTO accrued, taken and remaining for each employee for a period of no less than 3 years.

Employees whose employment terminates will be paid for earned unused PTO time that has accrued up to the maximum during the calendar year of the termination.

6.3 Family and Medical Leave

FMLA provides eligible employees up to 12 weeks of unpaid, job-protected leave in any 12-month period for certain family and medical reasons. The 12-month period is a rolling period measured backward from the date an employee uses any FMLA leave, except for leaves to care for a covered servicemember with a serious illness or injury. For those leaves, the leave entitlement is 26 weeks in a single 12-month period measured forward from the date an employee first takes that type of leave.

Basic Leave Entitlement. FMLA requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for the following reasons: (1) for incapacity due to pregnancy, prenatal medical care, or childbirth; (2) to care for the employee’s child after birth or placement for adoption or foster care; (3) to care for the employee’s spouse, child, or parent who has a serious health condition; or (4) for a serious health condition that makes the employee unable to work.

Military Family Leave Entitlements. Eligible employees with a spouse, child, or parent on active duty or called to active-duty status in the National Guard or Reserves in support of a contingency operation may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include addressing issues that arise from (1) short notice of deployment (limited to up to 7 days of leave); (2) attending certain military events and related activity; (3) arranging child care and school activities; (4) addressing certain financial and legal arrangements; (5) attending certain counseling sessions; (6) spending time with covered military family members on short-term temporary rest and recuperation leave (limited to up to 5 days of leave); (7) attending post deployment reintegration briefings; (8) arranging care for or providing care to a parent who is incapable of self-care; and (9) any additional activities agreed upon by the employer and employee that arise out of the military member’s active duty or call to active duty.

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FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered service member during a single 12-month period. A covered service member is a current member of the armed forces, including a member of the National Guard or reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the servicemember medically unfit to perform the duties of the servicemember's office, grade, rank, or rating and for which the servicemember is undergoing medical treatment, recuperation, or therapy; is in outpatient status; or is on the temporary disability retired list.

Benefits and Protections During FMLA Leave. During FMLA leave, IPOPIF will maintain the employee's health coverage under any "group health plan" on the same terms as if the employee had continued to work. Upon return from FMLA leave, most employees will be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms. However, an employee on FMLA leave does not have any greater right to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during the FMLA leave period.

Certain highly compensated key employees also may be denied reinstatement when necessary to prevent "substantial and grievous economic injury" to IPOPIF's operations. A "key" employee is an eligible salaried employee who is among the highest-paid 10 percent of IPOPIF's employees. Employees will be notified of their status as key employees, when applicable, after they request FMLA leave.

Use of FMLA leave cannot result in the loss of any employment benefit that accrued before the start of an employee's leave.

Employee Eligibility. The FMLA defines eligible employees as employees who (1) have worked for IPOPIF for at least 12 months; and (2) have worked for IPOPIF for at least 1,250 hours in the previous 12 months.

Definition of "Serious Health Condition." A serious health condition is an illness, an injury, an impairment, or a physical or mental condition that involves either an overnight stay in a medical care facility or continuing treatment by a healthcare provider for a condition that either prevents the employee from performing the functions of the employee's job or prevents the qualified family member from participating in school, work, or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than three (3) consecutive calendar days combined with at least two (2) visits to a healthcare provider or one (1) visit and a regimen of continuing treatment, incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of "continuing treatment."

Use of leave. An employee does not need to use this leave entitlement in one block. Leave can be taken intermittently or on a reduced work schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt

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the employer's operations. Leave due to qualifying exigencies also may be taken on an intermittent or a reduced work schedule basis.

Substitution of paid leave for unpaid leave. Employees may choose or IPOPIF may require the use of accrued PTO while taking FMLA leave. Accordingly, IPOPIF requires employees to use any accrued PTO during an unpaid FMLA leave taken because of the employees' own serious health condition or the serious health condition of a family member or to care for a seriously ill or injured family member in the military. In addition, employees must use any accrued PTO during FMLA leave taken to care for a newborn or newly placed child or for a qualifying exigency arising out of a family member's active duty or call to active-duty status in support of a contingency operation. In order to use paid leave for FMLA leave, employees must comply with IPOPIF's normal paid leave procedures found in its PTO policy.

