



Illinois Police Officers' Pension Investment Fund

IPOPIF Board of Trustees Meeting- April 12, 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, April 12, 2024, at 9:00 AM at Père Marquette Hotel, 501 Main Street, Peoria, IL. 61602

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

Topic: Board of Trustees Meeting

Time: March 8, 2024, 9:00 AM – 1:00 PM Central Time (US and Canada)

Join Zoom Meeting via Video:

Video: www.zoom.us

Meeting ID: 847 7126 1236

Passcode: 736061

Join Zoom Meeting via Dial-In:

Dial In: 1 (312) 626-6799

Meeting ID: 847 7126 1236

Passcode: 736061

April 12, 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 - March 8, 2024: Discussion and Potential Action](#)
 - 3.2 Closed Session Minutes for Board of Trustees Meeting-February 9 2024: Discussion and Potential Action
 - 3.3 Litigation Committee Meeting Minutes - March 8, 2024: Discussion and Potential Action
 - 3.4 Litigation Committee Closed Session Minutes - March 8, 2024: Discussion and Potential Action

- 3.5 [Litigation Committee - Dissolve Committee: Discussion and Potential Action](#)
- 3.6 [Memorandum of Understanding with IDOI: Discussion and Potential Action](#)
- 3.7 [Strategic Plan - Quarterly Review: Discussion and Potential Action](#)
- 3.8 [Report on Transition of Assets: Discussion and Potential Action](#)
- 4. Investments
 - 4.1 [US Treasury Allocation - Recommendation: Discussion and Potential Action](#)
 - 4.2 [Emerging Market Equity Investment: Discussion and Potential Action](#)
 - 4.3 [Investment Policy - Special Investment Principles: Discussion and Potential Action](#)
 - 4.4 [Investment Update: Discussion and Potential Action](#)
- 5. Finance and Accounting
 - 5.1 [Monthly Financial Statement - February 2024: Discussion and Potential Action](#)
 - 5.2 [Warrant #2024-10: Discussion and Potential Action](#)
 - 5.3 [Finance and Accounting Update: Discussion and Potential Action](#)
- 6. Governmental Liaison
 - 6.1 [Governmental Liaison Monthly Report: Discussion and Potential Action](#)
- 7. Administration and Operations Report
 - 7.1 [Administration and Operations Report: Discussion and Potential Action](#)
- 8. General Legal Counsel Report
 - 8.1 General Legal Counsel Report: Discussion and Potential Action
- 9. Fiduciary Legal Counsel
 - 9.1 Fiduciary Legal Counsel Report: Discussion and Potential Action
- 10. Closed Session (if necessary)
 - 10.1 [Closed Session Minutes \(5 ILCS 120/2\(c\)\(21\): Discussion and Potential Action](#)
- 11. Public Comment
- 12. Adjournment (1:00 PM)



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES

FROM: RICHARD WHITE, EXECUTIVE DIRECTOR

RE: AGENDA ITEM: ROLL CALL

DATE: APRIL 12, 2024

RECOMMENDATION: Motion to allow Board of Trustee(s) _____ to participate in the April 12, 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, March 8, 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 A, 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, Treasurer
- 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
- Amy Zick, Senior Accountant
- Kate Cobb, Administrative Analyst
- Samantha Lambert, Administrative Analyst
- Joe Miller, Information Technologist

- Steve Yoon, Investment Officer
- Barbara Meyer, Investment Officer

Others Present:

- Rick Reimer, General Legal Counsel, Reimer, Dobrovolny & Labardi PC
- Taylor Muzzy, Fiduciary Legal Counsel, Jacobs Bums Orlove & Hernandez, LLP
- Joe Burns, Fiduciary Legal Counsel, Jacobs Bums Orlove & Hernandez, LLP (Zoom)
- Bukola Bello, Vision MAI
- Scott Whalen, Verus
- Tim McEnergy, Verus
- Samantha Grant, Verus (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 Suess at 9:37 A.M.

Roll Call

2.1- Roll Call: Discussion and Potential Action:

A roll call was conducted. Eight (8) Trustees were present. A quorum was established with the required number of Six Trustees present in the meeting room.

Board of Trustees:

Present:

- Philip Suess, Chairperson
- Lee Catavu, Secretary
- Mark Poulos, Treasurer
- Scott Bowers

- Brad Cole
- Elizabeth Holleb (joined at 9:38 A.M.)
- Daniel Hopkins
- Michael Inman

Absent:

- Trustee Swanlund

All individuals present are reflected in the list of attendees.

A motion was made by Trustee Inman and seconded by Trustee Poulos to allow Board of Trustee Holleb to participate in the March 8, 2024, meeting of the Board of Trustees by audio, video, or internet conferencing, per IPOPIF By-Laws.

Motion carried by roll call vote.

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

Nays- None

Absent- Trustee Swanlund

Trustee Holleb joined via Zoom at 9:38 A.M.

Investments

3.1- Verus Quarterly Report -4Q2024- Discussion and Potential Action:

Tim McEnery, Verus, briefed the Board of Trustees on the investment markets and IPOPIF performance for the fourth quarter of 2023.

Total assets grew from \$9.2B to just over \$10B through the end of the fourth quarter, responding to a strong market environment across most asset classes. The IPOPIF Investment Portfolio returned 8.8% for the quarter and was slightly below the Policy Index return of 9.0% largely resulting from a modest underweight to equity relative to policy in a strong equity environment.

Since its inception in April 2022, the IPOPIF Portfolio has returned 2.3% through the end of the fourth quarter, in line with the Policy Index and meaningfully ahead of the Broad-Based Index of 1.4%. As a primarily passively invested investment strategy, the IPOPIF Portfolio experienced minimal variation to its Policy Index in the 4th quarter. We would expect some tracking errors to be introduced as the Fund takes on more active management. Individual

investment strategies also performed in line with their strategy-specific benchmarks during the quarter. The IPOPIF investment team actively monitors current asset allocations vs. policy targets and conducts rebalancing trades as appropriate. As of 12/31/23, all asset classes were within the policy target.

Real GDP increased at a 2.9% pace from a year ago in the third quarter (4.9% quarter-over-quarter annualized rate). A string of positive economic news occurred throughout the fourth quarter. The economic outlook has improved along with this new information, though we continue to believe economic bumpiness is on the horizon—perhaps in mid-2024. However, U.S. markets appear to be fully pricing in the soft-landing narrative, which likely limits the upside if that were to come to fruition.

Emerging markets saw a positive end to 2023, rising 7.9% in the fourth quarter – helping to notch a 9.8% gain for the index over the 2023 calendar year. While rebounding from losses seen last year (-20.1% decline in 2022), emerging market equities underperformed both domestic and international developed equities for the second straight year.

A discussion was held about the formatting of the performance reporting and what information is reported on the investment report and what information is reported on the actuarial report.

Tim McEnery, Verus, answered all questions.

3.2- Emerging Market Debt Manager Search: Discussion and Potential Action:

Steve Yoon, Investment Officer, briefed the Board of Trustees on overview of the asset class, the structure, and details of the Active Emerging Market Debt Manager (EMD) search.

He described the current allocation structure and the staff recommendation for a 1.5% allocation (\$150 million) to active blended EMD strategy to take advantage of complexities and opportunities in the asset class, while maintaining passive exposure through interim and long-term allocation.

He noted that the Investment Consultant, Verus, prefers higher allocation to active blended EMD strategy.

The Request for Proposal (RFP) was provided to the Board of Trustees for reference and included a search timeline. Investment Officer Yoon noted that the RFP document include a complete Side Letter, rather than just the Side Letter Provisions. The RFP documents are scheduled to be posted to IPOPIF website on Monday, 3/11/24. The Manager interviews and selection are being targeted for the September Board of Trustees meeting.

Investment Officer Yoon answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve a search for an active investment manager for emerging markets debt investments.

Motion carried by roll call vote.

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

Nayes- None

Absent- Trustee Swanlund

3.3- Emerging Markets Equity Education: Discussion and Potential Action:

Tim McEnery, Verus, guided the Board of Trustees through education on Emerging Markets Equity. The IPOPIF Investment Staff and Verus are evaluating Emerging Market Equity (EME) as the next asset class for a search.

Asia represents a significant portion of the index, doubling its weight from 50%-80% over the last twenty years. This is mostly driven by China. The emerging markets index has also changed in terms of sector composition. Commodities-driven sectors like energy and materials have declined as other sectors such as consumer discretionary and information technology have increased.

Emerging countries have continued to open their financial markets to foreign investors, increasing their share of the global equity market. This has provided investors with new opportunities in differentiated high-growth markets. Emerging markets provide diversification to an overall portfolio as economic downturns in one country or region can be offset by growth in another. Recent U.S. equity outperformance, driven by relatively strong economic and corporate earnings growth, has resulted in significant valuation differences across equity markets.

The case for investing in emerging markets equity has been driven by emerging countries continuing to open their financial markets to foreign investors and the desire of foreign investors to access markets with faster economic growth and favorable demographics. Allowing skilled active managers, the flexibility to allocate to attractive markets without strict adherence to a benchmark can lead to the avoidance of idiosyncratic country risks inherent to naïve benchmark construction.

Tim McEnery, Verus, answered all questions.

3.4- Asset Allocation Review: Discussion and Potential Action:

CIO Custer, and Scott Whalen, Verus, provided a review of the Strategic Asset Allocation to the Board of Trustees. With the Strategic Asset Allocation (SAA) being, by far, the greatest determinant of long-term investment performance and thus the most significant decision set for the investment program, Staff and Verus have dedicated significant time and resources to identifying and researching IPOPIF SAA issues and opportunities.

Two presentations were provided to the Board of Trustees. CIO Custer began with a discussion of key asset allocation issues and observations. Mr. Whalen then reviewed Verus' capital market assumptions, performance modeling for the IPOPIF portfolio, recommendations, and future considerations.

CIO Custer, and Scott Whalen, Verus, answered all questions.

Trustee Poulos asked about the status of previous Board discussions regarding investments in companies that are 'anti-police". CIO Custer referenced a presentation to the Board of Trustees from April 2022 and noted that this item will be brought back to the Board of Trustees at a future meeting.

A motion was made by Trustee Hopkins and seconded by Trustee Poulos to move 1% from Emerging Markets Equity (7% to 6%) to International Developed Equity (18% to 19%) for Interim and Long-term allocation, move 3% long-term core plus bond allocation to core bonds, change Composite roll-up structure to eliminate "Inflation Protection" category in favor of "Real Assets" category, separate the 8% long-term allocation to Real Estate/Infrastructure into 5% Real Estate and 3% infrastructure, move TIPS to "Risk Mitigation" asset class category, approve revisions to the Investment Policy Statement

Appendix A1, Asset Class Descriptions, Appendix A2, Asset Allocation, and Appendix A3, Performance Benchmarks to incorporate asset allocation changes approved by the Board.

Motion carried by roll call vote.

Ayes- Trustee Suess, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb

Nays- Trustee Cole

Absent- Trustee Swanlund

3.5- Investment Consultant- Review of Performance: Discussion and Potential Action:

CIO Custer discussed the process of Board reviews of investment service providers on a periodic basis and reviewed key contributions from Investment Consultant, Verus. Scott Whalen, Verus, then presented to the Board of Trustees a review of the role of the consultant and key activities and contributions for IPOPIF.

IPOPIF conducted a Request for Proposal constructed formal search for an investment consultant during early 2021 and the Board selected Verus on April 23, 2021, subject to contract finalization. The final contract was executed on May 1, 2021, for a term of five years. Verus has played a key role in the development of the IPOPIF investment platform. Key contributions are: Custodian search and selection (2021), Transition Manager search and selection (2021), Passive manager search and selection (2021), Principal USPA real estate due diligence and selection (2021), Development of Investment Policy Statement and Asset Allocation in 2021 and subsequent reviews in 2023, and 2024, Evaluation of Fund structure for multiple entities with varying funded positions (2021), Evaluation of non-transferable assets during the transition process (2022). In addition, Verus has also played a key role in Measuring IPOPIF performance based on daily values and cash flows (2022 and 2023), providing information in support of the IPOPIF annual report. Verus also aided in partnering on searches for active investment managers, including International Small Cap, Bank Loans, and Emerging Market Debt. Verus worked closely with IPOPIF staff to develop a framework for resolving annuity investments still held by Article 3 pension funds, provided education on salient investment topics including asset allocation and multiple asset class primers, and provided project management expertise and infrastructure.

Scott Whalen, Verus, answered all questions.

Board of Trustees

Chairperson Suess requested that a recess be taken for lunch at 12:00 P.M.

The Board of Trustees Meeting resumed at 12:40 P.M.

A roll call was conducted with the following Board of Trustees:

Present:

- Philip Suess, Chairperson
- Lee Catavu, Secretary
- Mark Poulos, Treasurer
- Scott Bowers
- Brad Cole
- Elizabeth Holleb (Remote attendance)
- Daniel Hopkins
- Michael Inman

Absent:

- Paul Swanlund, Vice Chairperson

Investments (cont.)

3.6- Investment Update: Discussion and Potential Action:

CIO Custer briefed the Board of Trustees on Investments including performance, cash flow, allocation, manager structure and funding, 2024 transition planning, and the status of key investment initiatives.

Executive staff meetings and the preparation of documents and communications are underway for the FY24 Transition Planning. It is anticipated that the notification package will be ready and distributed in early March. Three (3) immediate goals for all Article 3 Fund Boards would be to appoint Authorized Agents, Adopt the local cash management policy, and Appoint Account Representatives for cash management.

Trustee Cole asked a question regarding withdrawal requests and the process, and whether IPOPIF asks about how much cash an Article 3 Fund has on hand. CFO Tuczak answered that the process does not include asking how much cash is on hand.

CIO Custer and Chief Financial Officer Tucak answered all questions.

Board of Trustees

5.1- Board of Trustees Meeting Minutes- February 9, 2024: Discussion and Potential Action:

Executive Director White presented to the Board of Trustees the minutes of the special meeting of Board of Trustees held on February 9, 2024

A motion was made by Trustee Catavu and seconded by Trustee Inman to approve the minutes of the February 9, 2024, Board of Trustees Meeting.

Motion carried by roll call vote.

Ayes- Trustee Suess, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Swanlund

5.2- Litigation Committee Minutes: Discussion and Potential Action:

Executive Director White presented to the Board of Trustees the minutes of the outstanding open and closed session minutes from the Litigation Committee meetings for review and to discuss the release. Executive Director White noted that the Litigation Committee approved the listed open and closed session minutes and recommended the Board of Trustees accept the minutes and approve for release.

A motion was made by Trustee Poulos and seconded by Trustee Hopkins to accept the Litigation Committee Meeting Minutes and Closed Session Minutes and approve for release.

Minutes to be released:

- 11/12/2021 Committee Meeting Minutes
- 5/28/2021 Closed Session Minutes
- 8/13/2021 Closed Session Minutes
- 10/29/2021 Closed Session Minutes
- 11/12/2021 Closed Session Minutes
- 1/14/2022 Closed Session Minutes
- 1/28/2022 Closed Session Minutes
- 2/10/2022 Closed Session Minutes
- 4/8/2022 Closed Session Minutes
- 5/26/2022 Closed Session Minutes

- 2/10/2023 Closed Session Minutes

Motion carried by roll call vote.

Ayes- Trustee Suess, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Swanlund

5.3- By-Laws- Revision: Discussion and Potential Action:

Executive Director White presented to the Board of Trustees revisions on the Fund's Bylaws. The Fund Bylaws are periodically reviewed to ensure that they remain consistent with the Board of Trustees' procedures, policies, and governing laws. These proposed revisions to the Bylaws are presented for the following reasons:

Section 305 (Treasurer) of the bylaws discusses the position of the Treasurer. The addition of a full-time financial and accounting team including the executive-level leadership provided by the Chief Financial Officer, as well as the expansion of roles and responsibilities being undertaken by the financial and accounting team has meant that those responsibilities that were previously provided by the Treasurer position during the transition period have been chiefly transferred to the finance and accounting team. With this, the responsibilities of the Treasurer have become fewer and fewer. Additionally, oversight of the financial reporting previously provided by the Treasurer position has been assumed by the Audit and Budget Committee. These revisions will update the financial and accounting responsibilities in accordance with Fund operations and governance practices.

Section 309 (Committees of the Board) of the bylaws discusses the committees of the Board. The Board of Trustees approved the expansion of the committees from three (3) members to four (4) members which is now reflected in this section, which states that each committee 'shall have at least three members" and defines the representation on these committees. The Board of Trustees has been conducting the committee membership in this manner and this revision includes these changes.

Section 209 (Remote Attendance) to include the eligibility of a Trustee to participate in a meeting remotely due to childcare needs of their family, in accordance with recently enacted legislation.

Executive Director White answered all questions.

A motion was made by Trustee Poulos and seconded by Trustee Hopkins to approve revisions to the Bylaws, dated March 8, 2024.

Motion carried by roll call vote.

Ayes- Trustee Suess, Catavu, Poulos, Bowers, Hopkins, Inman, Cole

Nayes- Trustee Holleb

Absent- Trustee Swanlund

Finance

7.1- Monthly Financial Statement- January 2024: Discussion and Potential Action:

Chief Financial Officer Tuczak briefed the Board of Trustees on the January 2024 Monthly Financial Statement. Participant fund activity was cash-negative for the month of January. January Contributions were \$34,875,480, and January Withdrawals were \$46,533,560. There were 118 cash contributions and 169 cash withdrawals in January (a total of 287). State Street reported 893 unique Cash Management users on eCFM as of February 7, 2024. CFO Tuczak also discussed the significant increase in cash contributions from participant funds and participant fund withdrawals, for the seven months ended January 31, 2024, versus the seven months ended January 31, 2023. When viewing these comparative numbers, cash contributions have nearly doubled, and participant fund withdrawals have increased by a multiple of ten. These changes suggest greater usage of the cash management system by the participant funds.

CFO Tuczak answered all questions.

A motion was made by Trustee Poulos and seconded by Trustee Bowers to approve the monthly financial statement for January 2024.

Motion carried by roll call vote.

Ayes- Trustee Suess, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Swanlund

7.2- Warrants #2024-09: Discussion and Potential Action:

CFO Tuczak briefed the Board of Trustees on Warrant #2024-09 and answered all questions.

A motion was made by Trustee Poulos and seconded by Trustee Inman to ratify Warrant #2024-09.

Motion carried by roll call vote.

Ayes- Trustee Suess, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, Cole

Nays- None

Absent- Trustee Swanlund

7.3- Mid-Year Budget Review: Discussion and Potential Action:

CFO Tuczak presented the mid-year budget report, and all mid-year expenses, to the Board of Trustees for review.

An analysis of the Approved and Adopted Fiscal Year 2024 Budget was prepared and compared to expenditures as of February 1, 2024, (all expenses are through Warrant 24-08), and provided to the Audit and Budget Committee at its meeting on February 9th. The Committee provided feedback on the budget and recommended approval of the Fiscal Year 2024 budget revisions.

Based on these additional expenses and further budget analysis, some minor revisions were made to the Final Proposed Budget, which resulted in a net decrease of approximately \$1,000. Based on this analysis, a proposed Final Budget for Fiscal Year 2024 was prepared and distributed to the Board. Summary information was provided in table format for the Board of Trustees, which also included comments for changes greater than 10% and \$10,000 from the original adopted budget.

