

# ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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

IPOPIF

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Michael Inman  
Trustee

## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND BOARD OF TRUSTEES REGULAR MEETING MINUTES

FRIDAY, APRIL 14, 2023, AT 10:00 A.M.

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was held at the Peoria Pere Marquette, Marquette Ballroom: Salon B, located at 501 Main St., Peoria, IL 61602, and via the Zoom digital platform. The meeting was held in accordance with the Gubernatorial Disaster Proclamation issued on 03-31-23 and Public Act 101-0640. Members of the public were invited to participate remotely or in person pursuant to the meeting notice and agenda.

**TRUSTEES PRESENT:** Phil Suess  
Lee Catavu  
Brad Cole  
Daniel Hopkins  
Mark Poulos  
Michael Inman  
Shawn Curry (*Zoom*)  
Elizabeth Holleb (*Zoom*)

**TRUSTEES ABSENT:** Paul Swanlund

**STAFF PRESENT:** Rich White, Executive Director  
Kent Custer, Chief Investment Officer  
Gina Tuczak, Finance Director/Assistant Executive Director  
Kate Cobb, Administrative Analyst  
Barb Meyer, Investment Officer  
Steve Yoon, Investment Officer

**OTHERS PRESENT:** Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP  
Allie Rysell, Plan Administrator, Foster & Foster, Inc.  
Brian LaBardi, General Counsel, Reimer Dobrovolsky & LaBardi PC (*Zoom*)  
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP (*Zoom*)  
Scott Whalen, General Investment Consultant, Verus Advisory, Inc. (*Zoom*)  
AJ Weber, Chief Financial Officer, Lauterbach & Amen, LLP (*Zoom*)  
Megan Holford, Human Resources, Lauterbach & Amen, LLP (*Zoom*)  
Bukola Bello, Governmental Liaison, Vision M.A.I. Consulting (*Zoom*)  
Jason Franken, Actuary, Foster & Foster, Inc. (*Zoom*)  
Paul Baugher, Actuary, Foster & Foster, Inc. (*Zoom*)  
Members of the Public (*In person/Zoom*)

**CALL TO ORDER:** Chair Suess called the meeting to order at 10:05 a.m.

**ROLL CALL:** As reflected above.

**INVESTMENTS: *Investment Update:*** CIO Custer reviewed his Investment Update presentation with the Board dated April 7<sup>th</sup>. He informed the Board that 324 participating pension funds have fully completed asset transfers to IPOPIF and have been reconciled. He reviewed the transfer schedule and provided a status update on the open pension fund transfers. The asset allocation and rebalancing were reviewed with the Board. As of April 6<sup>th</sup>, the allocation was 49.8% Growth, 16% Income, 8.8% Inflation Protection, and 25.5% Risk Mitigation. The investment pool totaled \$8.99 billion, and the transition pool totaled \$31 million, bringing total assets to \$9.021 billion. He summarized the performance highlights, key investment initiatives, operational review, and preliminary investment agenda related to search requests and service provider reviews. All questions were answered by CIO Custer.

***Investment Policy Statement: Approve Asset Allocation Recommendation:*** CIO Custer reviewed a memorandum dated April 6<sup>th</sup> regarding the "Asset Allocation Recommendation" and provided background information on the proposed changes. He recommended that 8% be moved from Risk Mitigation to Growth, with 5% allocated to US Large Cap and 3% allocated to International Developed. He indicated that Cash would be reduced by 2.0%, Short-Term Govt/Credit reduced by 2.0%, and Core Fixed Income reduced by 4.0%. The new short-term asset allocation would be 58% Growth, 16% Income, 9% Inflation Protection, and 17% Risk Mitigation. The recommended rebalancing ranges were discussed with the Board. CIO Custer recommended Board approval of his proposed revisions to the short-term asset allocation and updated rebalancing ranges to be implemented at his discretion by the end of the fiscal year. All questions were answered by CIO Custer. A motion was made by Trustee Curry and seconded by Trustee Hopkins to approve the recommendation to the Investment Policy Asset Allocation as proposed, to be implemented at the discretion of the Chief Investment Officer. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

***Approve Investment Officer Recruitment:*** CIO Custer summarized a memorandum dated April 7, 2023, regarding the "Approval of Investment Officer Recruitment" with the Board. He requested Board approval to recruit two additional Investment Officers for the Fund. He provided background information on the request and discussed the potential staffing structure. A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve the recruitment to add two investment professionals to the IPOPIF team. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

**GOVERNMENTAL LIAISON'S REPORT: *Monthly Report: April 2023:*** Governmental Liaison Bello reviewed her Monthly Report with Board dated April 14<sup>th</sup> and summarized various tracked bills of interest.