Employee responsibilities. Employees must provide 30 days' advance notice to Human Resources of the need to take FMLA leave when the need is foreseeable. When 30 days' notice is not possible, employees must provide notice to Human Resources as soon as practicable and generally must comply with IPOPIF's normal call-in procedures. IPOPIF may delay leave to employees who do not provide proper advance notice of the foreseeable need for leave, absent unusual circumstances preventing the notice.

Employees must provide sufficient information for IPOPIF to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a healthcare provider, or circumstances supporting the need for military family leave. Employees also must inform IPOPIF if the requested leave is for a reason for which FMLA leave was previously taken or certified. Employees also are required to provide a certification and periodic recertification supporting the need for leave. IPOPIF also may require a second and, if necessary, a third opinion (at IPOPIF's expense) and, when the leave is a result of the employee's own serious health condition, a fitness-for-duty report to return to work. IPOPIF also may delay or deny approval of leave for lack of proper medical certification.

IPOPIF Responsibilities. IPOPIF will inform employees requesting leave whether they are eligible under FMLA. If they are, the notice will specify any additional information required, as well as the employees' rights and responsibilities. If employees are not eligible, IPOPIF will provide a reason for the ineligibility.

IPOPIF will inform employees if leave will be designated as FMLA-protected and the amount of leave counted against the employees' FMLA leave entitlement. If IPOPIF determines that the leave is not FMLA-protected, IPOPIF will notify the employees.

Other Provisions. FMLA regulations permit hourly amounts to be deducted for unpaid leave from the salary of executive, administrative, and professional employees; certain highly skilled

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computer professionals; and certain highly compensated employees who are exempt from the minimum wage and overtime requirements of FLSA, without affecting the employees' exempt status. This special exception to the "salary basis" requirements for FLSA's exemptions extends only to eligible employees' use of FMLA leave.

Employees may not perform work for self-employment or for any other employer during an approved leave of absence, except when the leave is for military or public service and the employee's reason for FMLA leave does not preclude the outside employment.

Unlawful Acts By Employers. FMLA makes it unlawful for any employer (1) to interfere with, restrain, or deny the exercise of any right provided under FMLA or (2) to discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

Enforcement. An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer.

FMLA does not affect any federal or state law prohibiting discrimination or supersede any state or local law or collective bargaining agreement that provides greater family or medical leave rights.

6.4 Military Leave

IPOPIF supports the military obligations of all employees and grants leaves for uniformed service in accordance with applicable federal and state laws. Any employee who needs time off for uniformed service should immediately notify Human Resources and the employee's supervisor, who will provide details regarding the leave. If an employee is unable to provide notice before leaving for uniformed service, a family member should notify IPOPIF as soon as possible.

Upon return from military leave, employees will be granted the same seniority, pay, and benefits as if they had worked continuously. Failure to report for work within the prescribed time after completion of military service will be considered a voluntary termination.

All employees who enter military service may accumulate a total absence of 5 years and still retain employment rights for active duty deployment.

6.5 Victim's Economic Security and Safety Act (VESSA)

Any employee is eligible for up to a total of four (4) weeks of unpaid leave during any rolling twelve (12) month period who:

- Experiences an incident of domestic violence, sexual violence, gender violence or other crime of violence.
- Whose family or household member is a victim of domestic, sexual violence, gender violence or other crime of violence.