CFO Tuczak indicated the Final Proposed Budget for the categories of Board of Trustees and Meetings, Administrative Operations, and Investment Operations – Personnel, are expected to be lower than the Adopted Fiscal Year 2024 Budget. The only category with an expected increase is Investment Operations – Investment and Banking, which is expected to increase by approximately \$875,000 due to Investment Manager fees. Prior to accounting for Investment Manager fees, the Final Proposed Budget for Fiscal Year 2024 is \$3,997,681 as compared to the Adopted Budget of \$4,608,733. CFO Tuczak explained the increased Investment Manager fees is due to the recent hiring of active investment managers. Three of the new investment managers will deduct their fees directly from their respective commingled investment products, and the other two investment managers will directly bill the

Fund for their fees. The Final Proposed Budget for Fiscal Year 2024 reflects the expected direct billing arrangements.

A motion was made by Trustee Hopkins and seconded by Trustee Poulos to Adopt Resolution 2024-01: Amending the Budget for Fiscal Year 2024 to reflect the changes as presented.

Motion carried by roll call vote.

Ayes- Trustee Suess, Catavu, Bowers, Poulos, Hopkins, Inman, Holleb, Cole

Nays- None

Absent- Trustee Swanlund

7.4 Finance and Accounting Update Report:

CFO Tuczak reviewed the Finance and Accounting Update Report with the Board of Trustees and reviewed the status of the engagement letters with the CPA firms for the Agreed Upon Procedures of the Article 3 police pension funds and the status of the recruitment of the Senior Accountant/Auditor.

Trustee Holleb commented about receiving questions about the IDOI Siren issued 2/8/2024, regarding the use of Money Market Mutual Funds by Article 3 Funds and asked whether IPOPIF will be issuing guidance and whether the amount of cash held by Article 3 Funds will be part of the Agreed Upon Procedures. CFO Tuczak said that she will discuss with the audit firms making that issue part of the Agreed Upon Procedures. There was a discussion about IPOPIF's authority to issue guidance.

CFO Tuczak answered all questions.

Governmental Liaison

6.1- Governmental Liaison Monthly Report: Discussion and Potential Action:

Government Liaison Bello provided a verbal report on the current legislative session to the Board of Trustees.

Governmental Liaison Bello went into detail regarding the idea of the IPOPIF sponsoring legislation to amend the Open Meetings Act (OMA) specific to allow the IPOPIF to conduct remote meetings in lieu of in-person attendance. Liaison Bello related conversations that

she has had with legislators and staff regarding the current bills to amend the OMA, and that a narrow approach specific to IPOPIF was a suggested option for consideration.

There was a discussion about other entities interested in amendments to OMA and whether the approach could be broadened to include both consolidated funds. Government Liaison Bello answered all questions.

A motion was made by Trustee Cole and seconded by Trustee Poulos to sponsor legislation to amend the Open Meetings Act solely for the IPOPIF, or with the IFPIF, to permit the Board of Trustees to conduct meetings without the in-person quorum requirement.

Motion carried by roll call vote.

Ayes- Trustee Suess, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, Cole

Nays- None

Absent- Trustee Swanlund

Administration

8.1- Strategic Plan Review: Discussion and Potential Action:

Executive Director White reviewed the Strategic Plan Governance Goal with the Board of Trustees and specifically referenced a portion of the objective within the Governance Goal which is to review the operations of the Board of Trustees to enhance best practices for a governing body to promote the highest fiduciary standards needed for effective and efficient governance, oversight, and transparency.

A key output of this process is to undertake a review of the Board and Committee meeting location(s), to ensure quality, effectiveness, and professionalism of the Board and Committee meeting spaces, meeting technology requirements, meeting logistical requirements, and other components that are needed for effectively and efficiently conducting meetings.

Director White reviewed that the Board of Trustees have held eighteen meetings as in-person attendance meetings, including nine meetings in the Twin Towers training room and nine meetings in outside meeting venues and reviewed the advantages and disadvantages of each of these venues, as well as, an expense analysis of these meetings for review.

Executive Director White, Chief Financial Officer Tuczak, and Chief Investment Officer Custer answered all questions.

A motion was made by Trustee Inman and seconded by Trustee Cole to approve the use of hotel meeting room space to be used for Board of Trustees meetings, the use of the Twin Towers meeting room space to be used for Committee meetings, and to conduct Board of Trustees and Committee meetings in the City of Peoria, and to review, as necessary.

Motion carried by roll call vote.

Ayes- Trustee Suess, Catavu, Poulos, Bowers, Inman, Cole

Nayes- Trustees Holleb and Hopkins

Absent- Trustee Swanlund

8.2- Operations Update Report: Discussion and Potential Action:

Executive Director White provided the Board of Trustees with an Operations Update. This included the newly posted Article 3 Police Pension Funds monthly reports through December 2023 to the IPOPIF website.

A newsletter was published, posted to the website, and sent out to subscribed members and Authorized Agents on February 27, 2024.

The recent Regional Stakeholder Meeting that was held in Naperville on February 21, 2024, was received well with approximately 22 attendees. The next Board of Trustees Meetings is scheduled for April 12, 2024. The next Committee Meetings are scheduled for May 17, 2024.

General Legal Counsel

General Legal Counsel Reimer had no report for the Board of Trustees.

Fiduciary Legal Counsel

Fiduciary Legal Counsel Reimer had no report for the Board of Trustees

Closed Session (if necessary)

There was no need for a closed session.

Public Comment

11.0- Public Comment:

An opportunity for public comment was provided at 1:45 P.M. No comments were heard, and no discussion was provided.

Adjournment

12.0-Adjournment:

A motion was made by Trustee Inman and seconded by Trustee Bowers to adjourn.

Motion was carried by a roll call vote:

Ayes: Trustee Suess, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, Cole

Nayes- None

Absent- Trustee Swanlund

Meeting adjourned at 1:47 PM.

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: April 12, 2024



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: LITIGATION COMMITTEE – DISSOLVE COMMITTEE
DATE: APRIL 12, 2024

RECOMMENDATION: Motion to dissolve the Litigation Committee as a Special Committee in accordance with Section 309 (Committees of the Board) of the IPOPIF Bylaws.

At the March 26, 2021, meeting of The Board of Trustees by a vote of 8-AYE with 1-Absent, the Board established the Litigation Committee as a Special Committee of the Board to be responsible for establishing direction, monitoring legal proceedings, and approving legal issues that directly involve the Fund, members of the Board and staff in litigation matters. The Fiduciary Counsel was designated as Legal Counsel to the Litigation Committee.

The litigation matter (The Arlington Heights Police Pension Fund et al., Appellants, v. Jay Robert “JB” Pritzker, Governor, et al., Appellees) became a final decision in favor of the Appellees with the decision filed by the Illinois Supreme Court on January 19, 2024.

With the conclusion of the legal proceedings and with the business of the Litigation Committee completed in conjunction with this matter, it is recommended that the Board dissolve the Litigation Committee.

The motion will dissolve the Litigation Committee upon passage.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

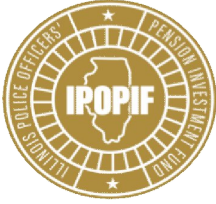
TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: MEMORANDUM OF UNDERSTANDING WITH ILLINOIS DEPARTMENT
OF INSURANCE
DATE: APRIL 12, 2024

RECOMMENDATION: Approve Memorandum of Understanding with the Illinois Department of Insurance.

The Pension Code statute authorizing the consolidation of investment assets sets forth several functions for the IPOPIF which are being transferred from the Illinois Department of Insurance (IDOI) and others which will require that use of IDOI resources to complete. The Illinois Department of Insurance requests that the roles and responsibilities defined in the pension code and other statutes be formalized by way of a Memorandum of Understanding (MOU).

The MOU considers these obligations and duties between the IDOI and the IPOPIF:

1. Conduct 'audits' (Agreed Upon Procedures) of the Article 3 participating police pension funds, in accordance with the statutory requirements. Please note that the Board of Trustees has considered these 'audits' in the past and recently approved the start of this process using an "agreed upon procedures" method, which the IDOI is aware of.
2. Confirms that the Article 3 participating police pension funds will no longer be required to pay an annual compliance fee to the IDOI. The IPOPIF will pay an annual compliance fee of \$8,000 to the IDOI.
3. Confirms the completion of the annual actuarial valuation reports will be done by the IPOPIF. The IPOPIF has been completing these reports as mandated by the statute.
4. Confirms that the Article 3 participating police pension funds will continue to file their required annual statements with the IDOI through the PASS database system and that the IPOPIF will have access to these reports via the PASS system.



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

5. Confirms that the IDOI may complete the Certified Investment Asset List (CIAL) process for certain Article 3 participating police pension funds. The IPOPIF has been using the retained CPA firms for the CIAL process during the transition because the MOU was not completed. The IPOPIF will continue to use these CPA firms for the transfer scheduled for October 1, 2024.
6. Provides for revisions to the MOU.

It is relevant to note that the development of the MOU has been the subject of extensive discussions between the IPOPIF and the IDOI for many years which did not resolve itself due to the issue with the 'compliance audits'. Now that the IPOPIF is proceeding with the implementation of these 'audits', a recent discussion with the IDOI resulted in MOU matter being presented for approval at this meeting.



MEMORANDUM OF UNDERSTANDING

The Memorandum of Understanding (MOU), dated this _____ day of _____, 2022, is entered into by and between the State of Illinois, Department of Insurance, Public Pension Division (Department), and the Illinois Police Officers' Pension Investment Fund (Fund).

WHEREAS Public Act 101-0610, SB 1300, signed into law on December 18, 2019, and effective as of January 1, 2020, mandates that the Fund consolidate the investment assets of Article 3 pension funds into a consolidated investment fund, on or before June 30, 2022, this date being the end of the transition period for such consolidation.

WHEREAS the Public Act mandates several acts by the Department and the Fund, separately and in conjunction, to collect, invest and manage these investment assets.

WHEREAS this MOU shall memorialize and provide for various obligations, duties and timelines regarding the consolidation of these investment assets by the Fund.

NOW THEREFORE in consideration of the agreements and understandings stated herein, the Department and the Fund state the following as their Memorandum of Understanding:

1. That per 40 ILCS 5/1A-104(a) and (b) of the Illinois Pension Code (Code), the Department or the Fund, "as appropriate," shall examine and audit the Article 3 pension funds once every three years. As the resources to undertake the mandate will then be under the control and management of the Fund, the Fund shall undertake this mandate after the transition period.
2. That per 40 ILCS 5/1A-112, the Department and the Fund understand that after the transition period, the Article 3 pension funds shall no longer pay an annual compliance fee to the Department and instead the Fund shall pay an annual compliance fee to the Department in the amount of \$8,000.00.
3. That per 40 ILCS 5/1A-111, the Department and the Fund understand that after the transition period, the Department shall no longer be required to annually file an actuarial statement for each Article 3 pension fund and instead the actuarial statement shall be prepared by or under the supervision of a qualified actuary retained by the Fund.
4. That per 40 ILCS 5/1A-109, the Department and the Fund understand that annual statements are still mandated to be filed with the Department via its PASS system. Further, the Department and the Fund may share and cooperate in the information contained therein to the extent allowed by law and may cooperate

in the design, implementation and maintenance of more efficient and responsive system for the such annual statements as needed.

5. That per 40 ILCS 5/22B-120, the Department and the Fund understand that all Article 3 pension funds are to transfer their investment assets, to the Fund, by way of an audit which shall determine a certified investment asset list for each Article 3 pension fund, to be done by the Fund and its engaged third-party independent CPAs. The Department may aid in such audits as its resources will allow for those Article 3 pension funds with assets less than \$2,000,000, not to exceed nineteen (19) such Article 3 pension funds as identified by the Fund. The certified investment asset lists shall include the information required by Fund rules. The Fund shall consult with the Department on the drafting of Fund rules pertaining to information required on certified investment asset lists and the form of certified investment asset lists.

The Fund may implement the transfer of the investment assets within the certified investment assets list for each Article 3 pension fund in three tranches or more as needed, on or around March 1, 2022; April 1, 2022; May 1, 2022, and June 1, 2022 with due regard for the fiduciary responsibility pertaining to these investment assets. The Department and the Fund understand that the implementation of the transfer of these investment assets may occur at later dates as the circumstances allow.

6. That this MOU is subject to amendment or change by written acknowledgment of the parties herein and is subject to State and Federal law now in effect or the future.

Date: _____

Director of Department of Insurance
Public Pension Division
State of Illinois

Date: _____

Chairperson
Board of Trustees
Illinois Police Officers' Pension Investment Fund

Note: IDOI IDOI resubmitted version for IPOPIF. All changes accepted. IPOPIF BOT Agenda. April 2024

**STRATEGIC
PLAN
2024 – 2026**



**Illinois Police Officers'
Pension Investment Fund**

**FIRST QUARTER – 2024
STRATEGIC PLAN REPORT
BOARD OF TRUSTEES
APRIL 12, 2024**

VISION, MISSION, AND CORE VALUES



VISION: To be a high performing and trusted provider of institutional investment services to our members, beneficiaries, employers, and taxpayers.



MISSION: Build and maintain the long-term stability of the investment fund to enable our partners to meet financial obligations and fund pension benefits for participants and beneficiaries.



CORE VALUES:
Accountability
Stewardship
Excellence
Trust
Respect

STRATEGIC GOALS



- **INVESTMENT**

- Generate net returns that exceed the assumed actuarial rate of return

- **GOVERNANCE**

- Ensure good governance by implementing best practices for accountability and transparency

- **MANAGEMENT**

- Effectively and efficiently administer the funds to achieve desired results

- **STAKEHOLDER RELATIONS**

- Maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries.

OBJECTIVES



INVESTMENT

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



GOVERNANCE

- Good governance policy and procedures
- Enhance effectiveness of the Board and Organization



MANAGEMENT

- Determine desired outputs and services of finance and accounting
- Develop, design, and document internal controls, policies and procedures to support outputs and services pertaining to finance and accounting operations
- Evaluate current resources and long-term needs to support outputs and services of the finance and accounting operations
- Implement the information technology roadmap to align technology with best practices and team resources to achieve organizational goals
- Complete the human resources plan to assess people, benefits, succession planning needs to support IPOPIF and regulatory requirements



STAKEHOLDER RELATIONS

- Effectively provide information to participating pension funds, participants and beneficiaries, municipalities, and other stakeholders

STRATEGIC PLAN
2024 – 2026

UPDATES AND
DELIVERABLES



**Illinois Police Officers'
Pension Investment Fund**

STRATEGIC PLANNING FLOW CHART



DEVELOPMENT

STRATEGIC PLAN APPROVED ANNUALLY BY BOARD OF TRUSTEES
MISSION, VISION, VALUES, STRATEGIC GOALS AND OBJECTIVES
CONNECTED TO THE OVERALL SUCCESSFUL LEADERSHIP, OVERSIGHT AND ACHIEVEMENT OF THE FUND



MONITORING

QUARTERLY REVIEWS BY BOARD OF TRUSTEES
REPORTING ON THE OBJECTIVES' PROGRESS AND WHO IS RESPONSIBLE FOR THE IMPLEMENTATION
CONNECTED TO THE BUDGET DEVELOPMENT AND APPROVAL PROCESS



IMPLEMENTATION

REGULAR PROGRESS REPORTS TO BOARD OF TRUSTEES
ACTION STEPS BY EXECUTIVE STAFF AND IPOPIF TEAM TO ACHIEVE GOALS AND OBJECTIVES
CONNECTED TO PERFORMANCE EVALUATION OF EXECUTIVE DIRECTOR AND CHIEF INVESTMENT OFFICER

STRATEGIC PLAN – FIRST QUARTER 2024 DASHBOARD

Report Date:

Friday, April 12, 2024

Q1 - 2024
Initial Report

IPOPIF Strategic Plan Dashboard

| | CURRENT STATUS | RESPONSIBLE PARTY |
|---|----------------|-------------------|
| 1 GOAL 1 - INVESTMENTS: Generate net returns that exceed the assumed actuarial rate of return. | | |
| 1.1 Review and revise the asset allocation and Investment Policy Statement | COMPLETE | Kent Custer |
| 1.2 Develop investment plans for private market asset classes | AT RISK | Kent Custer |
| 1.3 Conduct investment manager searches | ON TRACK | Kent Custer |
| 1.4 Develop compliance monitoring and reporting framework | ON TRACK | Kent Custer |
| 1.5 Expand investment communications | ON TRACK | Kent Custer |
| 1.6 Resolve non-transferable assets | ON TRACK | Kent Custer |
| 2 GOAL 2 - GOVERNANCE: Ensure good governance by implementing best practices for accountability and transparency. | | |
| 2.1 Good governance policy and procedures | ON TRACK | Richard White |
| 2.2 Enhance effectiveness of the Board and Organization | ON TRACK | Richard White |
| 3 GOAL 3 - MANAGEMENT: Effectively and efficiently administer the fund to achieve desired results. | | |
| 3.1 Determine desired outputs and services of finance and accounting operations | ON TRACK | Regina Tuzcak |
| 3.2 Develop, design and document internal controls, policies and procedures to support outputs and services pertaining to finance and accounting operations | ON TRACK | Regina Tuzcak |
| 3.3 Evaluate current resources and long-term needs to support outputs and services of the finance and accounting operations | ON TRACK | Regina Tuzcak |
| 3.4 Implement the information technology roadmap to align technology with best practices and team resources to achieve organizational goals | ON TRACK | Richard White |
| 3.5 Complete the human resources plan to assess people, benefits, succession planning needs to support IPOPIF and regulatory requirements | ON TRACK | Richard White |
| 4 GOAL 4: STAKEHOLDER RELATIONS: Maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries. | | |
| 4.1 Effectively provide information to participating pension funds, participants and beneficiaries, municipalities, and other stakeholders | ON TRACK | Richard White |

INVESTMENTS

Goal: Generate net returns that exceed the assumed actuarial rate of return.

| | | CURRENT STATUS | RESPONSIBLE PARTY |
|-----|---|-----------------|-------------------|
| 1 | GOAL 1 - INVESTMENTS: Generate net returns that exceed the assumed actuarial rate of return. | | |
| 1.1 | Review and revise the asset allocation and Investment Policy Statement | COMPLETE | Kent Custer |
| 1.2 | Develop investment plans for private market asset classes | AT RISK | Kent Custer |
| 1.3 | Conduct investment manager searches | ON TRACK | Kent Custer |
| 1.4 | Develop compliance monitoring and reporting framework | ON TRACK | Kent Custer |
| 1.5 | Expand investment communications | ON TRACK | Kent Custer |
| 1.6 | Resolve non-transferable assets | ON TRACK | Kent Custer |
| | | | |

GOVERNANCE

Goal: Ensure good governance by implementing best practices for accountability and transparency

| | | CURRENT STATUS | RESPONSIBLE PARTY |
|-----|--|-----------------|-------------------|
| 2 | GOAL 2 - GOVERNANCE: Ensure good governance by implementing best practices for accountability and transparency. | | |
| 2.1 | Good governance policy and procedures | ON TRACK | Richard White |
| 2.2 | Enhance effectiveness of the Board and Organization | ON TRACK | Richard White |

MANAGEMENT

Goal: Effectively and efficiently administer the fund to achieve desired results

| | CURRENT STATUS | RESPONSIBLE PARTY |
|---|-----------------|-------------------|
| ³ GOAL 3 - MANAGEMENT: Effectively and efficiently administer the fund to achieve desired results. | | |
| 3.1 Determine desired outputs and services of finance and accounting operations | ON TRACK | Regina Tuczak |
| 3.2 Develop, design and document internal controls, policies and procedures to support outputs and services pertaining to finance and accounting operations | ON TRACK | Regina Tuczak |
| 3.3 Evaluate current resources and long-term needs to support outputs and services of the finance and accounting operations | ON TRACK | Regina Tuczak |
| 3.4 Implement the information technology roadmap to align technology with best practices and team resources to achieve organizational goals | ON TRACK | Richard White |
| 3.5 Complete the human resources plan to assess people, benefits, succession planning needs to support IPOPIF and regulatory requirements | ON TRACK | Richard White |

STAKEHOLDER RELATIONS

Goal: Maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries.

| | | CURRENT STATUS | RESPONSIBLE PARTY | DUE DATE |
|-----|---|-----------------|-------------------|----------|
| | GOAL 4: STAKEHOLDER RELATIONS: Maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries. | | | |
| 4.1 | Effectively provide information to participating pension funds, participants and beneficiaries, municipalities, and other stakeholders | ON TRACK | Richard White | |

STRATEGIC PLAN- FIRST QUARTER 2024 IMPLEMENTATION REPORT



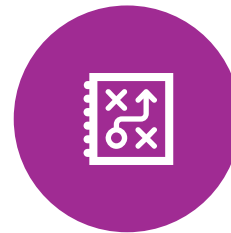
STRATEGIC PLAN ADOPTED BY
BOARD OF TRUSTEES ON
FEBRUARY 9, 2024



EXECUTIVE DIRECTOR, CHIEF
INVESTMENT OFFICER AND
CHIEF FINANCIAL OFFICER
MEETINGS WITH STRATEGIC
PLAN CONSULTANT



EXECUTIVE TEAM MEETINGS
AND COMMUNICATIONS TAKE
PLACE REGULARLY



EXECUTIVES ARE DEVELOPING
STRATEGIC OBJECTIVE
SCHEDULES AND ACTION PLANS
FOR IMPLEMENTATION

STRATEGIC PLAN – FIRST QUARTER 2024 MAJOR ACCOMPLISHMENTS

Strategic Plan –
Adopted by the
Board of Trustees

Set-up and
development of the
Strategic Plan

International Small
Cap Active
Management Search
Completed

Bank Loans Active
Management Search
Completed

Emerging Market
Debt Active
Management –
Search Process

Board of Trustees
Meeting Location
Determination

Asset Allocation And
IPS Revisions

Board of Trustee
Investment
Education

Recruitment for
Senior
Accountant/Auditor
Position

Regional Stakeholder
Meeting

STRATEGIC PLAN
2024 – 2026

CALENDAR AND
REPORTING



**Illinois Police Officers'
Pension Investment Fund**

IMPLEMENTATION – NEXT STEPS



Important to note that progress towards accomplishments is being made simultaneous to the continued development of the Strategic Plan framework.