***Review IPOPIF Legislative Items:*** Ms. Bello provided a status update on Senate Bill 2100 regarding various technical corrections to the Statute. She indicated that three out of the four proposals were included in the bill pertaining to trustee vacancies, the oath of office, and the prudent person rule. The fourth proposal regarding the transition date was removed. On March 31<sup>st</sup>, SB 2100 passed out of the



Senate State Government Committee on a vote of 9-0 and passed out of the full Senate on a vote of 57-0. A status update will be provided at a future meeting.

Ms. Bello provided an update on Senate Bill 2102 regarding the DOI Audits. She indicated that she had numerous conversations with Chairman Martwick and the legislative liaison for the Illinois Department of Insurance to voice the IPOPIF's opposition and to express the areas of concern regarding the proposed bill. On March 10<sup>th</sup>, SB 2102 passed out of the Senate Special Committee on a vote of 10-0 and passed out of the full Senate on March 30<sup>th</sup> with a vote of 57-0. Ms. Bello has a call scheduled with House Assistant Majority Leader Natalie Manley to discuss IPOPIF's concerns regarding SB 2102, and an update will be provided at a future meeting.

**ADMINISTRATION AND OPERATIONS:** *Actuarial – Review changes to the 2023 Actuarial Valuation Reporting Template:* Executive Director White summarized a memorandum dated April 14<sup>th</sup> regarding the “Actuarial Valuation Report” with the Board.

Mr. Franken provided an update on the 2022 actuarial valuation reporting. To date, Foster & Foster has issued actuarial statements to 253 participant funds. Mr. Franken indicated that discussions were held with legal counsel and the Executive Director regarding the reporting for litigant funds. The 2022 actuarial statements will not be issued to the litigant funds at this time, per the direction of legal counsel and the Executive Director. He noted that only two reports were issued to litigant funds prior to those discussions.

Mr. Franken reviewed the required reporting changes that the Board should be aware of for 2023 actuarial valuations. The Board discussed the actuarial changes to the reporting template with Staff and Mr. Franken. All questions were answered by Mr. Franken and Executive Director White. No Board action was required.

*Human Resources:* Executive Director White summarized a memorandum dated April 14<sup>th</sup> regarding the “Job Descriptions for Approval” with the Board. He requested Board approval of the job descriptions and salary ranges for a Communications Specialist and Information Technologist. The Fiscal Year Budgets for 2023 and 2024 were revised to include both positions, and the recruitment and hiring process would commence upon Board approval. Executive Director White noted that the Governance Committee reviewed the job descriptions and salary ranges for both positions at a recent meeting and recommended Board approval.

*Approve Communications Specialist Job Description & Salary Range:* Executive Director White reviewed the proposed job description for the Communications Specialist position, and Ms. Holford presented the New Role Compensation Analysis. All questions were answered by Executive Director White. A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve the Communications Specialist job description and salary range. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

*Approve Information Technologist Job Description & Salary Range:* Executive Director White reviewed the proposed job description for the Information Technologist position, and Ms. Holford

presented the New Role Compensation Analysis. All questions were answered by Executive Director White. A motion was made by Trustee Inman and seconded by Trustee Hopkins to approve the Information Technologist job description and salary range. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

*Finance – Approve Monthly Financial Reports: December 2022, January 2023, and February 2023:* Finance Director Tuczak noted that the Monthly Financial Statements for the months of December 2022, January 2023, and February 2023 were provided to the Board to review in advance of the meeting. A motion was made by Trustee Hopkins and seconded by Trustee Inman to approve the financial statements from December 2022, January 2023, and February 2023. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

*Ratify Warrants #62 and #63:* Finance Director Tuczak reviewed Warrants #62 and #63 with the Board. A motion was made by Trustee Poulos and seconded by Trustee Hopkins to approve Warrants #62 and #63. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

*Status of Illinois Finance Authority Loan Balance:* Finance Director Tuczak informed the Board that the loan was paid off in full on April 3<sup>rd</sup>, with the final disbursement totaling \$5,709,899.40. The participant funds will receive their pro-rata allocation of the payment based on their balance as of March 31<sup>st</sup>, which will be reflected on their April Monthly Statement from NRS. No action was required.