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- Experiences a homicide, sex offense, bodily harm (assault/battery), harassing and obscene communications or armed violence.
- Is seeking or receiving medical help, legal assistance (including participation in legal proceedings), counseling, safety planning, or other assistance for domestic violence, sexual violence, gender violence or other crime of violence.
- Is temporarily or permanently relocating as a result of domestic violence, sexual violence, gender violence or other crime of violence.
- Is seeking medical attention for, or recovery from, physical or psychological injuries caused by domestic, gender violence, sexual violence or other crime of violence to the employee, the employee's family, or household member.
- Is obtaining services from a victim services organization for the employee or the employee's family or household member for any of the above acts of violence.
- Is obtaining psychological or other counseling for the employee or the employee's family or household member for any of the above acts of violence.
- Is participating in safety planning, is temporarily or permanently relocating or taking other actions to increase the safety of the employee or the employee's family or household member from future domestic, sexual violence, gender violence or other crime of violence, or to ensure economic security.
- Is seeking legal assistance or remedies to ensure the health and safety of the employee or the employee's family or household member, including preparing for or participating in any civil or criminal legal proceeding related to or derived from domestic, gender or sexual violence, or other crime of violence; or
- Is taking other actions to increase the safety of the victim from future domestic, sexual or gender violence, or other crime of violence, or to ensure economic security.

A family or household member means a spouse or a party to a civil union, parent, grandparent, child, grandchild, sibling, or any other person related by blood or by present or prior marriage, or civil union, other person who shares a relationship through a child, or any other individual whose close association with the employee is the equivalent of a family relationship as determined by the employee, and persons jointly residing in the same household.

An employee is entitled to a total four (4) work weeks of unpaid leave for the above stated reasons during a rolling 12-month period measured backward from the date an employee commences any VESSA leave. Additionally, leave may be taken consecutively, intermittently, or on a reduced work schedule in increments of less than four (4) weeks.

VESSA Bereavement

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Any employee is entitled to use a cumulative total of not more than 2 workweeks (10 workdays) of unpaid leave for the following:

- Attending the funeral or alternative to a funeral or wake of a family or household member who is killed in a crime of violence.
- Making arrangements necessitated by the death of a family or household member who is killed ~~killed~~ in a crime of violence.
- Grieving the death of a family or household member who is killed in a crime of violence.

Leave under this subsection must be taken within 60 days after the date on which the employee receives notice of the death of the victim. Leave under this subsection is not in addition to leave under the Family Bereavement Leave Act, as set forth below, nor does leave under this subsection diminish or limit the total four (4) work weeks of unpaid leave under VESSA as set forth above. However, if an employee is ineligible to take leave under the Family Bereavement Leave Act, leave under this subsection will be deducted from, and is not in addition to, the total four (4) work weeks of unpaid leave under VESSA.

Employee Benefits During Leave of Absence

During the four (4) week period of approved VESSA leave, an employee may elect, but is not required, to use any accrued PTO for his/her leave of absence. In addition, the employee's health insurance benefits will continue under the same conditions that coverage would have been provided if the employee had remained actively at work. The employee will not accrue other benefits during the VESSA leave. Upon return from leave which has extended no longer than a total of four (4) weeks in a rolling 12-month period, the employee will be restored to his or her former position, or to an equivalent position with equivalent employment benefits, pay and other terms and conditions of employment. The employee may purchase service credit for any unpaid portion of the leave. IPOPIF will not hold an employee's position for longer than four (4) weeks. IPOPIF will consider an employee who fails to return to work at the expiration of leave to have voluntarily resigned.

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Certification

The employee shall provide IPOPIF with at least 48 hours advance notice of the employee's intention to take leave, except in such cases where it is not practical to provide such notice. If an unscheduled absence occurs, IPOPIF may not take action against the employee if the employee, upon request of IPOPIF and within a reasonable period after the absence, provides certification.

IPOPIF may require certification that VESSA leave will be taken for one of the purposes enumerated above. An employee may satisfy such a certification requirement with a sworn statement from the employee, and any one of the following documents as follows:

- Documentation from an employee, agent, or volunteer victim services organization, attorney, member of the clergy, or a medical or other professional from whom the employee or the employee's family or household member has sought assistance in addressing domestic, gender or sexual violence, or any other crime of violence and the effects of violence;
- A police or court record;
- A death certificate, published obituary, or written verification of death, burial, or memorial services from a mortuary, funeral home, burial society, crematorium, religious institution, or government agency- or
- Other corroborating evidence.