Strategic Plan development is underway within time constraints.



Expected second quarter deliverables:

- Fiscal Year 2025 Budget
- Agreed Upon Procedures Review for Article 3 Funds
- Investment: Private market asset class development
- Investment: Emerging market equity asset class
- Investment: Non-transferrable asset review

STRATEGIC PLAN – FIRST QUARTER 2024 EXECUTIVE TEAM UPDATES

Investment Update

**Kent Custer
CIO**

**As of February 29,
2024**

Administration and Operations Update

**Richard White
Executive Director**

**IPOPIF Board Meeting
Friday, March 8, 2024**

Finance and Accounting Update

**Regina Tuczak
CFO**

**As of March 1,
2024**

STRATEGIC PLAN CALENDAR

| DAY | DATE | DELIVERABLE |
|--------|------------------------------------|--|
| FRIDAY | FEBRUARY 9, 2024 (SPECIAL MEETING) | Strategic Plan 2024-2026 Adopted by the BOT |
| | | |
| FRIDAY | APRIL 12, 2024 | Quarterly Report |
| | | |
| FRIDAY | JULY 19, 2024 | Quarterly Report |
| | | |
| FRIDAY | OCTOBER 18, 2024 | Quarterly Report |
| | | |
| FRIDAY | JANUARY 17, 2025 | Quarterly Report |
| | | |
| FRIDAY | MARCH 14, 2025 | Board of Trustees Annual Review |

STRATEGIC
PLAN
2024 – 2026

QUESTIONS
AND
DISCUSSION



Illinois Police Officers' Pension Investment Fund

BOARD OF TRUSTEES
APRIL 12, 2024



**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
REPORT ON THE STATUTORY TRANSITION PERIOD
JANUARY 1, 2020 – DECEMBER 31, 2022**

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| IV. | Overview of the Transition Process | Page 4 |
| V. | Detailed Report on the Transition Process | Page 7 |
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| VIII. | Report Conclusion | Page 46 |
| IX. | Post-Transition Supplemental Information Report | Page 47 |

I. INTRODUCTION

This report details the three-year transition of assets period of January 1, 2020, through December 31, 2022, during which time the Illinois Police Officers' Pension Investment Fund (the Fund) implemented the consolidation of investment assets held locally by the 357 suburban and downstate police pension funds known as the Article 3 participating police pension funds.

The pension code statute defined the rationale and the desired outcomes for the consolidation of these investment assets into a single investment trust fund, but the pathway to accomplish the consolidation was less defined. The consolidation was an ambitious and relatively unique undertaking – at least in recent years, for which there was no road map. The transition required building an organizational infrastructure from scratch, retaining staff and service providers, developing processes, procedures and protocols in real time, communicating with local police pension fund boards, municipal officials, active law enforcement members, retirees and beneficiaries and many other interested parties, while simultaneously undertaking the receiving and managing of billions of dollars in investment fund assets and building the permanent organization that will serve the members, beneficiaries and municipalities once the assets are in place.

Additionally, the COVID-19 pandemic hit the United States within the first few months of 2020 which was right at the beginning of the transition period which resulted in conditions that made an already difficult task even the more challenging to complete.

This report includes many of the activities and achievements accomplished by the Illinois Police Officers’ Pension Investment Fund as an entity, although the day-to-day work was undertaken by numerous individuals working diligently directly for the IPOPIF or indirectly through service providers under contract with the IPOPIF.

Overall, the accomplishment that is the creation of the IPOPIF into a fully functional manager of investment assets that originated as a vision of the Illinois Pension Consolidation Feasibility Task Force, that was authorized by the Illinois Legislature and enacted into law by the signature of Governor J.B. Pritzker is an achievement that many inside and outside of government can be proud of. There can be little doubt that the vision for the creation of this organization will ultimately benefit the citizens and taxpayers of the communities that support the local law enforcement members, the retired members and the beneficiaries who will benefit from a stronger and better funded pension system.

II. STATUTORY AUTHORITY FOR CONSOLIDATION

The Illinois Police Officers’ Pension Investment Fund (IPOPIF) was established on January 1, 2020, subsequent to a new law adopted by the Illinois General Assembly and enacted by Governor Pritzker. The law, Public Act 101-0610, provided for the mandatory consolidation of the investment assets of the state’s public safety pension funds into two investment funds one for police officers (ILCS Article 3) and one for firefighters (ILCS Article 4). Furthermore, this law empowered the Fund’s Board of Trustees to “manage the reserves, funds, assets, securities, properties and monies” which represents approximately \$10.5 billion in pension assets held in trust for the 357 Article 3 participating police pension funds.

The law stipulates that assets and liabilities of local pension funds will remain under the ownership of each local pension board. However, the pension fund assets are combined for investment purposes only and for the express purpose of eliminating unnecessary and redundant administrative costs, thereby ensuring more money is available to fund pension benefits for the beneficiaries of the Article 3 pension funds.

The investment fund will be governed by an independently elected and autonomous board of trustees and the pension fund assets of the participating pension funds are to be maintained in accounts held outside the state treasury. The Fund's Board of Trustees is charged with the operation and administration of the Fund.

The trustees of the Police Officers' Pension Investment Fund (POPIF) shall:

- A. be fiduciaries for the participants and beneficiaries of the Article 3 participating funds and shall discharge their duties with respect to the pension fund solely in the interest of the participants and beneficiaries.
- B. take all reasonable steps to ensure that all of the Article 3 pension funds are treated equitably.
- C. ensure that the financial condition of one participating pension fund will have no effect on the financial condition of any other participating pension fund.

III. THE CONSOLIDATION PERIOD

The Pension Code started the transition of assets period as of January 1, 2020, and defined the end of the transition period as of June 30, 2022. IPOPIF provided all funds an opportunity to transfer investment assets by the statutory deadline, but many funds chose not to transfer assets as scheduled due to related litigation. Only 118 funds met the statutory deadline. For valuation and cost purposes, the Board of Trustees approved an amendment to the Valuation and Cost Rule on September 9, 2022, that defined the "Transition Period" as "the period ending on December 31, 2022, or such later date as may be established by law or by the Board".

At the December 9, 2022, meeting the Board of Trustees declared the completion of the transition of assets period as of December 31, 2022. The Fund continued to receive investment assets from Article 3 participating police pension funds after December 31, 2022, upon request and subject to a mutually agreeable timeframe.

IV. OVERVIEW OF THE TRANSITION PROCESS

The following information summarizes the steps, activities and significant achievements undertaken by the Illinois Police Officers' Pension Investment Fund (IPOPIF) during the transition of assets period. Detailed information on each of these steps, with milestones and achievements, can be found in the following Section V: Detailed Report on the Transition Process (Page 7).

1. Statutory Process.

- a. The consolidation process effectively started with the issuance of a Report to Governor JB Pritzker by the Illinois Pension Consolidation Feasibility Task Force on October 10, 2019. The Task Force was formed by Governor Pritzker in February 2019 and was charged with making recommendations for the consolidation of the downstate and suburban police and fire pension funds in order to “achieve the greatest value for employers, retirees, and taxpayers.”

The task force recommended the consolidation of the suburban and downstate police & fire pension plan assets as the “single most impactful step that the State can take to address the underfunding of downstate and suburban police and fire pension plans.”

- b. The Fund was created on December 18, 2019, when Illinois Governor JB Pritzker signed into law Article 22(B) within Chapter 40, Article 5 of the Illinois Compiled Statutes (ILCS).

The law, Public Act 101-0610, effective as of January 1, 2020, provided for the mandatory consolidation of the investment assets of the state's public safety pension funds into two investment funds one for police officers (ILCS Article 3) and one for firefighters (ILCS Article 4).

2. Board of Trustees.

- a. On January 30, 2020, Governor JB Pritzker appointed the Transition Board of Trustees consisting of nine members in accordance with 40 ILCS 5/22B-115. The initial meeting of the Board of Trustees was held on February 24, 2020.

- b. In January 2021, the **Permanent Board of Trustees** was seated with the successful statewide election that was required by the pension code. All eight trustee positions and one appointed position were seated at the same time forming the initial permanent Board of Trustees, in accordance with the pension code.
- c. The Board of Trustees met as a Board fifty-two times during the transition period of 2020 – 2022 which were held primarily as remote meetings in accordance with the Gubernatorial Disaster Proclamation in effect because of the COVID-19 pandemic.
- d. The Transition Board of Trustees received a House of Representatives Resolution that recognized their service in implementing the consolidation legislation.

3. Governance and Oversight of the Fund.

- a. In accordance with the pension code, The Board of Trustees was enabled with the authority to adopt Bylaws, Resolutions, Policy and Procedures, and Administrative Rules for the governance and administration of the Fund.
- b. The Board of Trustees have adopted Bylaws, Resolutions, Rules and Policy and Procedures for the governance and administration of the Fund.

4. Operations and Administration

- a. The Transition and Permanent Board of Trustees retained consultants and service providers to staff various administrative and operational roles and responsibilities for IPOPIF.
- b. The Board started the process of hiring full-time staff that will the responsibility for the day-to-day operations and administration of the Fund. An Interim Executive Director was hired in June 2020 and was the sole Fund employee in 2020.
- c. In May 2021, the Board added a Chief Investment Officer and later in the year added an Administrative Analyst and Investment Officer bringing the number to four full-time staff by the end of calendar year 2021.
- d. In calendar year 2022, the Board added a Finance Director/Assistant Executive Director, an additional Administrative Analyst and an additional Investment Officer. As of the end of this year, the Fund had seven full-time in-house employees.

- e. The Fund's office location was selected to be located at the Twin Towers Plaza in Peoria, Illinois which as a central location in Illinois provided an opportunity for equal access and service to the Fund's membership located throughout the state. Staff moved into temporary office space in October 2021 and the permanent office space was completed in 2022.

5. Budget and Financial Operations

- a. The Interim Board of Trustees adopted the initial annual budget, as required by the Pension Code, for Fiscal Year 2020 in June 2020 in the amount of \$64,467.00.
- b. The Interim Board of Trustees approved the Fiscal Year 2020 annual comprehensive financial report in accordance with the requirement of the Pension Code, in December 2020.
- c. In accordance with the enabling statute, in June 2020, the Illinois Finance Authority approved a Loan Agreement with the Fund allowing the borrowing of up to \$7,500,000 to fund the operational and investment related expenses through the transition period.

6. Investments

- a. On December 17, 2021, the Board of Trustees adopted an Investment Policy Statement that provided for a short-term asset allocation to accommodate the initial transition of investment assets from Participating Pension Funds and the subsequent buildout of diversified strategies.
- b. During 2021, the Board hired the service providers necessary to implement the transfer and investment programs. These include Investment Consultant (Verus), Custody Bank (state Street Bank and Trust), Passive Investment Managers (RhumbLine and State Street Global Advisors), Transition Manager (State Street Global Markets), and Transition Consultant (EY).
- c. The transfer of investment assets from Participating Pension Funds to the Fund's custodian, State Street Bank & Trust Company, began on March 1, 2022, with the process to invest the receiving assets into the short-term asset allocation beginning immediately.

7. Transition of Assets

- a. In Fiscal Year 2022, after significant planning and adoption of formal policies and procedures by the Board, all Article 3 participating pension funds were assigned dates to transfer investment assets to the Fund. Each assigned date was considered a “tranche”.
- b. On March 1, 2022, the first transfer of investment assets (Tranche 1) to the Fund began, and as of June 30, 2022, 5 tranches of investment transfers had occurred representing 118 funds and approximately \$2.7 billion of invested assets.
- c. As of December 31, 2022, after 10 tranches of investment asset transfers from 328 participating pension funds, the Board of Trustees confirmed the closing date of the investment asset transition.

V. DETAILED REPORT ON THE TRANSITION PROCESS FOR THE TIME PERIOD OF JANUARY 1, 2020 THROUGH DECEMBER 31, 2022

IPOPIF BOARD OF TRUSTEES

Calendar Year 2020

On January 30, 2020, Governor JB Pritzker appointed the Transition Board of Trustees consisting of nine members in accordance with 40 ILCS 5/22B-115 as follows:

- Three members representing municipalities who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities.
 - Philip Suess, Mayor of Wheaton
 - Michael Inman, Mayor of McComb
 - Elizabeth Holleb, Finance Director, Lake Forest
- Three members representing participants and who are participants.
 - Shawn Curry, Peoria Police Department
 - Brian Prochaska, Joliet Police Department
 - Andrea DiGiacinto, Libertyville Police Department

Two members representing beneficiaries and who are beneficiaries.

- Daniel Hopkins, Collinsville, IL
- Mark Poulos, Rock Island, IL

One member who is a representative of the Illinois Municipal League

- Brad Cole, Carbondale, IL

The Transition Board of Trustees conducted meetings and official business of the Fund in accordance with the Pension Code during calendar year 2020.

Calendar Year 2021

In January 2021, the **Permanent Board of Trustees** was seated after the successful statewide election that was required by the pension code. All eight trustee positions and one appointed position were seated at the same time forming the initial permanent Board of Trustees, in accordance with the pension code.

- Three members representing municipalities who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities.
 - Philip Suess, Mayor of Wheaton
 - Michael Inman, Mayor of Macomb
 - Elizabeth Holleb, Finance Director, Lake Forest
- Three members representing participants and who are participants.
 - Shawn Curry, Peoria Police Department
 - Paul Swanlund, Bloomington Police Department
 - Lee Catavu, Aurora Police Department
- Two members representing beneficiaries and who are beneficiaries.
 - Daniel Hopkins, Collinsville, IL
 - Mark Poulos, Rock Island, IL
- One member who is a representative of the Illinois Municipal League
 - Brad Cole, Carbondale, IL

Calendar Year 2022

During 2022, the **Permanent Board of Trustees** continued to serve their terms of office with all eight elected trustee positions and one appointed position in accordance with the pension code.

- Three members representing municipalities who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities.
 - Philip Suess, Mayor of Wheaton
 - Michael Inman, Mayor of Macomb
 - Elizabeth Holleb, Finance Director, Lake Forest

- Three members representing participants and who are participants.
 - Shawn Curry, Peoria Police Department
 - Paul Swanlund, Bloomington Police Department
 - Lee Catavu, Aurora Police Department
- Two members representing beneficiaries and who are beneficiaries.
 - Daniel Hopkins, Collinsville, IL
 - Mark Poulos, Rock Island, IL
- One member who is a representative of the Illinois Municipal League
 - Brad Cole, Carbondale, IL

MEETINGS OF THE IPOPIF BOARD OF TRUSTEES

Calendar Year 2020

The IPOPIF's Transition Board of Trustees conducted their first meeting on February 24, 2020, in the Training Room at the Peoria Police Department. The Board elected Shawn Curry as Chairperson, Dan Hopkins as Vice-Chairperson, Andrea DiGiacinto as Secretary and Elizabeth Holleb as Treasurer to serve as officers for the Board of Trustees. All meetings of the Board of Trustees were conducted in accordance with the Pension Code and Open Meetings Act. The final meeting as the Transition Board of Trustees was held on December 14, 2020.

| Board of Trustees Calendar Year 2020 17 Meetings | |
|---|-------------------------------|
| February 24 (In-person meeting at Peoria) | July 10 (Remote meeting) |
| March 4 (In-person meeting at Aurora) | August 14 (Remote meeting) |
| March 13 (In-person meeting at Rock Island) | August 28 (Remote meeting) |
| April 13 (Remote meeting) | September 11 (Remote meeting) |
| May 1 (Remote meeting) | October 9 (Remote meeting) |
| May 8 (Remote meeting) | November 13 (Remote meeting) |
| May 22 (Remote meeting) | December 2 (Remote meeting) |
| June 5 (Remote meeting) | December 14 (Remote meeting) |
| June 19 (Remote meeting) | |

Calendar Year 2021

| Board of Trustees Calendar Year 2021 21 Meetings | |
|---|-------------------------------|
| January 8 (Remote meeting) | July 9 (Remote meeting) |
| January 22 (Remote meeting) | July 23 (Remote meeting) |
| February 12 (Remote meeting) | August 13 (Remote meeting) |
| February 26 (Remote meeting) | August 27 (Remote meeting) |
| March 12 (Remote meeting) | September 10 (Remote meeting) |
| March 26 (Remote meeting) | October 8 (Remote meeting) |
| April 9 (In-person meeting at Naperville) | October 29 (Remote meeting) |
| April 23 (Remote meeting) | November 12 (Remote meeting) |
| May 14 (Remote meeting) | December 17 (Remote meeting) |
| May 28 (Remote meeting) | |
| June 11 (Remote meeting) | |
| June 25 (Remote meeting) | |

Calendar Year 2022

| Board of Trustees Calendar Year 2022 14 Meetings | |
|---|---|
| January 14 (Remote meeting) | July 8 (Remote meeting) |
| January 28 (Remote meeting) | September 9 (In-person meeting at Peoria) |
| February 10 (Remote meeting) | October 14 (In-person meeting at Peoria) |
| February 17 (Remote meeting) | November 10 (Remote meeting) |
| March 11 (Remote meeting) | December 9 (In-person meeting at Peoria) |
| April 8 (Remote meeting) | |
| May 13 (Remote meeting) | |
| May 26 (Remote meeting) | |
| June 10 (Remote meeting) | |

COMMITTEES OF THE IPOPIF BOARD OF TRUSTEES

Calendar Year 2020

The Board organized committees of the Board with specific responsibilities to assist the Board with the governance of the Fund and these committees met over fifty-nine times during the transition period. Each committee had three members with representation from each of the three membership groups, in accordance with the IPOPIF By Laws.