*Approve Resolution Designating Authorized Signers for Lake Forest Bank & Trust Account:* Finance Director Tuczak reviewed the proposed resolution designating authorized signers for the Fund's Lake Forest Bank & Trust account. She noted that the resolution reflects the changes in Board Officers and the inclusion of representatives from Lauterbach & Amen, LLP. The Audit and Budget Committee voted unanimously to recommend Board approval of the resolution at their April 5<sup>th</sup> meeting. A motion was made by Trustee Inman and seconded by Trustee Curry to approve the resolution designating authorized signers for the Lake Forest Bank & Trust account. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

*Approve Resolution Amending the Fiscal Year 2023 Budget:* Finance Director Tuczak reviewed the summary of changes incorporated into the Fiscal Year 2023 Budget. The amended Budget for FY2023 totaled \$6,793,609, which reflected a reduction of approximately \$1.1 million from the originally adopted Budget. She provided background information on the budgeted costs for each category and discussed the details of the budgeted increases and reductions. The resolution amending the Budget



was reviewed by the Board. A motion was made by Trustee Inman and seconded by Trustee Hopkins to adopt the resolution amending the Budget for the Fiscal Year 2023. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman

NAYS: None

ABSENT: Trustee Swanlund

*Review Fiscal Year 2024 Budget:* Finance Director Tuczak reviewed the initial draft of the Fiscal Year 2024 Budget. She discussed the anticipated expenditures for the Board of Trustees and Meetings, Administration & Operations, and Investment Operations of the Fund. The proposed Budget totaled \$5,996,644. Finance Director Tuczak noted that a document containing the breakdown of staff salaries was provided to the Board as a supplemental document as requested by the Audit and Budget Committee. Trustee Cole provided feedback on the Dues and Licenses Worksheet. Trustees Cole, Hopkins, and Inman provided feedback on the anticipated expenditures for the Board of Trustees and Meetings line item. Trustee Hopkins requested that future meetings are held at various locations across Illinois to allow participants and interested parties to attend in-person.

The proposed Budget approval process was discussed with the Board. Finance Director Tuczak stated that any revisions the Board requests will be presented to the Audit and Budget Committee at their May 19<sup>th</sup> meeting for consideration. The final draft Budget will be presented to the Board at the June 9<sup>th</sup> meeting for approval.

*Approve Agreed-Upon Procedures, Fees, and Statement of Work for Post-Transition Audit:* The Board reviewed the agreed-upon procedures for the post-transition audit. Finance Director Tuczak stated that she worked with Sikich to prepare the agreed-upon procedures which were reviewed by Legal Counsel and the Audit and Budget Committee. She noted that the Audit and Budget Committee recommended Board approval of the agreed-upon procedures, statement of work, and proposed fee estimate of \$13,750. If approved, Sikich anticipates that the procedures will be implemented in May. A motion was made by Trustee Inman and seconded by Trustee Hopkins to approve the agreed-upon procedures, fees, and statement of work for the post-transition audit. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman

NAYS: None

ABSENT: Trustee Swanlund

**BOARD RECESS:** The Board took a recess at 12:30 p.m.

**RESUME OPEN SESSION:** The Board resumed open session at 1:05 p.m. A roll call was conducted to confirm a quorum. All Trustees were present except for Trustee Swanlund.

PRESENT: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman

ABSENT: Trustee Swanlund

**ADMINISTRATION AND OPERATIONS (CONTINUED):** *Governance – Approve Revisions to Bylaws:* Executive Director White reviewed the proposed amendments to Section 305 “Duties of the Treasurer” and Section 309 “Committees of the Board” with the Trustees. Staff revised Section 305 to redefine the Treasurer’s responsibilities to align with the administration and finance operations of the Fund with the addition of the full-time Finance Director position. The proposed amendment to Section 309 added language to define the quorum for Committee meetings. Executive Director White noted

that the Governance Committee recommended Board approval of the proposed revisions to the Bylaws at their March 30<sup>th</sup> meeting. A motion was made by Trustee Hopkins and seconded by Trustee Curry to approve the revisions to the Bylaws. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

*Approve Revisions to Cash Management Policy:* Executive Director White reviewed the proposed amendments to the Cash Management Policy with the Board. He indicated that Section A, "Definitions" and Section D, "Cash Management Procedures" were revised to align with the adoption of Administrative Rule 2023-01. Executive Director White noted that the Governance Committee recommended Board approval of the proposed revisions to the Cash Management Policy at their March 30<sup>th</sup> meeting. A motion was made by Trustee Inman and seconded by Trustee Curry to approve the revisions to the Cash Management Policy. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

*Administrative Status Update:* Executive Director White reviewed the "Administration/Operations Update" presentation with the Board dated April 14<sup>th</sup>. He discussed several documents and reports that were recently added to the website, including the Annual Comprehensive Financial Report. Various operational and organizational updates were discussed with the Board pertaining to communication, technology, and recruitments. Executive Director White informed the Board that he will be speaking at the Illinois Professional Firefighters Association's May 5<sup>th</sup> Seminar and the Illinois Public Pension Fund Association's Conference on May 12<sup>th</sup>. He reviewed upcoming meeting dates with the Board. Several committee meetings and a potential special meeting will be held on May 19<sup>th</sup>. All questions were answered by Executive Director White.