All information provided to IPOPIF pursuant to this subsection, including a statement of the employee or any other documentation, record, or corroborating evidence, and the fact that the employee has requested or obtained leave pursuant to this section, will be maintained in the strictest confidence by IPOPIF, except to the extent that disclosure is:

- Requested or consented to in writing by the employee; or
- Otherwise required by applicable law.

If the four (4) weeks of VESSA leave has expired, and the employee has not returned to work, the employee may elect to continue health insurance coverage by purchasing it pursuant to COBRA. VESSA time runs concurrently with FMLA leave.

Non-Discrimination Policy: IPOPIF shall not discriminate, harass or retaliate against any individual because an employee is or is perceived to be a victim of any of the acts described above, attended, participated in, prepared for or requested leave to attend, participate in, or prepare for a criminal or civil court proceeding relating to an incident described above of which the employee or a family or household member was a victim or requested or took leave for any other reason covered by VESSA, or because the workplace is disrupted or threatened by someone who has committed or threatened to commit any of the acts described above against the employee or a family or household member.

IPOPIF EMPLOYEE HANDBOOK

IPOPIF shall at all times attempt to accommodate an employee's request for a reasonable accommodation under VESSA in a timely manner. Any exigent circumstances or danger facing the employee or his or her family or household member shall be considered in determining whether an accommodation is reasonable.

However, there may be situations in which a reasonable accommodation may not be possible or may have to be adjusted if it imposes an undue hardship on the Fund. The employee should speak with Human Resources as soon as possible to address all concerns. For more information, please see the VESSA poster in the break room. If an employee feels that his or her concerns are not being adequately addressed, the employee may contact or file a complaint with the Illinois Department of Labor by calling (312) 793-6796 or go online for further information and file a complaint: <https://www2.illinois.gov/idol/Laws-Rules/CONMED/Pages/vessa.aspx>

Coordination with Other Policies: All other FMLA, VESSA and non-FMLA leaves of absence, including approved worker's compensation time greater than three (3) working days shall run concurrently with eligible FMLA time. If the four (4) weeks of leave has expired, and the employee has not returned to work, the employee may elect to continue health insurance coverage by purchasing it pursuant to COBRA.

6.6 Bereavement Leave

Exempt and regular full-time employees with more than 3 months' service may take up to 3 days of paid bereavement leave, per calendar year, upon the death of a member of their immediate family. "Immediate family members" are defined as an employee's spouse, domestic partner, parents, stepparents, siblings, children, stepchildren, grandparent, parent-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law or grandchild.

All regular, full-time employees may take up to 1 day off with pay to attend the funeral of an extended family member (aunts, uncles, and cousins).

IPOPIF may require verification of the need for the leave. The Executive Director will consider this time off on a case-by-case basis.

Payment for bereavement leave is computed at the regular hourly rate for 1 day. Time off granted in accordance with this policy shall not be credited as time worked for the purpose of computing overtime.

6.7 ~~Family Child~~ Bereavement Leave Act

Pursuant to the Illinois ~~Child Bereavement Leave Act~~ Family Bereavement Leave Act, employees may take up to 10 workdays of unpaid bereavement leave ~~to grieve the death of a child for any of the following reasons:~~

- Attend the funeral or alternative to a funeral of a covered family member;

IPOPIF EMPLOYEE HANDBOOK

- Make arrangements necessitated by the death of the covered family member;
- ~~Grieve the death of the covered family member; or~~
- Be absent from work due to (A) a miscarriage; (B) an unsuccessful round of intrauterine insemination or of an assisted reproductive technology procedure; (C) a failed adoption match or an adoption that is not finalized because it is contested by another party; (iv) a failed surrogacy agreement; (D) a diagnosis that negatively impacts pregnancy or fertility; or (E) a stillbirth.

Employees covered by this Act need to have been employed for more than 12 months and have worked more than 1,250 hours.