The Committees appointed were:

- Audit and Budget Committee:
 - Overseeing the various audit, financial and budgetary matters and significant related reports on the financial operation of the IPOPIF. The committee name was changed in 2021 from Audit Committee.
- Contract Committee:
 - Overseeing the development of contracts for employment and service providers that will be used by the IPOPIF.
- Election Committee:
 - Overseeing the election of the members of the Board of Trustees.
- Governance Committee:
 - Overseeing the development, review, and amending of Fund governance policies and procedures.
- Legislative Committee:
 - Overseeing the ongoing legislative agenda and future legislative proposals of the IPOPIF.
- Litigation Committee:
 - Oversee, review and recommend actions related to specific litigation matters affecting the IPOPIF. The Committee was formed in 2021.

The meetings of the Committees conducted in calendar year 2020 were:

| Meetings of the Committees Calendar Year 2020 17 Committee Meetings | | | |
|--|--------------|------------------------|-------------|
| AUDIT AND BUDGET (7) | | CONTRACT (1) | |
| | September 28 | May 13 | |
| | October 16 | | |
| | November 2 | | |
| | November 10 | | |
| | November 18 | | |
| | December 2 | | |
| | December 14 | | |
| ELECTION (7) | | LEGISLATIVE (1) | |
| June 9 | July 7 | | September 8 |
| June 15 | July 22 | | |
| June 26 | August 5 | | |
| | August 25 | | |
| | | | |
| LITIGATION (0) | | GOVERNANCE (1) | |
| | | | November 20 |

DRAFT

Calendar Year 2021

The meetings of the Committees conducted in calendar year 2021 were:

| Meetings of the Committees Calendar Year 2021 26 Committee Meetings | | | |
|--|-------------|------------------------|------------|
| AUDIT AND BUDGET (7) | | CONTRACT (4) | |
| January 29 | October 7 | March 25 | August 26 |
| April 23 | November 2 | April 28 | October 4 |
| May 12 | December 7 | | |
| June 9 | | | |
| ELECTION (2) | | LEGISLATIVE (5) | |
| January 22 | November 17 | January 22 | October 7 |
| | | March 4 | December 7 |
| | | April 2 | |
| LITIGATION (2) | | GOVERNANCE (6) | |
| May 28 | November 12 | January 15 | July 7 |
| | | March 30 | July 16 |
| | | April 16 | October 22 |

DRAFT

Calendar Year 2022

The meetings of the Committees conducted in calendar year 2022 were:

| Meetings of the Committees Calendar Year 2022 16 Committee Meetings | | | |
|--|-------------|------------------------|------------|
| AUDIT AND BUDGET (7) | | CONTRACT (1) | |
| January 28 | October 14 | | October 14 |
| March 7 | November 30 | | |
| March 28 | | | |
| April 25 | | | |
| May 23 | | | |
| ELECTION (2) | | LEGISLATIVE (1) | |
| January 26 | September 1 | | October 14 |
| | | | |
| | | | |
| LITIGATION (4) | | GOVERNANCE (1) | |
| February 10 | November 12 | | October 14 |
| April 8 | | | |
| May 26 | | | |

ELECTION OF THE IPOPIF BOARD OF TRUSTEES

Calendar Year 2020

The Transition Board of Trustees conducted the nomination of candidates and election of Permanent Board of Trustees members, in accordance with the Pension Code, in preparation for the seating of the Permanent Board of Trustees in January 2021.

The Transition Board of Trustees adopted an initial Election Policy, which was amended during the process, and which established the rules and procedures for the election of the Permanent Board of Trustees.

The Transition Board of Trustees established an Election Committee to oversee the election process and met over 7 times in three months to review and revise the election process. All recommendations of the Committee were approved by the Transition Board of Trustees.

A database of electors that included over 20,000 names of active members, beneficiaries and retirees, and municipalities were created from scratch and supplied to the election services vendor for the mailing of the election ballots.

An election services vendor was identified and retained to provide the necessary steps and processes for the statewide election of the Permanent Board of Trustees.

There were three municipal representative positions up for election and three candidates submitted nomination paperwork for these positions, which were elected by acclamation, in accordance with the Pension Code.

There were two beneficiary representative positions up for election and two candidates submitted nomination paperwork for these positions, which were elected by acclamation, in accordance with the Pension Code.

There were three participant representative positions up for election and six candidates submitted nomination paperwork for these positions. An election by paper ballot was conducted for these seats. Election ballots were mailed to 12,903 eligible participant members of Article 3 police pension funds and a total of 4,771 ballots were received that were tallied, which represented a 36.98% return rate.

The election results of the Permanent Board of Trustees were ratified by the Board of Trustees at the December 14, 2020, meeting with the seating of the Board at the January 8, 2021, meeting.

Calendar Year 2021

The Permanent Board of Trustees were seated on January 8, 2021 and will serve with two or four-year terms of office. An election for the Board was not required in calendar year 2021.

Calendar Year 2022

Four Trustee positions were subject to election in 2022 in accordance with the pension code which mandated that Trustee seats be subject to election on a rotational basis every two years. These seats included one municipal representative, one beneficiary representative, and two participant representatives.

The Board of Trustees received the minimum number of nominations for these seats and in accordance with the Pension Code, the Board of Trustees certified the election and approved the trustees by acclamation at the October 14, 2022, meeting. These Trustees were seated on January 13, 2023, for four-year terms of office that will run through December 2026.

COVID-19 PANDEMIC

Calendar Year 2020

Coronavirus (COVID-19) is an ongoing pandemic disease that started with the outbreak in Wuhan China in December 2019. The on-going state, national and worldwide response to the COVID-19 pandemic impacted the ability of the transition Board of Trustees to implement the ACT.

On March 9, 2020, Governor JB Pritzker issued a state disaster proclamation regarding the spread of COVID-19. Governor JB Pritzker signed Gubernatorial Disaster Proclamations that extended the Gubernatorial Disaster Proclamation for additional periods through 2020.

Public Act 101-0640 which went into effect on June 12, 2020, included changes to the Open Meetings Act (OMA) that allows public bodies subject to OMA to conduct remote meetings under certain conditions. IPOPIF has met the meeting requirements under the Public Act to be able to meet during the disaster declaration.

Calendar Year 2021

The Covid-19 Pandemic continued throughout the calendar year. Governor JB Pritzker signed Gubernatorial Disaster Proclamations that have extended the Gubernatorial Disaster Proclamation for additional periods through 2021.

IPOPIF has met the meeting requirements under the Public Act to be able to meet during the disaster declaration, which included one meeting held on April 9, 2021, where the Board of Trustees met in-person as a body while otherwise conducting remote meetings.

Calendar Year 2022

The Covid-19 Pandemic continued throughout the calendar year 2022. Governor JB Pritzker signed Gubernatorial Disaster Proclamations that have extended the Gubernatorial Disaster Proclamation for additional periods through 2022.

IPOPIF has met the meeting requirements under the Public Act to be able to meet during the disaster declaration which included changes to the public meeting restrictions that permitted the Board of Trustees to start in-person meetings towards the end of 2022.

The Covid-19 pandemic continued into 2023 and the state of emergency was declared officially ended by Governor Pritzker in May 2023.

LITIGATION

Calendar Year 2021

The Fund was named as a Defendant in a lawsuit filed with the Circuit Court of Kane County on February 23, 2021, challenging the constitutionality of Public Act 101-0610 that provided for the mandatory consolidation of the investment assets of the state's public safety pension funds into two investment funds one for police officers (ILCS Article 3) and one for firefighters (ILCS Article 4). The legal case (Arlington Heights Police Pension Fund v. Pritzker, et al) was not resolved during the calendar year, although many legal procedures were conducted by the Circuit Court in this matter.

Calendar Year 2022

On May 25, 2022, the Circuit Court of Kane County issued a written Order granting Defendant's Motion for Summary Judgement and denying Plaintiff's Cross-Motion for Summary Judgement.

On June 1, 2022, the plaintiffs filed an Appeal to the Second District Appellate Court from the Circuit Court contending that the trial court erred in granting summary judgement in favor of the Defendants. Additional legal proceedings took place during this calendar year, with the matter continuing, without resolution, into the following year beyond the transition of assets period.

GOVERNANCE AND OVERSIGHT OF THE FUND

In accordance with the pension code, The Board of Trustees was enabled with the authority to adopt Bylaws, Resolutions, Policy and Procedures, and Administrative Rules for the governance and administration of the Fund. The Board of Trustees have adopted Bylaws, Resolutions, Rules and Policy and Procedures for the governance and administration of the Fund, as explained in the following paragraphs.

BY-LAWS

The Board of Trustees adopted By Laws on June 19, 2020. The By Laws define the scope of the fiduciary responsibilities and ethical standards of the Board, provided for the election of officers of the Board of Trustees, defined the Committees and membership of these committees, provided for uniform procedures for conducting meetings, and procedures for running the day-to-day business of the fund. The By Laws were amended by the Board of Trustees during the course of the transition period with all amendments to the By Laws approved with an affirmative vote of a minimum of six trustees to be adopted.

POLICY AND PROCEDURES

The Board of Trustees adopted revised By-Laws, passed Resolutions and approved and revised numerous governance policies that define the scope of their fiduciary responsibilities, describe the roles and responsibilities of the Board, each committee and define the organizational operating procedures and job descriptions.

Calendar Year 2020

The Board of Trustees adopted thirteen governing policy and procedures designated to define the roles and responsibilities of the Fund:

- Board of Trustee Policy and Procedure
- Executive Director Job Description
- Election Policy and Procedure
- Accounts Payable Policy and Procedure
- Chief Financial Officer Job Description
- Electronic Attendance Policy
- Ethics Policy
- Legislative Policy
- Audit and Budget Committee Policy
- Municipal Reimbursement Policy
- Purchasing Policy
- Chief Investment Officer Job Description
- Governance Committee Policy

Calendar Year 2021

The Board of Trustees adopted nine new governing policy and procedures designated to define the roles and responsibilities of the Fund:

- Budget Administration Policy
- Investment Officer Job Description
- Investment Analyst Job Description
- Administrative Analyst Job Description
- Executive Assistant Job Description
- Finance Director/ Assistant Executive Director Job Description
- Procurement of Investment Services Policy
- Investment Policy Statement
- Cash Reserve Policy

Calendar Year 2022

The Board of Trustees adopted two new governing policy and procedures designated to define the roles and responsibilities of the Fund:

- Cash Management Policy
- Contract Committee Policy

RESOLUTIONS

Calendar Year 2020

The Board of Trustees adopted thirteen governing Resolutions authorizing various procedures for the Fund, including the adoption of the annual budget, approving the borrowing of funds, indemnification of members among other matters necessary for the operation and administration of the Fund.

Calendar Year 2021

The Board of Trustees adopted five governing Resolutions authorizing various procedures for the Fund, including the adoption of the annual budget, approving the borrowing of funds, indemnification of members among other matters necessary for the operation and administration of the Fund.

Calendar Year 2022

The Board of Trustees adopted five governing Resolutions authorizing various procedures for the Fund, including the adoption of the annual budget, approving the borrowing of funds, indemnification of members among other matters necessary for the operation and administration of the Fund.

ADMINISTRATIVE RULES

Calendar Year 2021

The Board of Trustees adopted two administrative rules in calendar year 2021 that defined processes and procedures for the transition of assets from the Article 3 participating pension funds to the IPOPIF:

- Transfer of Assets Rule: Definition of the transition schedule, notice of transfer date, certified investment asset lists, obligations of pension funds, transfer of assets and receipt of transfer, and other matters associated with the transition of assets.

- Appointment of Authorized Agent Rule: Each Pension Fund, by a resolution of its Board of Trustees, shall appoint one or more Authorized Agent(s), who shall have the powers and duties set forth in this Rule. A sample resolution acceptable to the Illinois Police Officers' Pension Investment Fund (IPOPIF) was provided. The Pension Fund may change its Authorized Agent(s) at any time upon written notice to the IPOPIF supported by a resolution of its Board of Trustees appointing a different individual(s).

Calendar Year 2022

The Board of Trustees adopted one administrative rule which provided guidance on the calculation and allocation of certain accounting procedures with respect to the transition of assets process:

- Valuation and Cost Rule: The rule defined the calculation of Net Asset Value (NAV), costs and extraordinary costs, and the allocation of income, costs, and the IFA loan repayments to ensure that each Article 3 participating police pension fund was treated equitably with expenses of the IPOPIF.

INDEMNIFICATION

Calendar Year 2020

The Transition Board of Trustees adopted a Resolution 2020-010 on February 24, 2020, which provided for the indemnification of Members of the Board of Trustees and Officers, Advisors, and Employees of the IPOPIF, as authorized in Section 5/22-118(f) of the Illinois Pension Code and in a manner consistent with Sections 1-107 and 1-108 of the Illinois Pension Code.

Calendar Year 2021

The Permanent Board of Trustees amended Resolution 2020-010 on May 28, 2021, with such changes to be effective retroactive to February 24, 2020. This Resolution provided for the indemnification of Members of the Board of Trustees and Officers, Advisors, and Employees of the IPOPIF, as authorized in Section 5/22-118(f) of the Illinois Pension Code and in a manner consistent with Sections 1-107 and 1-108 of the Illinois Pension Code.

INSURANCE COVERAGE

Calendar Year 2020

On July 10, 2020, the Transition Board of Trustees approved the retention of a commercial insurance broker to provide consultation and brokerage services for fiduciary, cyber security, workers compensation, indemnification and directors and officers insurance policies beginning in Fiscal Year 2020, with revisions and renewals for each fiscal year.

Business insurance coverages secured include: (a) Fiduciary Liability, (b) Directors and Officers Liability, (c) Employment Practices Liability, (c) Crime/Fidelity Bonding, (d) Cyber Enterprise Risk Management, (e) Business Owners Policy, and (e) Workers' Compensation coverage.

The commercial insurance broker reviewed the insurance coverages for the Fund on an on-going basis to provide for the increasing growth of the Fund throughout the transition period.

Calendar Year 2021

The Commercial Insurance Broker reviewed all significant changes in coverage, terms, and conditions to the proposed insurance policy renewals with the Board of Trustees in June 2021. The Board approved the renewals which provided for increased coverages and limits of liability to meet the increasing growth and responsibilities of the Fund.

Calendar Year 2022

The Commercial Insurance Broker reviewed all significant changes in coverage, terms, and conditions to the proposed insurance policy renewals with the Board of Trustees in June 2022. The Board approved the renewals which provided for increased coverages and limits of liability to meet the increasing growth and responsibilities of the Fund.

OPERATIONS AND ADMINISTRATION

COMMUNICATION

Calendar Year 2020

The IPOPIF participated in several presentations and outreach to stakeholders during this period:

- An update on the activities and achievements of the consolidation and transition was presented to the Office of the Governor in September 2020.
- The IPOPIF Chairperson and Executive Director made a presentation to IPPFA Conference about the Fund and consolidation in September 2020.
- The Executive Director presented on the Pension Consolidation to the Illinois Public Sector Labor Relations Law Conference in December 2020.

- The Executive Director joined a panel for a discussion about pension reform and trends to the IFEPB Public Employee Benefit Institute in December 2020
- The IPOPIF Chairperson and Executive Director testified to the Senate Special Committee on Pension Investment in December 2020.

Written communications and articles were provided to statewide organizations and the media describing the Fund and the consolidation process.

Calendar Year 2021

The Board of Trustees retained a dedicated service provider to develop and maintain a website for the Fund, in January 2021. The IPOPIF website (www.ipopif.org) contained many items of interest all intended to provide the stakeholders, participating police pension funds, municipalities, participants, beneficiaries, media, investment industry professionals and other interested parties with transparency and accountability. The Website was continuously updated and contained contact information for the Fund, Executive Team and general information and has been viewed over 2,000 times per month.

The website's information included:

- ABOUT
 - Welcome
 - Board of Trustees & Our Team (Photo and short biographical sketch)
 - Service Providers
 - IPOPIF Board of Trustee & Staff Directory
- ACTUARIAL REPORTS
 - Actuarial Experience Study
 - The IPOPIF completed an actuarial experience study which analyzed the assumptions used for actuarial valuation purposes beginning on and after July 2022. The report includes a review of demographic and economic experience, a comparison of this experience to current actuarial assumptions and recommendations for consideration regarding changes in assumptions or methods to be effective for actuarial valuations performed on or after July 1, 2022.
 - Actuarial Valuation Reports
 - The IPOPIF is responsible for completing an annual actuarial valuation report for each of the 357 Article 3 participating police pension funds that calculates the statutory minimum required contribution. These reports are provided individually to each fund and posted to the IPOPIF website.
 - A User's Guide to the Actuarial Valuation Reports was available.
- FOIA
 - Freedom of Information Act requests and information.

- GOVERNING DOCUMENTS
 - Administrative Rules
 - Bylaws
 - Job descriptions
 - Loan Agreement
 - Policies
- TRUSTEE ELECTION
 - Information about the Board of Trustee election procedures and processes.
- MEETINGS
 - Board of Trustee meeting calendar
 - Board of Trustee and Committee meeting minutes (approved)
 - Board of Trustee meeting summary
 - Board of Trustee and Committee meeting agenda (Board of Trustee meeting agendas are posted, and agenda materials being considered are posted in advance of the Board of Trustee meeting for review by interested parties).
 - Regional Stakeholder Meeting information.
- REPORTS
 - Annual Comprehensive Financial Reports for each fiscal year.
 - Article 3 Fund Reports: Monthly investment performance reports and detail of account activity for each of the Article 3 participating police pension funds are provided individually to each fund and posted to the IPOPIF website.
 - Budget for each fiscal year.
 - Audit of the Transition of Investment Assets: Statutorily required audit of the transition of assets process by an independent Certified Public Accountant.
 - Monthly Financial Reports: monthly financial reports for the IPOPIF (unaudited)
 - Legislative Updates
 - Public Act 97-0609 Disclosure: Compensation Report
- RESOURCES
 - Communication
 - FAQs
 - Links
 - Press Releases
 - Publications
- RPFs & RECRUITMENTS
- INVESTMENT REPORTS
 - Investment Policy Statement
 - IPOPIF Illinois Economic Opportunity Reports: Annual Disclosure
 - IPOPIF MWDBE Report: Annual Disclosure
 - Investment Service Providers
 - IPOPIF Capital Market Assumptions

- Investment Performance Review – Verus Investment Consultant Quarterly Report
- Investment Performance Reports: IPOPIF monthly performance reports
- IPOPIF Investment Updates: Monthly reports provided to the Board of Trustees by the Chief Investment Officer
- BLUE LINE MUGSHOTS

Calendar Year 2022

Presentations conducted by Executive Director to the Illinois Public Pension Fund Association (IPPPFA), Illinois Professional Firefighters Association (IPFA), Illinois Municipal Treasurers' Association (IMTA), and Article 3 participating police pension funds (Schaumburg and Rockford).