**MEETING MINUTES:** *Approve Board Meeting Minutes – February 10, 2023, Special Board Meeting and Closed Sessions:* The Board reviewed the draft meeting minutes and the two closed sessions from the February 10<sup>th</sup> special meeting. A motion was made by Trustee Cole and seconded by Trustee Hopkins to approve the February 10<sup>th</sup> special board meeting minutes and closed sessions. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

*March 17, 2023, Regular Board Meeting:* The agenda item was deferred to the next meeting.

*Accept Approved Committee Meeting Minutes:* The Board reviewed the approved Committee meetings from the following meetings:

1. Audit & Budget Committee: January 19 and March 2, 2023 (Closed Session: March 2, 2023)
2. Contract Committee: January 23, February 24, and March 6, 2023 (Closed Sessions: February 24 and March 6, 2023)
3. Election Committee: September 1, 2022
4. Governance Committee: January 10, 2023



A motion was made by Trustee Poulos and seconded by Trustee Hopkins to accept the approved meeting minutes as shown on the agenda as items 1, 2, 3, and 4. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

**LEGAL UPDATES:** *Fiduciary Legal Counsel's Report – IFA Request for Indemnification:* Attorney Muzzy indicated that a memo from Fiduciary Counsel and letters dated May 25, 2022, and March 30, 2023 from the Illinois Finance Authority to the Fund were emailed to the Board prior to the meeting. He provided background information on the IFA's request for indemnification and the repayment of legal fees and costs from the IPOPIF related to the litigation over the constitutionality of Public Act 101-0610.

The Board discussed the IFA's request with Fiduciary Counsel and Executive Director White. Trustee Hopkins stated that he is opposed to paying any costs related to the matter. Chair Suess noted that the State should be responsible for paying the IFA's legal fees and noted that this payment would not be an appropriate use of participant fund money. Trustee Curry agreed with the comments made by Trustee Hopkins and Chair Suess. Fiduciary Counsel Muzzy indicated that he would work with Executive Director White to prepare a response to the IFA, and an update would be provided at a future meeting.

*General Legal Counsel's Report – Approve Employment Agreement, Chief Investment Officer:* Attorney LaBardi noted that the documents related to the CIO's employment agreement were sent to the Board by Attorney Reimer to review in advance of the meeting. He indicated that the Board has the authority to enter closed session to discuss the employment agreement for CIO Custer.

**CLOSED SESSION:** A motion was made by Trustee Holleb and seconded by Trustee Hopkins to go into closed session under Section 2(c)(1) of the Open Meetings Act to discuss personnel. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
NAYS: None  
ABSENT: Trustee Swanlund

The Board entered closed session at 1:35 p.m.

**RESUME OPEN SESSION:** The Board resumed open session at 2:01 p.m. A roll call was conducted to confirm a quorum. All Trustees were present except for Trustee Swanlund.

PRESENT: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman  
ABSENT: Trustee Swanlund

*Approve Employment Agreement, Chief Investment Officer (continued):* A motion was made by Trustee Hopkins and seconded by Trustee Curry to approve the employment agreement for the Chief Investment Officer. Motion carried by roll call vote. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Curry, Holleb, Hopkins, and Inman  
NAYS: Trustee Cole  
ABSENT: Trustee Swanlund

Chairperson Suess thanked the Contract Committee and Committee Chair Holleb for their work on the CIO's employment agreement. CIO Custer thanked the Board for approving the agreement and noted that he looks forward to continuing his work with the Board and organization.

**PUBLIC COMMENT:** There were no comments from the public.

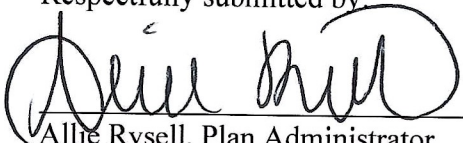
**ADJOURNMENT:** A motion was made by Trustee Inman and seconded by Trustee Poulos to adjourn the meeting at 2:05 p.m. Motion carried by roll call vote.

AYES: Trustees Suess, Catavu, Poulos, Cole, Curry, Holleb, Hopkins, and Inman

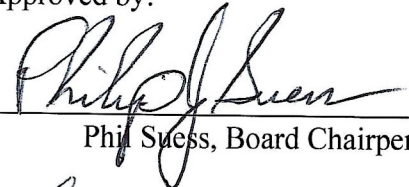
NAYS: None


ABSENT: Trustee Swanlund

Respectfully submitted by:

  
\_\_\_\_\_  
Allie Rysell, Plan Administrator  
Foster & Foster, Inc.

Approved by:

  
\_\_\_\_\_  
Phil Suess, Board Chairperson

  
\_\_\_\_\_  
Lee Catavu, Board Secretary

Date Approved by the Board of Trustees: \_\_\_\_\_

June 9, 2023

*The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on June 9, 2023, in accordance with Governor Pritzker's Executive Order in effect on the date and time of the meeting and Public Act 101-0640.*