~~As used above, "covered family member" means an Eligible employee's may take the leave for the death of a~~ biological, adopted, foster child, stepchild, legal ward, ~~or a child of a person standing in loco parentis,~~ spouse, domestic partner, sibling, parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent. Employees intending to take leave should provide at least 48 hours advance notice, ~~unless providing such notice is not reasonable and practicable when possible.~~

Bereavement leave must be completed within 60 days of the date on which the employee receives notice of the death. In the event of the death of more than one ~~covered family member~~ child in a 12-month period, an employee may take up to 6 weeks of unpaid bereavement leave.

IPOPIF may require the employee to provide reasonable documentation to substantiate the need for leave, as permitted by the Act.

~~Exempt and Regular full-time~~ Employees may elect to substitute PTO for unpaid leave but are not required to do so. PTO will continue to accrue for the time period in which an employee uses accrued PTO for ~~family~~ child bereavement leave.

6.8 Non-FMLA Parental Leave

This policy applies to certain regular full-time and regular part-time IPOPIF employees who do not qualify for FMLA leave but who meet the criteria outlined below. Employees who do qualify for FMLA leave should refer to the FMLA policy above.

IPOPIF will provide up to twelve (12) weeks of unpaid parental leave to employees following the birth of an employee's child or the placement of a child age 17 years or younger with an employee in connection with an adoption, placement in foster care or legal guardianship with physical custody. The purpose of parental leave is to enable the employee to care for and bond with a

IPOPIF EMPLOYEE HANDBOOK

newborn or a newly-adopted or newly-placed child. This policy will run concurrently with Short-Term Disability, as applicable.

Eligible employees must meet the following criteria:

- Be a regular part-time or regular full-time employee (temporary employees and interns are not eligible for this benefit).
- Have been employed with IPOPIF for at least six months.

In addition, employees must meet one of the following criteria:

- Have given birth to a newborn child;
- Be a spouse, domestic partner, or have shared legal custody with an individual who has given birth to a child or is a parent of a newborn child;
- Have received a placement of a child age 17 or younger in connection with an adoption, legal guardianship with physical custody, or foster care.

Amount, Time Frame, and Duration of Parental Leave: Eligible employees will receive a maximum of twelve (12) weeks of unpaid parental leave per birth, adoption, or placement of a child/children within one year of birth or placement. The fact that multiple births, adoptions, or placements occur (e.g., the birth of twins or adoption of siblings) does not increase the twelve week total amount of parental leave granted for this event.

In no case will an employee receive more than twelve (12) weeks of parental leave in a rolling 12-month period, regardless of whether more than one birth, adoption, or foster care placement event occurs within that twelve (12) month time frame. Spouses, domestic partners, or those legally sharing child custody who are both employed by IPOPIF and who are eligible for FMLA leave or Non-FMLA Parental Leave, will be limited to a combined total of 12 weeks of leave during any rolling 12-month period.

- Approved non-FMLA Parental Leave may be taken any time during the 12-month period immediately following the birth, adoption or placement of a child with the employee. However, employees must take non-FMLA Parental Leave in one continuous period of leave and must use all parental leave during the 12-month time frame indicated above.
- In the event of an employee who has given birth, the 12 weeks of parental leave will run concurrently with any short-term disability leave, if applicable.

Coordination with Other Policies:

Parental leave taken under this policy will run concurrently with any available short-term disability. The number of days taken under this policy will count towards and may affect an employee's eligibility to qualify for FMLA within a twelve (12) month period. In no case will the

IPOPIF EMPLOYEE HANDBOOK

total amount of non-FMLA Parental Leave – whether paid or unpaid – granted to an employee under this policy exceed twelve (12) weeks during the 12-month leave period.

- IPOPIF will maintain all benefits for employees during the parental leave period, subject to the employees' maintaining any required prepayments or direct billed payments (e.g., the employee-share of insurance premiums, etc.) just as if they were taking any other Fund paid leave such as paid vacation or paid sick leave.
- If a Fund-approved holiday occurs while the employee is on leave, the employee does not receive any holiday pay.
- An employee who takes parental leave will be afforded the same level of job protection and group health insurance benefits for the period of time that the employee is on parental leave as if the employee was on FMLA-qualifying leave.
- IPOPIF reserves the right to terminate an employee's employment due to a reduction in force or other business consideration that would have normally impacted the employee even if the employee had not been on a leave of absence.