In addition to communications with Article 3 participating police pension funds related to the election of trustees and the transition of assets, regular communications with these funds, articles regarding the Fund have been written for regular membership publications for the four statewide law enforcement union organizations, the Illinois Government Finance Officers Association, the Illinois Municipal League.

The Fund has been quoted in numerous financial, investment and regular print media publications.

The Fund created a newsletter which has been published on a regular basis beginning in July 2022.

GOVERNMENTAL LIAISON

Calendar Year 2020

The Board of Trustees retained the services of a professional governmental liaison firm to assist the Fund with current and potential legislative matters, as well as, to assist with the interaction and communication with the Illinois Legislature and Office of the Governor.

Calendar Year 2021

The Board of Trustees monitored legislative activities and provided guidance on certain legislative matters with a specific focus to ensure their fiduciary responsibilities to the members and beneficiaries were met.

Chairperson Shaun Curry and the Interim Executive Director made a presentation at the hearing chaired the Senate Assistant Republican Leader Chapin Rose.

Calendar Year 2022

The Board of Trustees monitored legislative activities and provided guidance on certain legislative matters with a specific focus to ensure their fiduciary responsibilities to the members and beneficiaries were met.

HUMAN RESOURCES

Calendar Year 2020

The Transition Board of Trustees hired Mr. Richard A. White, Jr. as the Interim Executive Director of the IPOPIF on June 5, 2020. Mr. White served as the sole full-time employee of the Fund during the remainder of the calendar year.

Calendar Year 2021

The Board of Trustees retained the services of a Human Resources firm to provide needed support and resources for the development of the administrative organization for the transition of asset process and future growth of the Fund. Significant accomplishments included:

- Adopted Job Descriptions and Salary Surveys for full-time positions.
- Adopted Employee Handbook
- Adopted Employee Benefits that included medical, dental, vision, life insurance, disability and retirement plans.
- Approved membership in IMRF for employees to have a Defined Benefit Plan
- Coordinated with HR consultant for the recruitment, hiring process, and on-boarding.

In May 2021, the Board added a Chief Investment Officer and later in the year added an Administrative Analyst and Investment Officer bringing the number to four full-time staff in calendar year 2021.

Calendar Year 2022

The IPOPIF grew in-house staffing resources throughout the year with the addition of an Investment Officer, a Finance Director/Assistant Executive Director, and an Administrative Analyst, bringing the total number of full-time staff to seven team members.

OFFICE OF THE IPOPIF

Calendar Year 2020

The initial office of the IPOPIF was established as a temporary space inside the offices of one of the Fund's service providers located in the Chicagoland area. This arrangement permitted the Fund to establish a physical office location while relying on the service provider for basic administrative and office related duties.

Calendar Year 2021

The Board of Trustees approved the location of the administrative office after a rigorous market rate analysis, independent appraisal of property, and careful consideration of operational needs.

The Fund's office location was selected to be located at the Twin Towers Plaza in Peoria, Illinois which as a central location in Illinois provided an opportunity for equal access and service to the Fund's membership located throughout the state. Staff moved into temporary office space in October 2021 and the permanent office space was completed in 2022.

FINANCIAL, ACCOUNTING, AND ACTUARIAL

ACTUARIAL SERVICES

Calendar Year 2021

The Board of Trustees retrained the firm of Foster & Foster as the Actuary in December 2021. The actuarial and related consulting services include (a) review of the IPOPIF approved asset allocation; (b) recommendation on the reasonableness of the IPOPIF's actuarial assumptions, (c) preparation of annual actuarial valuations for each Participating Police Pension Fund to determine the statutory required minimum employer (municipal) contribution for each Participating Police Pension Fund.

Calendar Year 2022

The Board of Trustees adopted various actuarial assumptions to be used in the preparation of the actuarial valuation reports. Chief amongst the assumptions was the adoption of 6.8% as the actuarial assumed rate of return, in September 2022.

The IPOPIF began the preparation of the annual actuarial valuation reports at the start of the Fiscal Year 2023 (July 1, 2022).

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

Fiscal Year 2020

The Interim Board of Trustees approved an RFP for audit services and retained a firm following the review of candidate firms. The Interim Board of Trustees appointed an Audit Committee which was tasked with the oversight of the audit process and met 7 times over the course of four months to oversee the preparation of the annual audit report.

The Interim Board of Trustees approved the Fiscal Year 2020 annual comprehensive financial report in accordance with the requirement of the Pension Code, in December 2020.

The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board (GASB). Information is presented for all audited time periods commencing with January 1, 2020, when the Fund was established by legislative act of the Illinois General Assembly through the end of the fiscal year on June 30, 2020.

As of the date of the report, June 30, 2020, the Fund had yet to receive assets from any of the local Article 3 participating police pension funds and the only other statutorily provided source of funding for the administration and operations of the Fund was through the Illinois Finance Authority loan agreement. Due to the fact that the only source of funds at the close of the fiscal year was debt related, there were no additions to report. Additionally, all of the Fund's expenditures were related to the required Board member elections process as well as the operations of the Fund in order to establish policies and procedures for the permanent Board, once seated in January 2021.

Fiscal Year 2021

The Annual Comprehensive Financial Report in accordance with 40 ILCS 5/22B-125 for Fiscal Year 2021 was completed as required and received an unmodified opinion. As of the date of the report, June 30, 2021, the Fund had yet to receive assets from any of the local Article 3 participating police pension funds and the only other statutorily provided source of funding for the administration and operations of the Fund was through the Illinois Finance Authority loan agreement. The only addition was interest from the operating and money market accounts at the Fund's local bank accounts.

The Fund's expenditures were related to personnel and the service providers that assisted in the administration and operations of the Fund. Additional expenditures related to setting up the infrastructure to run an external investment pool including the hiring of an investment consultant and project architect.

Fiscal Year 2022

The Annual Comprehensive Financial Report in accordance with 40 ILCS 5/22B-125 was completed for Fiscal Year 2022, and the Fund received an unmodified opinion from the Fund's Independent Certified Public Accounting Firms for this period.

As of the date of this report, June 30, 2022, the Fund had received asset transfers from 119 Article 3 participating police pension funds, which represented approximately \$2,867.2 million in assets. During FY 2022, a date of transfer was assigned to each Participating Police Fund, with the first assigned transfer of investment assets commencing on March 1, 2022.

In addition to the investment transfers, the only other statutorily provided source of funding for the administration and operations of the Fund was from the Illinois Finance Authority loan. Receivables as of June 30, 2022, consisted of \$3.3 million of interest and dividend income earned but not yet paid, and \$16.5 million of investment securities sold but not yet settled. These receivables were a direct result of the investment activity of the Fund commencing in March 2022.

As of June 30, 2022, the Fund had employed 4 full-time staff and engaged various professional service firms and investment managers to assist with the administration operations of the Fund, the orderly transition of investment assets from Participating Pension Funds to the Fund, and the related investment of assets into the Fund's short-term asset allocation. Accounts payable and accrued payroll of \$1.4 million as of June 30, 2022, represent expenses incurred associated with these services that had not yet been paid.

Fiscal Year 2023 (includes July 1, 2022 to December 31, 2022)

The Annual Comprehensive Financial Report for Fiscal Year 2023, which consists of the time period of July 1, 2022, to June 30, 2023, was completed in accordance with 40 ILCS 5/22B-125 and received an unmodified opinion, dated December 15, 2023, from the Independent Certified Public Accounting Firm for this time period.

The Management, Discussion and Analysis (unaudited) of the report indicates that as of December 31, 2022, 328 ILCS Article 3 Funds had transferred their investment assets to the Fund, with investment transfers that totaled approximately \$8.56 billion.

BANKING

Banking Services were established with Lake Forest Bank & Trust (Wintrust) in June of 2020 with the initial payment of payroll and vendor payments occurring in August of 2020.

Collateralization agreements with the Lake Forest Bank & Trust were established to ensure that the account balances held outside of the Fund’s custodian in excess of the FDIC deposit limits were insured.

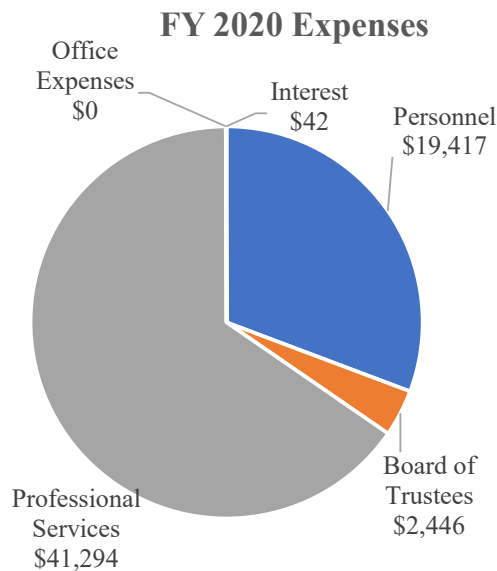
BUDGET

Fiscal Year 2020

The Fiscal Year of the IPOPIF begins on July 1 and ends on June 30 of the following year, in accordance with the statute.

The Transition Board of Trustees adopted the Fiscal Year 2020 Budget (January 2020 – June 2020) and the Fiscal Year 2021 Budget (July 2020— June 2021) on June 19, 2020.

Fiscal Year 2020 reports are for the period of January 1 through June 30, 2020, for the period that the Fund was in operation.



Expenses of the Fund for the six months ended June 30, 2020, were:

| | |
|-----------------------|-----------|
| Personnel | \$ 19,417 |
| Board of Trustees | \$ 2,446 |
| Professional Services | \$ 41,294 |
| Interest | \$ 42 |
| Total Expenses | \$ 63,199 |

The Fund had not received any local Fund investments and the only assets held by the Fund, as of June 30, 2020, were that of the IFA loan distribution in the amount of \$200,000.

Fiscal Year 2021

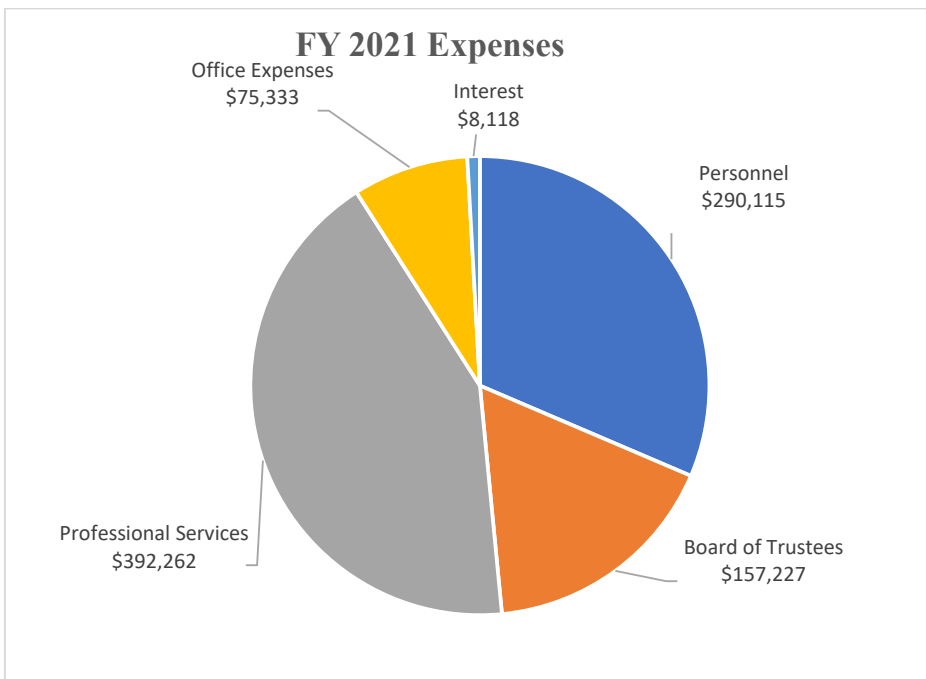
The original adopted and final adopted budgets of the Board of Trustees for Fiscal Year 2021 were \$912,804 and \$1,256,475, respectively, in anticipated expenditures. These totals include all expenses, including investment related expenses.

The Fund had yet to request or receive any asset transfers from any local Fund, therefore, all the expenses incurred during the fiscal period ended June 30, 2021, were exclusively funded by the IFA's loan distributions.

Additionally, the only other statutorily provided source of funding for the administration and operations of the Fund was the Illinois Finance Authority loan agreement, which provides for up to \$7,500,000 of loan distributions. Due to the fact that the only source of funds at this time was debt related, the only addition was interest from the operating and money market accounts at Lake Forest Bank & Trust.

During the fiscal period ended June 30, 2021, the Fund hired a Chief Investment Officer and continued to engage multiple service providers to aid in the administration of the Fund.

The Fund's expenditures this year were related to setting up the infrastructure to run an external investment pool including hiring of an investment consultant and project architect. A small amount of interest expense was reported due to the capitalized interest on the loan funds received from the IFA. The Fund received monthly reports from the IFA reporting capitalized interest accrued for the month and through the life of the loan. The Fund began to repay this loan once sufficient assets were received from the local funds.



Expenses of the Fund (excluding investment related expenses) for the twelve months ended June 30, 2021, were:

| | |
|---------------------------|-----------|
| Board of Trustees | \$157,227 |
| Investment Operations | \$ 58,050 |
| Administrative Operations | \$707,778 |
| Total Expenses | \$923,055 |

Consistent with generally accepted accounting principles, investment-related expenses are presented as a reduction of investment performance income (loss) and consist of investment consultant fees of \$139,188 in Fiscal Year 2021. Beginning in Fiscal Year 2021, all other administrative expenses are presented in three categories consisting of Board of Trustees Expense, Investment Operations Expense and Administrative Operations Expense.

Fiscal Year 2022

The original budget adopted by the Board of Trustees on June 25, 2021, for Fiscal Year 2022 was \$4,759,178 in anticipated expenditures. The final budget adopted by the Board of Trustees on April 8, 2022, for Fiscal Year 2022 was \$4,395,413.

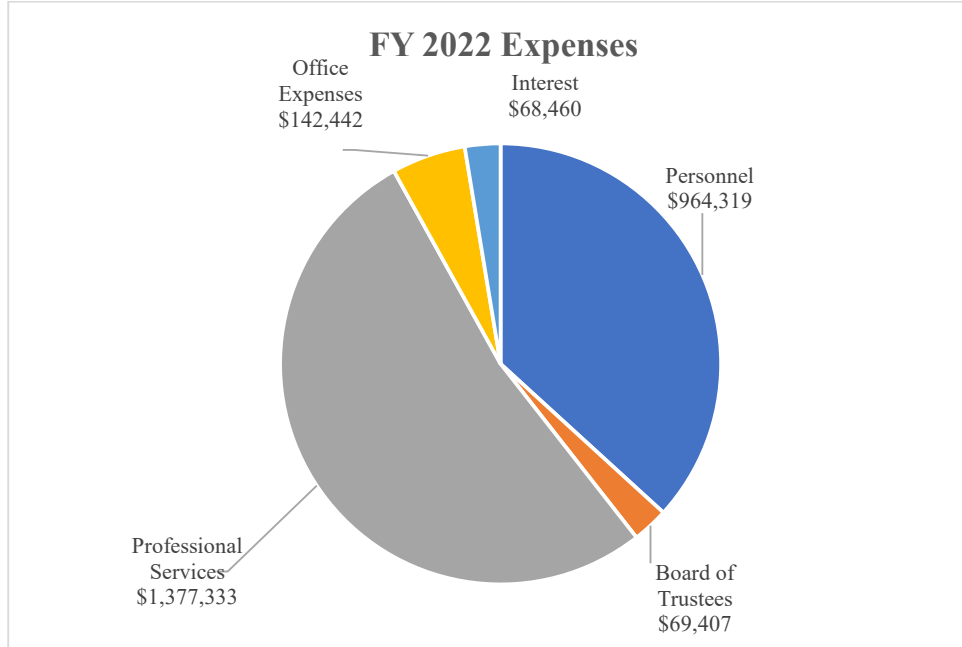
As of June 30, 2022, the Fund had received assets from 119 Participating Pension Funds representing \$2,867.2 million of transferred investment assets. Investment performance results for the year ending June 30, 2022, consist exclusively of investment activity commencing on March 1, 2022, when the first transfer of Participating Pension Fund investment assets occurred. Such investment income (loss) included the performance of assets received from Participating Pension Funds awaiting transfer to the transition pool for liquidation, and assets invested in the Fund's target asset allocation.

During this period, the Fund earned \$4.1 million of interest and dividend income and experienced net depreciation of investment assets of (\$131.4) million. The Fund had a rate of return, net of investment fees paid but not accrued, of -10.1%. Consistent with the Fund's policy benchmarks, nearly all asset classes held by the Fund experienced losses, reflective of financial market conditions during this time period. The Fund's overall performance during this time period was consistent with its policy benchmark of -10.0% and outperformed its broad benchmark of -13.2%.

The Fund's expenses this year were related to establishing the infrastructure to administer an external investment pool and commence the transfer of investment assets from Article 3 Pension Funds, as required by the Illinois Pension Code 40 ILCS/5 Article 22(B). During the fiscal period ended June 30, 2022, administrative expenses increased by approximately \$1.6 million from \$0.9 million for the year ending June 30, 2021, to \$2.5 million for the year ending June 30, 2022. The Fund hired an additional Investment Officer and an Administrative Manager and engaged multiple service providers to aid in the administration of the Fund, the transfer of investment assets to the Fund, and the custody and investment management of Fund assets. Service providers engaged in the fiscal year include the Fund's custodian, three investment managers, a transition architect and consultant, independent accountants to certify investments received, and a transition investment manager.

Investment-related expenses are presented as a reduction of investment performance income (loss) and include custodian expenses, investment manager expenses, investment consultant fees, and bank charges, and total \$1,375,257 in Fiscal Year 2022. All other administrative expenses are presented in three categories consisting of Board of Trustees Expense, Investment Operations Expense and Administrative Operations Expense, which were \$0.07 million, \$1.07 million, and \$1.41 million, for the year ending June 30, 2022, respectively.

The Fund’s total administrative expenses for the audited period ending June 30, 2022, are presented below:



Expenses of the Fund (excluding investment related expenses) for the twelve months ended June 30, 2022, were:

| | |
|---------------------------|-------------|
| Board of Trustees | \$ 69,407 |
| Investment Operations | \$1,053,805 |
| Administrative Operations | \$1,498,749 |
| Total Expenses | \$2,621,961 |

Fiscal Year 2023 (includes July 1, 2022 to December 31, 2022)

- On June 10, 2022, the Board of Trustees adopted the Fiscal Year 2023 budget which represented the period of July 1, 2022, to June 30, 2023. Projected budgeted expenses were \$7,914,093 and reflected utilization of service providers to complete the transfer of investment assets from Article 3 Pension Funds by the end of December 31, 2022. There were 6 scheduled tranches of investment transfers between July 1, 2022, and December 31, 2022, with significantly higher market values of expected investment transfers in these final six months of calendar year 2022, which was reflected in the budgeted expenses.