Request for Parental Leave: The employee must notify their supervisor and Human Resources of the need for leave at least 30 days prior to the proposed date of the leave (or as soon as reasonably possible if the leave was not foreseeable) and provide Human Resources with appropriate and timely documentation. The employee must complete the necessary documentation as required by Human Resources to substantiate the request.

6.9 Jury Duty/Court Appearance

IPOPIF supports employees in their civic duty to serve on a jury. Employees must present any summons to jury duty to their supervisor as soon as possible after receiving the notice to allow advance planning for an employee's absence.

Employees will be paid for up to 2 weeks of jury duty service. Employees may use any accrued PTO if required to serve more than 2 weeks on a jury.

If an employee is released from jury duty after 4 hours or less of jury service, the employee must report to work for the remainder of that workday.

Time for appearance in court for personal business will be the individual employee's responsibility. PTO days will be used for this purpose.

6.10 Time Off for Voting

IPOPIF recognizes that voting is a right and privilege of being a citizen of the United States and encourages employees to exercise their right to vote. The General Election Day is a holiday for

IPOPIF EMPLOYEE HANDBOOK

employees. An employee will likely have sufficient time outside working hours to vote on all other election days.

6.11 Workers' Compensation

Workers' compensation is a "no-fault" system that provides compensation for medical expenses and wage losses to any employee who is injured on the job or who become ill because of employment.

IPOPIF pays the entire cost of workers' compensation insurance. The insurance provides coverage for related medical and rehabilitation expenses and a portion of lost wages to an injured employee.

IPOPIF abides by all applicable state workers' compensation laws and regulations. If an employee sustains a job-related injury or illness, it is important to notify the Executive Director and Human Resources immediately. The Executive Director or Human Resources will complete an injury report with input from the employee and return the form to Human Resources. Human Resources will notify IPOPIF's worker's compensation carrier. In cases of medical emergencies, report to the nearest emergency room.

Workers' compensation benefits (paid or unpaid) will run concurrently with FMLA leave. In addition, employees will not be paid accrued PTO for approved absences covered by IPOPIF's workers' compensation program, except to supplement the workers' compensation benefits such as when the plan only covers a portion of the employees' salary as allowed by state law.

DRAFT - BOT REVIEW JUL 19 2024

IPOPIF EMPLOYEE HANDBOOK

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
EMPLOYEE HANDBOOK ACKNOWLEDGMENT AND RECEIPT**

I hereby acknowledge receipt of the Employee Handbook of IPOPIF. I understand and agree that it is my responsibility to read and comply with the policies in the Handbook.

I understand that the Handbook and all other written and oral materials provided to me are intended for informational purposes only. The Handbook, IPOPIF practices, and other communications do not create an employment contract or term. I understand that the policies and benefits, both in the Handbook and those communicated to me in any other fashion, are subject to interpretation, review, removal, and change by management at any time without notice.

I further understand that I am an at-will employee and that neither this document nor any other communication shall bind IPOPIF to employ me now or hereafter and that my employment may be terminated by me or IPOPIF without reason at any time. I understand that no representative of IPOPIF has any authority to enter into any agreement for employment for any specified period of time or to assure any other personnel action or to assure any benefits or terms or conditions of employment or make any agreement contrary to the foregoing.

I also understand and agree that this Employee Handbook may only be modified in writing.

Employee's Name in Print

Signature of Employee

Date Signed by Employee

TO BE PLACED IN EMPLOYEE'S PERSONNEL FILE

DRAFT - BOT Review - JUL 19 2024



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: BOARD OF TRUSTEES

FROM: RICHARD WHITE, EXECUTIVE DIRECTOR

RE: APPROVE SERVICE PROVIDER CONTRACT WITH SHEPHERD PUBLIC RELATIONS, LLC.

DATE: JULY 19, 2024

Recommended action(s): Approve a one-year contract with Shepherd Public Relations, LLC and authorize the Executive Director to execute the contract.

Shepherd Public Relations, LLC

Shepherd Public Relations, LLC. (formally Shepherd Communications) has provided communication services to the Fund since 2021. The scope of this engagement is for Shepherd PR to provide strategic communication, planning and execution that is primarily focused on media relations and coverage, which has been the primary focus of this engagement since inception.

Additionally, Shepherd has prepared the newsletter and articles for the Fund over the course of the past year, as well. Shepherd has performed these communication services very well and has been relied upon by me and CIO Custer in our communications, press releases, and media relations over the past year.

FEE: The monthly fee with Shepherd Communications will be the same as the past contract at \$1,500.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

PERFORMANCE REVIEW: The performance review procedure for a service provider is found in the Purchasing and Professional Services Contracting Policy (PP-2020-11) which provides:

7. *Performance Reviews:*

- a. *All Professional Service providers retained by the Fund shall be subject to periodic review to ensure that each provider complies with the terms of engagement and continues to meet the needs of the Fund.*
- b. *The performance of every contracted Professional Service provider will be reviewed at least every three years.*
- c. *The performance review will include performance opinions from various staff and Board members as deemed appropriate.*
- d. *The performance review will be presented to the Contract Committee for necessary action and recommendations to the Board of Trustees, if any.*

This review is provided to the full Board of Trustees as a component of the contract extension for Shepherd Public Relations, LLC. The review is very positive and did not result in any suggestions for improvement nor did the evaluation result in any suggestions for change.

SHEPHERD PUBLIC RELATIONS, LLC

June 10, 2024

Mr. Richard White
Executive Director
Illinois Police Officers' Pension Investment Fund
456 Fulton Street, Suite 402
Peoria, IL 61602

Dear Rich,

This letter of agreement will serve to summarize the arrangement under which Shepherd Public Relations, LLC ("Shepherd PR") will serve the Illinois Police Officers' Pension Investment Fund ("IPOPIF") as communications counsel:

- Shepherd PR will provide strategic communications counsel, planning and execution based on the attached Communications Planning Overview document which will be further developed with input and direction from IPOPIF executives and its trustees.

The term of this agreement is July 1, 2024, through June 30, 2025, and may not be terminated by either party during that time.

The monthly retainer is \$1,500.00 payable one month in advance.

IPOPIF will reimburse Shepherd PR for out-of-pocket disbursements made in the performance of duties under this arrangement provided that all such disbursements are approved in writing by IPOPIF and Shepherd PR furnishes IPOPIF with written documentation as reasonably requested by IPOPIF.

Shepherd PR acknowledges its responsibility, both during and after the terms of this appointment to use all reasonable efforts to preserve the confidentiality of any proprietary information developed by Shepherd PR on behalf of IPOPIF or disclosed by IPOPIF to Shepherd PR.

It is understood that Shepherd PR cannot undertake to verify facts supplied to it by IPOPIF or factual matters included in materials prepared by PR and approved by IPOPIF.

You also agree to reimburse Shepherd PR for staff time and expenses (including legal expenses) reasonably incurred by Shepherd PR in connection with any litigation commenced or threatened against IPOPIF related to or arising out of performed by Shepherd PR (for example, in responding to a document subpoena), provided that prior written approval is given by IPOPIF's Executive Director.

June 10, 2024

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This Engagement Letter is subject to the terms and conditions of the attached Addendum.

I look forward to continuing to work with you, Kent and other members of the Illinois Police Officers' Pension Investment Fund team during the coming months.

SHEPHERD PUBLIC RELATIONS, LLC

By:

Kim Shepherd
Managing Partner

Date:

Accepted by:

ILLINOIS POLICE OFFICER'S PENSION INVESTMENT FUND

By:

Richard White
Executive Director

Date:

5349 N. ASHLAND AVENUE CHICAGO, IL 60640 312-623-5123



**Illinois Police Officers'
Pension Investment Fund**

07/19/2024

Administration & Operations Update

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, July 19, 2024**



Illinois Police Officers' Pension Investment Fund

Article 3 Police Pension Funds

Monthly investment reports through **May 2024** for each of the Article 3 funds have been posted to the Website.