CASH MANAGEMENT

Prior to 2022, the IPOPIF worked with the Fund's custodian to develop a process through which Article 3 participant pension funds that had transferred investment assets could authorize the movement of cash funds to or from the IPOPIF custodial account with State Street Bank & Trust Company in support of each fund's local cash administration. Many issues were considered in the development of the process and procedures including security, accessibility, requirements for access, user functionality, verification of user identification and banking information for withdrawals, accounting for transactions specific to each Article 3 fund, and oversight by IPOPIF staff to approve or reject cash withdrawal requests to ensure the condition of one participating police pension does not have a negative effect on the financial condition of any other participating pension fund. In collaboration with the custodial bank, a cash management portal was established for use by all Article 3 participant pension funds which is accessible through the custodian's website. The cash management portal provides a number of industry standard security features through user entitlements, dual approval, encryption protocols, and user authentication requirements, including but not limited to multi-factor authentication. Each transaction requested through the portal requires dual entry in which one user inputs a transaction and another distinct user is required to approve the transaction.

Calendar Year 2022

The Board of Trustees adopted a Cash Management Policy on January 14, 2022, that provides for cash flow planning, procedures for utilization of the cash management portal, guidelines for cash contributions and withdrawals, and establishes IPOPIF monitoring and oversight. A cash access form was developed that requires banking information for withdrawals, user information for access, and user access authority as view only, initiator or approver. Controls were also established requiring signature on the cash access form by an authorized agent of the Article 3 participant pension fund approved by local Board Resolution.

To ensure appropriate segregation of incoming cash contributions by each Article 3 participant pension fund, each fund was assigned a unique account number required for cash contributions to the IPOPIF.

On February 25, 2022, the IPOPIF sent a memorandum to each Article 3 participant pension fund that requested completion of the cash access form and provided information regarding the cash management portal and account access. A central email address cashinstructions@ipopif.org, was established for submission of all related documents by each Article 3 participant pension fund.

A verification process was established to ensure that information on each cash access form was confirmed via telephone call to an authorized agent of the Article 3 participant pension fund independent of the signatory of the form. The verification process was conducted by the office of the Chief Financial Officer (CFO) and his team.

Subsequent to verification by the CFO, IPOPIF established a secure information exchange with the custodial bank, who was responsible for the set-up of each user, including providing instructions to each user on how to install an electronic security token required for access to the portal. Instruction sheets were also provided on how to access the cash management system and transfer cash.

While each Article 3 participant pension fund established access to the cash management portal, the IPOPIF administered cash withdrawal requests and cash contributions of participant funds through manual letters of direction with the custodian to ensure that each fund received any cash needed to fund benefits and expenses and was also able to send available cash to the IPOPIF as applicable.

The first cash transaction through the cash management portal at State Street Bank & Trust Company occurred on July 18, 2022. As of December 31, 2022, the cash management system with State Street Bank & Trust Company had approximately 500 users and over 140 transactions occurring through the portal, representing over \$85,000,000 in cash contributions and withdrawals subsequent to transfer of investment assets.

MONTHLY FINANCIAL REPORTS

Calendar Year 2020

The Fund began publishing monthly financial reports on a modified cash basis beginning in December of 2020. These unaudited monthly financial statements were provided to the Board of Trustees for review and approval and were then posted on the Fund's website. The first monthly report as of December 31, 2020, detailed assets of \$157,627.39 and liabilities of \$200,042.47 for a net liability restricted position of (\$42,415.08). Expenses detailed by general ledger account as of December 31, 2020, for the month and fiscal year-to-date, are presented and compared to budgeted amounts for comparable time periods.

Calendar Year 2021

The Fund prepared monthly financial reports on a modified cash basis for each of the twelve months in 2021, which were reviewed and approved by the Board of Trustees, and then posted on the Fund's website. The unaudited monthly financial report as of December 31, 2021, detailed assets of \$2,048,910.71 and liabilities of \$1,412,097.18 for a net asset restricted position of \$636,813.53. Expenses detailed by general ledger account as of December 31, 2021, for the month and fiscal year-to-date are presented and compared to budgeted amounts for comparable time periods.

Calendar Year 2022

The Fund prepared monthly financial reports on a modified cash basis for each of the twelve months in 2022, which were reviewed and approved by the Board of Trustees, and then posted on the Fund's website. The unaudited monthly financial report as of December 31, 2022, detailed assets of \$8,440,282,513 and liabilities of \$7,424,397 for a net asset restricted position of \$8,432,858,116. Expenses detailed by general ledger account as of December 31, 2022, for the month and fiscal year-to-date are presented and compared to budgeted amounts for comparable time periods.

SERVICE PROVIDERS

Calendar Year 2020

The Transition Board of Trustees retained consultants and service providers to staff various administrative and operational roles and responsibilities for the IPOPIF. The Board hired an Interim Executive Director in June 2020 and numerous service providers were added to the Fund in 2020 to assist with the development and implementation of transition.

The Board of Trustees retained the services of numerous professional service providers to perform various functions and tasks necessary to support the operations and administration of the Fund during the start-up and beyond. The Board has continued the review and retention of services providers on a continuous basis which has included the discontinuation of services, when necessary, the reduction of services when appropriate and the continuation of services as required for the operation of the Fund.

The IPOPIF retained numerous external service firms to provide specific tasks, services and support to the Fund during the transition period:

| EXTERNAL SERVICE PROVIDERS | |
|---|--|
| 2020 - 2022 | |
| ADMINISTRATION | |
| Cook Castle Associates, LLC | Commercial Insurance Brokerage Services |
| Shepherd Consulting | Communication Specialist |
| Pulchalski Goodloe Marzullo LLP | Conflict Legal Counsel |
| Survey & Ballot Systems | Election Provider Services |
| Assured Partners Employee Benefits Corporation TransAmerica | Employee Benefits |
| Reimer, Dobrovolny & LaBardi PC | General Legal Counsel |
| Vision MAI | Governmental Liaison Services |
| Levi, Ray & Shoup, Inc. Pension Technology Group | Information Technology Services |
| Foster & Foster, Inc. | Plan Administrative Services |
| FINANCE | |
| Lauterbach & Amen LLP | Accounting and Payroll Chief Financial Officer Human Resource Services |
| Foster & Foster, Inc. | Actuarial Services |
| Wintrust (Lake Forest Bank & Trust) | Banking Account and Services |
| Baker, Tilly US, LLP Sikich, LLP | Certified Public Accountant Firm Services (Annual Comprehensive Fin'l Report) |

| INVESTMENTS | |
|---|---------------------------------------|
| Adirondack Investment Advisors, LLC | Project Architect |
| Jacobs, Burns, Orlove & Hernandez, LLP | Fiduciary Legal Counsel |
| Verus Advisory, Inc. | Investment Consulting |
| Ernst & Young, LLP | Asset Transition Services |
| Baker Tilly US LLP Kerber, Eck & Braeckel LLP Sikich LLP | Certified Investment Asset List (CPA) |
| State Street Bank & Trust | Investment Custodian |
| Principal Life Insurance Company Rhumblin Advisors Limited Partnership State Street Global Advisors | Investment Management Services |

INVESTMENTS

Calendar Year 2020

The Fund was established by legislative act of the Illinois General Assembly, P.A. 101-610, which was effective on January 1, 2020. The Fund is defined as an investment trust fund and an external investment pool. The Fund is not a component unit of any other government. As cited in 40 ILCS 5/22B-101 of the Illinois Pension Code, the Fund is created with authority to manage the reserves, funds, assets, securities, properties, and moneys of the police pension funds created pursuant to Article 3 of the Illinois Pension Code.

In accordance with the statute, the transition period of the transfer of assets commenced on the effective date of the Act and is to be completed no later than June 30, 2022.

The IPOPIF has the statutory authority to invest and manage the pension fund assets without any of the limitations applicable to the individual participating police pension funds and will have the ability to invest the funds in accordance with policies established by the Permanent Board of Trustees. (40 ILCS 5/22B-121, 122).

The Fund did not receive any transfer of assets from the Article 3 Participating Police Pension Funds during calendar year 2020.

Calendar Year 2021

On December 17, 2021, the Board of Trustees adopted an Investment Policy Statement that formalizes the Fund’s investment objectives, philosophy, policies, and structure, and defines the roles and responsibilities of various entities involved in the investment process.

INVESTMENT OBJECTIVES

1. To ensure the assets of the Fund are invested with the care, skill, prudence, and diligence that a prudent person acting in a like capacity would undertake.
2. To earn a long-term, net-of-fees, investment return that meets or exceeds the actuarial assumed rate of return and the return of the Policy Benchmark consistent with the risk level expected from the asset allocation.
3. To ensure the assets of the Fund are invested in a manner that minimizes and controls the costs incurred in administering and managing the assets.

The Fund had not received any local Fund investments through December 31, 2021.

Calendar Year 2022

On December 17, 2021, the Board of Trustees adopted an Investment Policy Statement that provided for a short-term asset allocation to accommodate the initial transition of investment assets from Participating Pension Funds and the subsequent buildout of diversified strategies.

As investment assets from Participating Pension Funds were transferred to the Fund's custodian, State Street Bank & Trust Company, on March 1, the process to invest the receiving assets into the short-term asset allocation began immediately. The short-term asset allocation was invested in approximately \$2,654.4 million of dedicated asset classes of growth, income, inflation protection, and risk mitigation securities as of June 30, 2022. This allocation includes approximately \$65.7 million of cash equivalents to appropriately provide for the liquidity needs of the Participating Pension Funds.

INVESTMENT PORTFOLIO SUMMARY

Asset Allocation as of December 31, 2022

| Account | Current | | Target | | Variance | |
|------------------------------|--------------|---------------|--------------|---------------|-------------|--------------|
| | \$M | % | \$M | % | \$M | % |
| Growth | 4,022 | 49.5% | 4,062 | 50.0% | (41) | -0.5% |
| RHUMBLINE US LARGE | 1,420 | 17.5% | 1,462 | 18.0% | (43) | -0.5% |
| RHUMBLINE US SMALL | 386 | 4.7% | 406 | 5.0% | (20) | -0.3% |
| SSGA NON-US DEVELOPED | 1,228 | 15.1% | 1,219 | 15.0% | 9 | 0.1% |
| SSGA NON-US DEVELOPED SC | 410 | 5.0% | 406 | 5.0% | 3 | 0.0% |
| SSGA EM EQUITY | 579 | 7.1% | 569 | 7.0% | 10 | 0.1% |
| | | | | | | |
| Income | 1,314 | 16.2% | 1,300 | 16.0% | 14 | 0.2% |
| SSGA HIGH YIELD | 814 | 10.0% | 812 | 10.0% | 2 | 0.0% |
| SSGA EM DEBT | 499 | 6.1% | 487 | 6.0% | 12 | 0.1% |
| | | | | | | |
| Inflation Protection | 721 | 8.9% | 731 | 9.0% | (11) | -0.1% |
| SSGA TIPS | 244 | 3.0% | 244 | 3.0% | 0 | 0.0% |
| SSGA REITS | 299 | 3.7% | 325 | 4.0% | (26) | -0.3% |
| PRINCIPAL US PROPERTY | 178 | 2.2% | 162 | 2.0% | 15 | 0.2% |
| | | | | | | |
| Risk Mitigation | 2,069 | 25.5% | 2,031 | 25.0% | 38 | 0.5% |
| IPOPIF CASH | 267 | 3.3% | 244 | 3.0% | 24 | 0.3% |
| SSGA ST GOV-CREDIT | 1,228 | 15.1% | 1,219 | 15.0% | 9 | 0.1% |
| SSGA CORE BONDS | 573 | 7.1% | 569 | 7.0% | 5 | 0.1% |
| | | | | | | |
| Total Investment Pool | 8,125 | 100.0% | 8,125 | 100.0% | - | 0.0% |
| | | | | | | |
| Transition Pool | 281 | | | | | |
| Participant Fund Accounts | 34 | | | | | |
| Grand Total | 8,439 | | | | | |

INVESTMENT PERFORMANCE

Investment Performance as of December 31, 2022

| | 2Q22 | 3Q22 | 4Q22 | 4/22 12/22 |
|------------------|--------|-------|-------|---------------|
| IPOPIF Pool | -10.4% | -4.8% | +6.8% | -9.0% |
| Policy Benchmark | -10.4% | -5.0% | +6.6% | -9.3% |
| Broad Benchmark | -13.6% | -6.6% | +8.4% | -12.6% |

- 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.

As of June 30, 2022, the Fund had received assets from 119 Participating Pension Funds representing \$2,867.2 million of transferred investment assets. Investment performance results for the year ending June 30, 2022, consist exclusively of investment activity commencing on March 1, 2022, when the first transfer of Participating Pension Fund investment assets occurred.

Such investment income (loss) includes the performance of assets received from Participating Pension Funds awaiting transfer to the transition pool for liquidation, and assets invested in the Fund's target asset allocation. During this period, the Fund earned \$4.1 million of interest and dividend income and experienced net depreciation of investment assets of (\$131.4) million. The Fund had a rate of return, gross of investment fees, of -9.2%.

Consistent with the Fund's policy benchmarks, nearly all asset classes held by the Fund experienced losses, reflective of financial market conditions during this time period. The Fund's overall performance during this time period outperformed its policy index of -10.0% and its broad benchmark of -13.1%.

VI. ILLINOIS FINANCE AUTHORITY – LOAN AGREEMENT

In accordance with the enabling statute, in June 2020, the Illinois Finance Authority approved a Loan Agreement with the Fund allowing the borrowing of up to \$7,500,000 to fund the operational and investment related expenses through the transition period. The Loan agreement was executed by the Interim Executive Director on June 26, 2020.

The Fund was authorized to borrow up to \$7,500,000 until the Final Draw date of June 30, 2022. The loan agreement included an interest rate calculated at the federal funds rate plus 150 basis points (1.50%).

The Fund drew all of the available funds from the loan during the loan disbursement period which ended in June 2022.

After the loan disbursement period, the Fund was to pay consecutive quarterly installments of principal and interest at an interest rate of 1.50% plus the Federal Funds Rate. As of June 30, 2022, the loan had a principal balance outstanding of \$7,503,635 including \$79,635 of capitalized interest, and the interest rate was 3.08%. The Board of Trustees approved three scheduled payments of the loan and ultimately approved the pre-payment of the loan balance in April 2023.

VII. TRUST FUND ASSETS TRANSITION REPORT

In fiscal year 2022, after significant planning and adoption of formal policies and procedures by the Board, all Article 3 participating pension funds were assigned dates to transfer investment assets to the Fund. Each assigned date was considered a “tranche”. On March 1, 2022, the first transfer of investment assets (Tranche 1) to the Fund began, and as of June 30, 2022, 5 tranches of investment transfers had occurred representing approximately \$2.7 billion of invested assets. As of December 31, 2022, after 10 tranches of investment asset transfers from participating pension funds, the Board of Trustees confirmed the closing date of the investment asset transition.

In anticipation of the transfer of investment assets, the Board adopted an Investment Policy Statement on December 17, 2021, that outlines the Fund’s investment objectives, philosophy, policies, and structure. A short-term asset allocation was developed and was employed as of June 30, 2022. More information on the Fund’s investment policy is detailed in the Investment Section of this report.

The Board also performed comprehensive procurement procedures to select a master custodian, and three investment managers. Procurement procedures included issuance of requests for proposals, thorough evaluation of responses, consideration of staff and investment consultant recommendations, finalist interviews and thoughtful deliberation. State Street Bank & Trust Company was selected as master custodian and State Street Global Advisors Trust Company, Rhumblin Advisors Limited Partnership, and Principal Life Insurance Company were selected as investment managers. The master custodian and investment managers are all fiduciaries with respect to the Fund.

The Board of Trustees declared the transition of assets period closed as of December 31, 2022.

| TRANSITION OF ASSETS -SCHEDULE AND PROGRESS | | |
|--|----------------------|---|
| 2022 | | |
| TRANCHE | PENSION FUNDS | ASSETS TRANSFERRED \$ Millions |
| MARCH | 14 | 220 |
| APRIL | 18 | 458 |
| MAY | 14 | 354 |
| JUNE (1) | 27 | 770 |
| JUNE (2) | 45 | 1,271 |
| AUGUST | 36 | 1,463 |
| SEPTEMBER | 63 | 1,922 |
| OCTOBER | 54 | 990 |
| NOVEMBER | 35 | 376 |
| DECEMBER | 22 | 738 |

| 2023 | | |
|----------------|----------------------|---|
| TRANCHE | PENSION FUNDS | ASSETS TRANSFERRED \$ Millions |
| MAY | 4 | 35 |
| AUGUST | 1 | 11 |

| TRANSITION OF ASSETS SUMMARY, AS OF AUGUST 2023 | | |
|--|----------------------|-------------------------------|
| TRANCHES | PENSION FUNDS | ASSETS TRANSFERRED |
| 13* (February 2023 tranche used for assets received since December) | 333 of 357 | \$ 9,905,000,000 |

| TRANSITION OF ASSETS PENDING TRANSFER OF FUNDS | | |
|---|----------|-------------------|
| Non-Compliant Funds | 9 Funds | \$ 6,300,000* |
| Litigant Funds | 15 Funds | \$ 1,233,000,000* |
| *estimated based on information from the Illinois Department of Insurance | | |

Investment Performance by Transition Tranche

| Tranche | Scheduled Transfer Date | Individual Member Fund Returns | | | Benchmark Return |
|---------|-------------------------|--------------------------------|-------|--------|---------------------|
| | | High | Low | Median | |
| 1 | 1-Mar | -8.2% | -8.9% | -8.5% | -8.8% |
| 2 | 1-Apr | -8.4% | -9.6% | -8.8% | -9.3% |
| 3 | 3-May | -1.6% | -5.6% | -3.5% | -4.5% |
| 4 | 1-Jun | -1.3% | -5.7% | -4.5% | -4.6% |
| 5 | 24-Jun | 4.6% | 0.5% | 1.7% | 1.2% |
| 6 | 1-Aug | -1.4% | -4.2% | -3.4% | -2.9% |
| 7 | 1-Sep | 12.5% | -2.8% | -0.6% | -0.6% |
| 8 | 3-Oct | 9.2% | 4.0% | 6.9% | 6.6% |
| 9 | 1-Nov | 3.7% | 0.9% | 2.9% | 3.8% |
| 10 | 1-Dec | -0.8% | -6.5% | -2.9% | -1.9% |

Transition Management Review

Asset portfolio transitions were very successful with \$8.7 Billion transferred through February 2023.

- Implementation Shortfall amounted to \$2.8 million which represented the amount that the transition portfolio lagged the investment target portfolio.
- Transition Commissions were paid in the amount of \$1.5 million. These commissions were capped at this amount under the transition custody agreement.
- Total cost of the transition was \$4.3 million or 4.9 basis points (bps) (0.049%) versus the weighted average estimate of 8.0 bps.

Table Representing the Assets that Transferred ‘In Kind’ from the Article 3 participating police pension fund into the Consolidated Police Pension Trust Fund. (Dollars in Millions)

| Asset Type | Market Value | In-Kind Value | In-Kind % |
|-------------------|---------------------|----------------------|------------------|
| Mutual Funds | \$4,189 | 0 | 0% |
| ETFs | 559 | 0 | 0% |
| Stocks | 579 | 374 | 65% |
| Bonds | 2,969 | 482 | 16% |

Dollars in Millions

Transition Audit

As per the pension code, the Fund completed an agreed upon procedures report related to the procedures defined in 40 ILCS 5/22B-120 at the end of the transition period. The agreed upon procedures were completed by an Independent Certified Public Accountant Firm and were completed in accordance with professional standards. The report did not find any exceptions or issues.

VIII. TRANSITION REPORT CONCLUSION

This report on the transition of assets encompasses the complex and ambitious journey which the newly established Illinois Police Officers' Pension Investment Fund (IPOPIF) took since the inception of the Fund through the conclusion of the transition of assets period to consolidate the investment fund assets of the downstate and suburban Article 3 participating pension funds into a single investment trust fund managed by the IPOPIF.

Additional information can be obtained on the IPOPIF website (www.ipopif.org).

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IX. POST-TRANSITION SUPPLEMENTAL INFORMATION REPORT

Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report of the Illinois Police Officers' Pension Investment Fund (the Fund) as of and for the years ended June 30, 2023, and 2022 was completed by the Fund and is available for reviewing on the Fund's website. The information contained in the report is intended to provide a detailed overview of the Fund's financial and investment results for the fiscal years ended June 30, 2023, and 2022 and was prepared in accordance with 40 ILCS 5/22B-125, which requires that at least annually, the books, records, accounts, and securities of the Fund shall be audited by a certified public accountant selected by the board and conducted in accordance with the rules and procedures promulgated by the Governmental Accounting Standards Board.

Sikich, LLP, Independent Certified Public Accountants, has issued an unmodified opinion on the Fund's financial statements, for the fiscal periods ended June 30, 2023, and 2022. The Independent Auditors' Report is located at the front of the Financial Section of the report.

Administration of the Fund

The Board of Trustees approved a staffing level of thirteen full-time positions at the April 14, 2023, meeting, which includes eight administrative positions and five investment positions. As of June 30, 2023, the Fund had seven full time employees, with several additional full-time staff hired shortly after the conclusion of fiscal year 2023.

Budget

The Board of Trustees approves the Fund's annual budget, following the statutory requirements. The Board of Trustees adopted the budget for Fiscal Year 2023 on June 10, 2022, in the amount of \$7,914,093; and adopted a revised budget on April 14, 2023, in the amount of \$6,793,609. The reduction in budgeted expenses reflects the Board's diligence and staff's dedication to operate the Fund in an efficient manner, while effectively completing the process of receiving and investing the assets from the Article 3 police pension funds in the fiscal year.

Cash Management

The cash management system administered through the portal with IPOPIF's custodian, State Street Bank & Trust, is utilized daily by Article 3 participant pension funds to administer their local cash needs to withdraw cash to pay benefits and expenses and deposit cash contributions to the IPOPIF.

Cash may be contributed to the IPOPIF on any day the custodian is open for business, and funds received by the custodian will be invested on the same day if feasible or on the next business day. IPOPIF expects funds received prior to 10:00 AM CT will be invested on the same day.

Withdrawals are input by each Article 3 participant pension fund as needed for local benefits and expenses. Multiple transactions can be entered by a participant fund up to 13 months in advance. The IPOPIF provides an email address of cashinstructions@ipopif.org to which all Article 3 participant pension funds can submit questions or request assistance navigating the cash management process or portal.

Many Article 3 participant pension funds request a withdrawal through the portal at least once per month and/or send cash to the custodial account, which is also administered through the cash management portal. As of February 29, 2024, there were 889 distinct users with approved access to the cash management portal. From March 1, 2022, through February 29, 2024, there were approximately 4,700 transactions through the cash management portal by the Article 3 participant pension funds.

The IPOPIF continues to work with representatives of the Article 3 participant funds to provide assistance with cash management needs and also seeks input on innovative ways to enhance cash management processes and tools.

Election of the Board of Trustees

As provided for in the statute, the Board of Trustees is charged with administering the election for the permanent trustees. (40 ILCS 5/22B-116). Pursuant to the Pension Code, the Board of Trustees approved on June 9, 2023, that a special election take place to fill the vacant active member trustee seat which was vacant due to the resignation of a trustee in May 2023.

Election ballots were mailed to 9,333 active members of the Article 3 police pension funds for which elector names were provided on October 3, 2023. The election date was October 31, 2023. A total of 2,021 ballots were returned for tabulation, which represented a 21.65% return rate.

Scott Bowers, Peoria Police Department was elected to fill the vacant active member trustee seat. Trustee Bowers was seated in December 2023 and will serve the remainder of the term of office which is December 2024.

Investments

For the year ended June 30, 2023, with positive economic market momentum in 2023, the Fund's investment portfolio earned a money-weighted rate of return of 8.9%. Information about the Fund's investments, fiscal year 2023 performance, and market conditions can be found in the Investment Section of the ACFR.

In fiscal year 2023, there were 213 Article 3 police pension funds that transferred investment assets to the Fund with market values of approximately \$5,725 million. As of June 30, 2023, 332 Article 3 participating police funds had fully completed asset transfers to the IPOPIF trust fund which total \$9,175 million.

Subsequent to the receipt and reconciliation of the investment assets from each police pension fund, the assets were invested in accordance with the asset allocation as described in the Investment Policy Statement.

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Asset Allocation, as of June 30, 2023

| Account | Current | | Target | | Variance | |
|------------------------------|--------------|---------------|--------------|---------------|--------------|--------------|
| | \$M | % | \$M | % | \$M | % |
| Growth | 4,924 | 52.5% | 5,445 | 58.0% | (521) | -5.5% |
| RHUMBLINE US LARGE* | 1,880 | 20.0% | 2,159 | 23.0% | (279) | -3.0% |
| RHUMBLINE US SMALL | 451 | 4.8% | 469 | 5.0% | (18) | -0.2% |
| SSGA NON-US DEVELOPED* | 1,501 | 16.0% | 1,690 | 18.0% | (188) | -2.0% |
| SSGA NON-US DEVELOPED SC | 450 | 4.8% | 469 | 5.0% | (20) | -0.2% |
| SSGA EM EQUITY | 641 | 6.8% | 657 | 7.0% | (16) | -0.2% |
| Income | 1,472 | 15.7% | 1,502 | 16.0% | (30) | -0.3% |
| SSGA HIGH YIELD | 920 | 9.8% | 939 | 10.0% | (19) | -0.2% |
| SSGA EM DEBT | 553 | 5.9% | 563 | 6.0% | (10) | -0.1% |
| Inflation Protection | 801 | 8.5% | 845 | 9.0% | (44) | -0.5% |
| SSGA TIPS | 272 | 2.9% | 282 | 3.0% | (10) | -0.1% |
| SSGA REITS | 356 | 3.8% | 375 | 4.0% | (19) | -0.2% |
| PRINCIPAL US PROPERTY | 173 | 1.8% | 188 | 2.0% | (15) | -0.2% |
| Risk Mitigation | 2,190 | 23.3% | 1,596 | 17.0% | 594 | 6.3% |
| IPOPIF CASH* | 288 | 3.1% | 94 | 1.0% | 195 | 2.1% |
| SSGA ST GOV-CREDIT* | 1,356 | 14.4% | 1,220 | 13.0% | 136 | 1.4% |
| SSGA CORE BONDS* | 545 | 5.8% | 282 | 3.0% | 264 | 2.8% |
| IPOPIF POOL FI TRANSITION | 0 | 0.0% | - | 0.0% | 0 | 0.0% |
| Total Investment Pool | 9,387 | 100.0% | 9,387 | 100.0% | - | 0.0% |
| Transition Pool | - | | | | | |
| Participant Fund Accounts | - | | | | | |
| Grand Total | 9,387 | | | | | |

* New allocations approved in April 2023 will be gradually implemented at CIO discretion.

Investment Rate of Return

For the year ended June 30, 2023, the Fund’s investments returned 8.9%, net of fees paid but not accrued, using daily cash flows and dollar-weighted calculation methodology.

For the year ended June 30, 2022, the Fund’s investments returned -10.1%, net of fees paid but not accrued, using daily cash flows and dollar-weighted calculation methodology. This return presents the inception to date return for the Fund beginning with the transition of the first investment assets from Article 3 Funds on March 1, 2022, to the fiscal year end of June 30, 2022.

During the fiscal year ending June 30, 2023, the Fund’s investment portfolio earned \$62.0 million of interest and dividend income and \$580 million of net appreciation of investment assets. The challenging market environment of fiscal year 2022 continued into the early months of fiscal year 2023, however, market conditions improved at the end of calendar year 2022, with strong economic growth. Momentum continued into the first six months of 2023, with inflation gradually declining, a strong labor market and the first rate pause from the Federal Reserve.

The market recovery was felt across the Fund’s investment portfolio with all allocations experiencing positive returns in the last six months of the fiscal year. The Fund had a net money weighted rate of return of 8.9% in fiscal year 2023, which was consistent with its policy benchmark of 8.8%, but underperformed its broad benchmark of 11.0%, which reflected a higher equity exposure than the Fund’s investment allocation.

Investment Return as of June 30, 2023

| | 1Q23 | 2Q23 | FY23 | 4/22 – 6/23 |
|------------------|-------|-------|--------|-------------|
| IPOPIF Pool | +4.3% | +2.7% | +8.8% | -2.0% |
| Policy Benchmark | +4.3% | +3.1% | +8.8% | -2.0% |
| Broad Benchmark | +5.8% | +3.7% | +11.0% | -3.4% |

- 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.

Loan Agreement

In June 2020, the Illinois Finance Authority approved a Loan Agreement with the Fund allowing the borrowing of up to \$7,500,000 to fund the operational and investment related expenses through the transition period. The Board of Trustees approved the pre-payment of the loan and interest which was accomplished with a final payment on April 3, 2023.

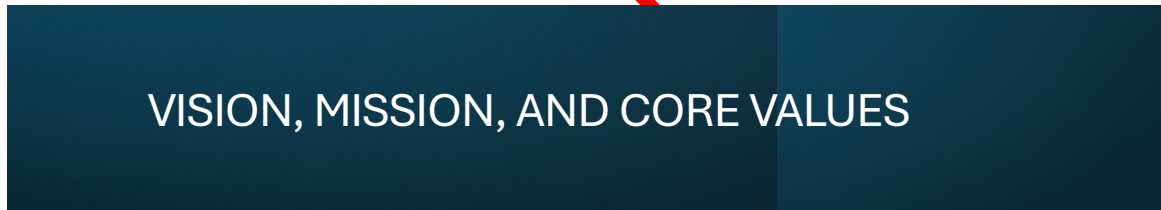
Litigation

On January 19, 2024, the Illinois Supreme Court issued the opinion in the litigation matter (Arlington Heights Police Pension Fund v. Pritzker 2024 IL 129471). The Court affirmed the lower court decisions granting summary judgment in Defendant’s favor and against Plaintiffs.

Strategic Plan

The Board of Trustees adopted a Strategic Plan for the period of 2024-2026 and the plan outlines the vision, mission, core values, strategic goals and objectives of IPOPIF.

IPOPIF VISION, MISSION, AND CORE VALUES



VISION: To be a high performing and trusted provider of institutional investment services to our members, beneficiaries, employers, and taxpayers.



MISSION: Build and maintain the long-term stability of the investment fund to enable our partners to meet financial obligations and fund pension benefits for participants and beneficiaries.



CORE VALUES:
Accountability
Stewardship
Excellence
Trust
Respect

IPOPIF STRATEGIC GOALS

STRATEGIC GOALS



- **INVESTMENT**
 - Generate net returns that exceed the assumed actuarial rate of return
- **GOVERNANCE**
 - Ensure good governance by implementing best practices for accountability and transparency
- **MANAGEMENT**
 - Effectively and efficiently administer the funds to achieve desired results
- **STAKEHOLDER RELATIONS**
 - Maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries.

IPOPIF STRATEGIC OBJECTIVES



OBJECTIVES



INVESTMENT

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



GOVERNANCE

- Good governance policy and procedures
- Enhance effectiveness of the Board and Organization



MANAGEMENT

- Determine desired outputs and services of finance and accounting
- Develop, design, and document internal controls, policies and procedures to support outputs and services pertaining to finance and accounting operations
- Evaluate current resources and long-term needs to support outputs and services of the finance and accounting operations
- Implement the information technology roadmap to align technology with best practices and team resources to achieve organizational goals
- Complete the human resources plan to assess people, benefits, succession planning needs to support IPOPIF and regulatory requirements



STAKEHOLDER RELATIONS

- Effectively provide information to participating pension funds, participants and beneficiaries, municipalities, and other stakeholders

Transition of Assets Process

On February 9, 2024, the Board of Trustees approved the transfer of assets from the Late Transferring Police Pension Funds, including the Plaintiff Funds in the litigation matter, on or prior to December 31, 2024, with a targeted transfer date of October 1, 2024.

END OF REPORT ON THE STATUTORY TRANSITION PERIOD

Please visit the [IPOPIF website](#) for additional information.



Report date: April 12, 2024



MEMORANDUM

DATE: April 1, 2024
TO: IPOPIF Board of Trustees
FROM: IPOPIF Investment Staff
SUBJECT: Recommendation for US Treasury Investment

Recommendations

1. That the Board of Trustees approve an investment in the SSGA US Treasury Fund with a target allocation of 3% of the total fund to be funded from a 3% reduction in the allocation to short-term bonds.
2. That the Board of Trustees also approve related changes to the Investment Policy Statement, including the Interim Target Allocation in Appendix A2 and the Policy Benchmark in Appendix A3.
3. That the Board of Trustees approve a related amendment to the SSGA Investment Management Agreement.

Background and Discussion

- The long-term asset allocation to US Treasury bonds (UST) is 3.0%.
- The initial interim allocation was 0% due to heightened interest rate risk in prior years.
- The recently completed asset allocation study recommended funding the UST allocation to the long-term target.
- State Street Global Advisors has agreed to include the UST strategy in the “Beta Partnership,” which has a marginal fee of 0.5 basis points for IPOPIF. This would equate to \$15,000 annually for a \$300 million investment (3% of \$10 billion).
- There would be no increase in IPOPIF fees since the same fee structure applies to IPOPIF’s investment in the SSGA short-term bond strategy.
- An amendment to the Investment Management Agreement (IMA) has been reviewed by Fiduciary Counsel, Taylor Muzzy, and is attached for reference.
- The SSGA IMA amendment also includes the additional option of an Emerging Market ex China fund. This option was added at the request of CIO Custer for additional flexibility. However, any investment in this fund would require Board approval.

Attachments

1. SSGA UST strategy fact sheet
2. Comparative Characteristics
3. Proposed IPS revisions
4. Proposed contract amendment

U.S. Treasury Index Strategy

Fact Sheet

31 December 2023

Fixed Income

Investment Objective

The Strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (the "Index") over the long term.

Benchmark

Bloomberg U.S. Treasury Index

Investment Strategy

The Strategy is managed using an "indexing" investment approach, by which SSGA attempts to approximate, before expenses, the performance of the Index over the long term. The Strategy will not necessarily own all of the securities included in the Index.

The Strategy may attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index, in limited cases where we believe it is practical to do so. However, due to the diverse composition of securities in the Index and the fact that many of the securities comprising the Index may be unavailable for purchase, it may not be possible for the Strategy to purchase some of the securities comprising the Index. In such a case, SSGA will select securities for the Portfolio that SSGA expects will provide a return comparable to that of the Index.

SSGA expects that it will typically seek to replicate Index returns for the Portfolio through investments in the "cash" bond markets - actual holdings of debt securities and other instruments - rather than through "notional" or "synthetic" positions achieved through the use of derivatives, such as futures contracts or swap transactions (except in the unusual case where SSGA believes that use of derivatives is necessary to achieve an exposure that is not readily available through the cash markets). The Strategy's return may not match the return of the Index. There may be an increased variance between the return of the Strategy and the

return of the Index due to differences between the Index pricing source and the source utilized to price the Strategy.

As part of its proxy voting program, SSGA is offering eligible investors that hold units in certain Portfolios a range of voting policies that can be applied to the voting of shares held in that Portfolio. Investors in these select Portfolios may, from time to time, enter into arrangements with SSGA pursuant to which such investors direct that a pro rata portion of shares held by the Portfolio attributable to such investors be voted pursuant to a voting policy made available by a third party proxy voting administrator. For a Portfolio structured as a pooled investment vehicle, an investor's choice of voting policy and the voting of shares in accordance with such policy may not reflect, and may in fact conflict with, the concerns and values of one or more other investors in the Portfolio. To the extent that shares held by the Portfolio are voted pursuant to SSGA's proxy voting program, there is a risk that such shares may be voted in a way that is different to how other equivalent shares held by the Portfolio are being voted. Please also refer to "Essential SSGA: A Summary of State Street Global Advisors' U.S.-Domiciled Commingled Funds, U.S.-Managed Separately Managed Accounts and Related Conflicts of Interest" for additional information on SSGA's policy on proxy voting and the risk factors associated with the SSGA proxy voting program.

The availability of the SSGA proxy voting program is subject to any applicable regulatory, operational (including in respect of fractional voting rights), local market (including any applicable local restrictions on split voting), tax, cost or other constraints of the third party proxy voting or SSGA. SSGA reserves the right to suspend or cancel, in full or in part, the SSGA proxy voting program (in any one instance or more broadly), including with immediate effect, if required by applicable law or regulation or if SSGA otherwise considers that such action is appropriate. This may result in shares being voted in accordance with the SSGA's proxy voting policy rather than in accordance with an investor's choice of voting policy.

This document provides summary information regarding the Strategy. It should be read in conjunction with the Strategy's Disclosure Document, which is available from SSGA. The Strategy Disclosure Document contains important information about the Strategy, including a description of a number of risks.

Key Facts

- Managed using an indexing strategy
- Does not normally use futures or other derivatives to create "notional" or "synthetic" index exposures
- Only designated 'Securities Lending' Portfolios may lend and enter repurchase agreements (See applicable governing documents for a Portfolio's authority to lend. Participation in a securities lending program may adversely affect the investment returns and risk profile of the Portfolio. See "Securities Lending Risk; Risks of Investment of Cash Collateral" in the Strategy Disclosure Document.)
- May invest in other investment pools, including those managed by SSGA and its affiliates
- Is not a leveraged strategy
- Will not sell securities short

Performance

| | Composite (Gross) ^{1,2} (%) | Composite (Net) ^{1,3} (%) | Benchmark ⁴ (%) |
|------------------------------|--------------------------------------|------------------------------------|----------------------------|
| Total Returns | | | |
| Q4 2023 | 5.57 | 5.56 | 5.66 |
| YTD | 4.16 | 4.12 | 4.05 |
| 1 Year | 4.16 | 4.12 | 4.05 |
| 3 Year | -3.84 | -3.88 | -3.82 |
| 5 Year | - | - | - |
| Inception to Date (Aug 2020) | -3.89 | -3.93 | -3.87 |
| Calendar Year Returns | | | |
| 2023 | 4.16 | 4.12 | 4.05 |
| 2022 | -12.62 | -12.65 | -12.46 |
| 2021 | -2.32 | -2.36 | -2.32 |
| 2020 Partial | -1.79 | -1.80 | -1.78 |
| Since Inception | -3.89 | -3.93 | -3.87 |

1 The performance shown is of a Composite (as defined below) consisting of all discretionary accounts using this investment strategy. The performance shown is not that of a particular fund or shareclass. The performance shown is not indicative of individual plan participant results, which could differ substantially. The above information is considered supplemental to the GIPS® Composite Report for this Composite, which can be found in the Appendix or was previously presented. A GIPS® Composite Report is also available upon request. **Past performance is not a reliable indicator of future performance.** Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross and net of fees basis. Gross of fees returns do not reflect and net of fees returns do reflect the deduction of advisory or other fees which could reduce the return. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings.