Reports continue to be available to Funds via on-line portal.

The **June 2024** reports will have a delay in order to finalize the investment data to sync with the end of the Fiscal Year.

Newsletter

Newsletters Published and Distributed:

Spring Newsletter – June 12, 2024

June Newsletter – June 30, 2024

Public Meetings and Presentations

Regional Stakeholder Meeting conducted in Rock Island on **July 10, 2024**.

IML Annual Conference session with Chairperson Sues and IFPIF in Chicago on **September 20, 2024**.

IPPPFA Mid-America Pension Conference in Lincolnshire on **September 25, 2024**.



Illinois Police Officers' Pension Investment Fund

TRUSTEE ELECTION UPCOMING MILESTONES

- **Candidate Nomination Period**
 - Opened on June 17, 2024
 - Closed on July 31, 2024
- **Candidate Nomination Challenge Periods**
 - August 7-8, 2024 – Challenge Filing Period
 - August 13-14, 2024 – Challenge Hearing Period
 - August 16, 2024 – Challenge Decision Filing
 - August 23, 2024 – Challenge Determination – Board of Trustees
- **Ballot packets mailed to electors**
 - September 16, 2024



Illinois Police Officers' Pension Investment Fund

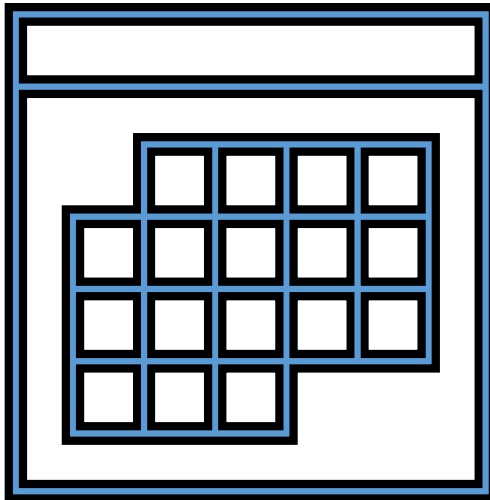
AGREED UPON PROCEDURES

- **PLANNING MEETINGS WITH CPA FIRMS**
 - Kick-off – July 24, 2024
- **TASK LIST (In process)**
 - Finalize engagement letters with CPA firm(s)
 - Finalize 'agreed upon procedures'
 - Finalize schedule for funds
 - Develop communications with funds
- **TARGET START DATE**
 - October 1, 2024



**Illinois Police Officers'
Pension Investment Fund**

**Board of Trustees:
SPECIAL MEETING
Friday
August 23, 2024**



**Board of Trustees:
Friday
September 13, 2024
Pere Marquette Hotel**



**Illinois Police Officers'
Pension Investment Fund**

07/19/2024

Administration & Operations Update

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, July 19, 2024**



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: GENERAL LEGAL COUNSEL REPORT
DATE: JULY 19, 2024

Recommended action: Receive report. No formal action is required.

General Legal Counsel Rick Reimer will provide a verbal report to the Board of Trustees. No written materials are provided for this report.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: FIDUCIARY LEGAL COUNSEL REPORT
DATE: JULY 19, 2024

Recommended action: Receive report. No formal action is required.

Fiduciary Legal Counsel Taylor Muzzy will provide a verbal report to the Board of Trustees. No written materials are provided for this report.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOP BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: CLOSED SESSION ITEM
DATE: JULY 19, 2024

Should the Board of Trustees desire to enter into closed session during the Board meeting, the following motion is suggested for Board action to enter into and return from Closed Session:

CLOSED SESSION MOTION:

A motion was made by Trustee _____ and seconded by Trustee _____ to enter into closed session in accordance with the exception under 5 ILCS 120/2(c)(1) to discuss the appointment, employment, compensation, discipline, performance, or dismissal of specific employees and specific individuals.

OPEN SESSION MOTION:

A motion was made by Trustee _____ and seconded by Trustee _____ to resume open session.