2 These performance figures are provided gross of fees and expenses other than actual trading fees and expenses, and reflect all items of income, gain, and loss (other than unrealized gain or loss on units of the securities lending pools held by any portfolio in the Composite). The performance figures do not take account of the mark to market value of the units of the securities lending cash collateral pools held by any of the portfolios in the Composite. If they had, the performance shown would have been lower.

3 These performance figures (i) are provided net of actual trading, audit, custody, administrative and legal fees and expenses; and (ii) reflect all items of income, gain and loss (other than unrealized gain or loss on units of the securities lending pools held by any portfolio in the Composite).

4 Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends (net of any applicable withholding tax rates) and other income and are calculated in U.S. dollars. It is not possible to invest directly in an index.

Performance returns are calculated in U.S. dollars.

Supplemental Information

Characteristics

| | |
|---------------------------------------|--------------|
| Average Credit Quality | AA1 |
| Average Effective Convexity | 0.83 |
| Average Effective Maturity | 7.94 |
| Average Yield to Worst | 4.08% |
| Composite Assets Under Management (M) | US\$1,295.13 |
| Effective Duration | 6.17 |
| Total Number of Holdings | 285 |

Credit Quality Breakdown

| | Percent |
|-----|---------|
| Aaa | 0.03 |
| Aa | 99.97 |

For the purpose of complying with the Global Investment Performance Standards (GIPS), the firm ("SSGA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSGA) and SSGA Funds Management, Inc., with the exception of Charitable Asset Management which is held out to the marketplace as a distinct business entity. Prior to January 2011, SSGA-Global excluded its wrap fee business and assets accounted for on a book value basis (global cash and stable value assets). Prior to July 2017, SSGA-Global excluded Fiduciary Advisory Solutions. In January 2011, SSGA acquired the Bank of Ireland Asset Management Limited (now known as SSGA Ireland Limited), a GIPS Compliant firm. On January 01, 2012 SSGA Ireland Limited assets were merged into SSGA-Global. In July 2016, SSGA acquired the asset management and advisory services business conducted by GE Asset Management ("GEAM"), a GIPS Compliant firm. On July 01, 2017 GEAM assets were merged into SSGA-Global.

The U.S. Treasury Index Composite (the "Composite"), inception date August 1, 2020, seeks to achieve the Investment Objective described above using the Investment Strategy described above, and includes all portfolios that SSGA has determined are similarly managed across the global offices of State Street Global Advisors (SSGA) and SSGA Funds Management, Inc., with the exception of Charitable Asset Management, which is held out to the market place as a distinct business entity.

To receive a complete list and description of SSGA-Global's composites and/or a GIPS® composite report, please contact your SSGA Representative. SSGA-Global claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

An investment in the Strategy is not FDIC insured, nor is it an obligation or deposit of, or guaranteed by State Street Corporation, SSGA or their affiliates.

"Bloomberg" and all Bloomberg Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by SSGA. Bloomberg is not affiliated with SSGA, and Bloomberg does not approve, endorse, review, or recommend any SSGA product. Prior to 3/31/2022, all Bloomberg fixed income indices were known as Bloomberg Barclays fixed income indices.

| Top Issuers | Percent |
|-------------------|---------|
| US/T | 99.97 |
| Sector Allocation | Percent |
| Treasury | 99.97 |
| Cash | 0.03 |

The Supplemental Information above (except for the Beta and Standard Deviation, if shown) is that of a single representative account within the Composite, which is subject to change. The representative account was chosen because it has no material restrictions and fairly represents the investment style of the Strategy. The Supplemental Information should not be deemed to be reflective of (and could differ from) the overall Composite or any other single account within the Composite. Certain Supplemental Information may be rounded to the nearest hundredth decimal and may result in the total not adding up to 100.

The Top Holdings reflect certain securities that the representative account has bought and may not be representative of the Strategy's current or future investments. In the case of fixed income and cash funds the securities are aggregated and shown at the issuer level. The Top Holdings do not include other assets or instruments that may be held by the representative account including, for example and not by way of limitation, cash or cash equivalents and derivatives such as futures, options and swaps. The figures presented are as of the date shown above, do not include the representative account's entire investment portfolio, and may change at any time. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security. It is not known whether an investment in any sectors or securities will be profitable in the future.

Characteristics are calculated using the month-end market value of holdings of the representative account, and where averages are shown these reflect the market weights of the securities in the representative account. For beta and standard deviation, if shown, these reflect Composite month-end returns. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Market data, prices, and estimates for characteristics calculations provided by Bloomberg Portfolio Risk and Analytics Schedule of Services (PORT+). Average Credit Quality reflects market value weight of all the rated securities held by the portfolio (excludes unrated securities) using the middle rating provided by either S&P, Moody's and Fitch or lower if only two agency ratings are available. All other portfolio data provided by SSGA. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. Fixed income asset class and country reporting based on Bloomberg indices.

Securities Lending

The Strategy may participate in an agency securities lending program (the "Lending Program") sponsored by State Street Bank and Trust Company ("State Street") for the purpose of lending

ssga.com

Information Classification: General For institutional / professional investors use only.

The Strategy is managed by State Street Global Advisors Trust Company, a wholly owned subsidiary of State Street Bank and Trust Company, and a global leader in providing investment management solutions to clients worldwide. To learn more about SSGA, visit our web site at www.ssga.com.

Important Information

SSGA generally delegates commodities management for separately managed

accounts to SSGA FM, a wholly owned subsidiary of State Street and an affiliate of SSGA. SSGA FM is registered as a commodity trading advisor ("CTA") with the Commodity Futures Trading Commission and National Futures Association.

Important Message About Risk

Investing involves risk including the risk of loss of principal. Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Stock values fluctuate in response to the activities of individual companies, the stock market and economic conditions. At times, the risk level of the Strategy may be greater than that of the U.S. stock market in general. In addition, the Strategy may use derivative instruments which may involve risks such as potential

the Strategy's securities and investing the collateral in a collateral reinvestment fund (each a "Collateral Pool"). None of the Collateral Pools are FDIC-insured bank deposits or otherwise guaranteed by SSGA or State Street or any of their respective affiliates. Investors may lose money by participating in the Lending Program and through investments in a Collateral Pool. For more information, including the risks associated with participating in the Lending Program you should review the SSGA Securities Lending Program Disclosure and the disclosure document and fact sheet for the relevant Collateral Pool.

illiquidity of the markets and additional risk of loss of principal.

All information is from SSGA unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor. The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind

relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

United States: State Street Global Advisors, 1 Iron Street, Boston, MA 02210.

State Street regards the Fact Sheets in their distributed form to be complete documents that include material information regarding the Strategy for investment consideration.

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IPOPIF Board of Trustees Meeting- April 12, 2024 - Investments
 All agenda items are informational and pending Board of Trustees review and actions.

| Comparative Characteristics | SSGA U.S. Treasury Index | SSGA ST Gov-Credit |
|------------------------------------|---------------------------------|---------------------------|
| Average Credit Quality | AA1 | Aa3 |
| Average Effective Convexity | 0.83 | 0.04 |
| Average Effective Maturity | 7.94 | 1.96 |
| Average Yield to Worst | 4.08% | 4.52% |
| Effective Duration | 6.17 | 1.84 |
| Total Number of Holdings | 285 | 1613 |
| Credit Quality Breakdown | | |
| Aaa | 0.03% | 4.22% |
| Aa | 99.97% | 72.53% |
| below Aa | 0.00% | 23.25% |

As of December 2023

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

**ILLINOIS POLICE OFFICERS'
PENSION INVESTMENT FUND**

**INVESTMENT POLICY
STATEMENT**

Policy Number: PP-2021-08

Adopted December 17, 2021

Last Revised: ~~March 8~~April 12, 2024

Appendix A2 – ASSET ALLOCATION

The IPOPIF has adopted interim and long-term asset allocation targets. Interim targets are necessary to accommodate the initial IPOPIF transition and the subsequent buildout of diversified strategies, including private market investments. Interim targets and rebalancing ranges will be updated periodically, with Board approval, as new investments move the allocation toward the long-term targets. Rebalancing and the Policy Benchmark will be based on interim targets. Rebalancing ranges are not included where liquidity constraints prevent rebalancing.

| IPOPIF Asset Allocation | Interim | | | | Long-term Target Allocation |
|-------------------------------|---------------------|--------------------|--------------------|---------------------|-----------------------------|
| | Target Allocation | Rebalancing Range | | | |
| Asset Classes | | Band | Lower | Upper | |
| Growth | 58.0% | 10.0% | 53.0% | 63.0% | 65.0% |
| US Large | 23.0% | 4.0% | 21.0% | 25.0% | 23.0% |
| US Small | 5.0% | 2.0% | 4.0% | 6.0% | 5.0% |
| International Developed | 19.0% | 4.0% | 17.0% | 21.0% | 19.0% |
| International Developed Small | 5.0% | 2.0% | 4.0% | 6.0% | 5.0% |
| Emerging Markets | 6.0% | 2.0% | 5.0% | 7.0% | 6.0% |
| Private Equity | 0.0% | N/A | N/A | N/A | 7.0% |
| | | | | | |
| Income | 16.0% | 4.0% | 14.0% | 18.0% | 14.0% |
| High Yield Corp. Credit | 7.0% | 2.0% | 6.0% | 8.0% | 3.0% |
| Emerging Market Debt | 6.0% | 2.0% | 5.0% | 7.0% | 3.0% |
| Bank Loans | 3.0% | 2.0% | 2.0% | 4.0% | 3.0% |
| Private Credit | 0.0% | N/A | N/A | N/A | 5.0% |
| | | | | | |
| Real Assets | 6.0% | 2.0% | 5.0% | 7.0% | 8.0% |
| REITs | 4.0% | 2.0% | 3.0% | 5.0% | 0.0% |
| Real Estate | 2.0% | N/A | N/A | N/A | 5.0% |
| Infrastructure | 0.0% | N/A | N/A | N/A | 3.0% |
| | | | | | |
| Risk Mitigation | 20.0% | 8.0% | 16.0% | 24.0% | 13.0% |
| Cash | 1.0% | 2.0% | 0.0% | 2.0% | 1.0% |
| Short-Term Gov't/Credit | 13 10.0% | 4.0% | 11 8.0% | 15 12.0% | 3.0% |
| US Treasury | 0.0 3.0% | 2.0 N/A | 2.0 N/A | 4.0 N/A | 3.0% |
| US TIPS | 3.0% | 2.0% | 2.0% | 4.0% | 3.0% |
| Core Fixed Income | 3.0% | 2.0% | 2.0% | 4.0% | 3.0% |
| Total | 100.0% | | | | 100.0% |

Appendix A3 – PERFORMANCE BENCHMARKS

Fund investment performance will be evaluated against a "Broad Benchmark" of global stocks and bonds and a "Policy Benchmark" reflecting a market index or equivalent for each asset class, weighted in accordance with the current target allocation. The purpose of the Broad Benchmark is to evaluate IPOPIF asset allocation decisions. The purpose of the Policy benchmark is to evaluate IPOPIF implementation decisions (e.g., active management). Over the long term the Fund is expected to generate returns, after payment of all fees and expenses, which exceed the Broad Benchmark and the Policy Benchmark. Performance Benchmarks are detailed below.

Policy Benchmark – Interim Allocation

| Asset Class | Policy Benchmark | Weight |
|--------------------------------------|---|-----------------------------------|
| Cash | 91-day T-Bills | 1.0% |
| Short-Term Bonds | Bloomberg US Gov/Credit 1-3 year | 13.0% 10.0% |
| Core Bonds | Bloomberg US Aggregate | 3.0% |
| US TIPS | Bloomberg US TIPS 0-5 Years | 3.0% |
| US Treasury | Bloomberg US Treasury 7-10 Years | 0.0% 3.0% ¹ |
| Bank Loans | Credit Suisse Leveraged Loan | 3.0% |
| High Yield Debt | Bloomberg US Corporate High Yield | 7.0% |
| Emerging Markets Debt | JPM EMBI Global Diversified | 6.0% |
| Private Credit | Actual Returns ² | 0.0% ¹ |
| US Large Cap Equity | Russell 1000 | 23.0% |
| US Small Cap Equity | Russell 2000 | 5.0% |
| Developed Int'l Equity | MSCI World ex-US Net ³ | 19.0% |
| Developed Int'l Small Cap Equity | MSCI World ex-US Small Cap Net ³ | 5.0% |
| Emerging Markets Equity | MSCI Emerging Markets Net ³ | 6.0% |
| Private Equity | Actual Returns ² | 0.0% ¹ |
| REITs | Wilshire US REIT | 4.0% |
| Core Real Estate | NFI-ODCE equal-weight | 2.0% |
| Private Real Estate / Infrastructure | Actual Returns ² | 0.0% ¹ |
| Total | | 100.0% |

¹ ~~US Treasury and~~ Private Markets Investments each have long-term allocation weights and are included in the Policy Benchmark table for reference.

² The Policy Benchmark will use actual private market returns to avoid tracking error with no informational value. Private market investments will be evaluated in accordance with Section VI.B, including an appropriate benchmark.

³ Net: Total Net Return including dividends and net of foreign withholding taxes.

AMENDMENT

Amendment effective date: ~~April 13, 2023~~ April 12, 2024 (“**Effective Date**”)

Name of principal agreement to be amended: Investment Management Agreement

Original date of principal agreement to be amended: February 8, 2022

Name of Client / Settlor / Plan / Qualified Investor (“**Client**”): Illinois Police Officers’ Pension Investment Fund

Name of State Street counterparty (“**State Street**”): State Street Global Advisors Trust

* * * * *

The parties are hereby amending the principal agreement identified above, as the same may have been amended from time to time (the “**Agreement**”), by making the changes described on the following page(s) (“**Description of Changes**”). Unless otherwise defined in this amendment, any capitalized terms will have the meaning assigned in the Agreement. The Agreement and this amendment shall be read, taken and construed as one and the same instrument. Any provisions of the Agreement not modified by this amendment in the Description of Changes remain in full force and effect.

ACCEPTED AND AGREED TO BY:

STATE STREET:
State Street Global Advisors Trust Company

CLIENT:
BY: Illinois Police Officers’ Pension Investment Fund

Signature: _____
Name:
Title:

Signature: _____
Name:
Title:

**DESCRIPTION OF CHANGES
TO AGREEMENT**

1. [The Investment Guidelines are amended as shown on the attached Exhibit A, Part A-21.](#)

~~1.2.~~ The Fee Schedule is amended and restated in its entirety as shown on the attached [Exhibit C.](#)

**EXHIBIT A
 Part A-1**

INVESTMENT GUIDELINES

Investment Manager: State Street Global Advisors Trust Company

Asset Class: Various – Beta Partnership

Effective Date: [April 12, 2024](#)

1. Authorized Investments. Subject to the terms and conditions of this Agreement, the Investment Manager may, in its full discretion and without obligation on its part to give prior notice to the custodian or IPOPIF, buy, sell, exchange, convert, tender and otherwise trade in:

IPOPIF may invest in one or more of the Collective Funds listed in the respective tables below by notifying the Investment Manager in writing (e.g., through a letter of direction). Such notice shall be provided at least two (2) business days in advance of when such investment is intended to be implemented, and is subject to the consent of the Investment Manager. Except as described herein, the investment guidelines for the investments and strategies listed below are described in the applicable disclosure document, and IPOPIF hereby acknowledges receipt of such disclosure document(s) as of the Effective Date. Investment Manager shall supply any updated disclosure documents upon selection of any additional investment by IPOPIF.

2. Diversification. The Investment Manager shall manage each Collective Fund in accordance with the investment guidelines set forth in the respective Strategy Disclosure Document, as shown in the table below, including but not limited to any diversification requirements.

3. Investment Objectives. With respect to each fund listed in the table below, the investment objective of such fund shall be to seek an investment return that approximates as closely as practicable over the long term, before fees and expenses, the performance of the benchmark or index listed below with respect to such fund. In seeking to accomplish the investment objective, the fund may invest directly or indirectly in securities and other instruments, including participations or other interests in one or more funds.

To the extent there may be a conflict or inconsistency between the investment objectives and the applicable Declaration of Trust for the Collective Fund, applicable Fund Declaration(s), fund operating guidelines or strategy disclosure document(s) (collectively, the “Fund Documents”), the Fund Documents shall control and govern. All other capitalized terms not otherwise defined herein have the meanings provided in the agreement to which these Investment Guidelines are an exhibit.

Due to the uncertainty in all investments, there can be no assurance that any fund will achieve its investment objective(s). For more information about a fund’s respective investment policies, principal investment strategy and associated risks, please see the Strategy Disclosure Document noted for such fund. Each Strategy Disclosure Document may be amended, modified, or supplemented from time to time with advance written notice to IPOPIF.

| Name of Fund/Strategy | Benchmark/Index | Strategy Disclosure Document (“SDD”) | For internal SSGA use only | |
|--|--|---|----------------------------|---------------|
| | | | Fund Alias | Account Alias |
| State Street U.S. Treasury Index Non-Lending Strategy | Bloomberg U.S. Treasury Index | US Fixed Income Index SDD | CMQZ | |
| State Street MSCI Emerging Markets ex China Non-Lending Strategy | MSCI Emerging Markets ex China Index | Global Equity Index SDD | ZVRW | |

| | | | | |
|--|---|-----------------------------|---------|--|
| State Street Daily MSCI Emerging Markets Index Securities Lending Fund | MSCI Emerging Markets Index | Global Equity Index SDD | ZV86LEN | |
| State Street Daily MSCI Emerging Markets Index Non-Lending Fund | MSCI Emerging Markets Index | Global Equity Index SDD | ZV86 | |
| State Street S&P® Global Infrastructure Index Non-Lending Common Trust Fund | S&P Global Infrastructure Index | Global Equity Index SDD | ZVPY | |
| State Street Russell 1000® Index Securities Lending Fund | Russell 1000® Index | U.S. Equity Index SDD | CM62 | |
| State Street Russell 1000® Index Non-Lending Fund | Russell 1000® Index | U.S. Equity Index SDD | CMCQ | |
| State Street Russell 2000® Index Securities Lending Fund | Russell 2000® Index | U.S. Equity Index SDD | CM52 | |
| State Street U.S. REIT Index Non-Lending Fund | Dow Jones U.S. Select REIT Index | REIT Index SDD | CMW4 | |
| State Street REIT Index Securities Lending Series Fund Class II | Dow Jones U.S. Select REIT Index | REIT Index SDD | CMAI4 | |
| State Street U.S. Aggregate Bond Index Non-Lending Fund | Bloomberg Barclays U.S. Aggregate Bond Index | U.S. Fixed Income Index SDD | CMX6 | |
| State Street U.S. Aggregate Bond Index Securities Lending Fund | Bloomberg Barclays U.S. Aggregate Bond Index | U.S. Fixed Income Index SDD | CME7 | |
| State Street U.S. Short-Term Government/Credit Bond Index Non-Lending Fund | Bloomberg Barclays U.S. 1-3 Year Government/Credit Bond Index | U.S. Fixed Income Index SDD | CMLD | |
| State Street U.S. Short-Term Government/Credit Bond Index Securities Lending Series Fund Class I | Bloomberg Barclays U.S. 1-3 Year Government/Credit Bond Index | U.S. Fixed Income Index SDD | CMGP1 | |
| State Street U.S. High Yield Bond Index Non-Lending QIB Common Trust Fund | Bloomberg Barclays U.S. High Yield Very Liquid Index | U.S. Fixed Income Index SDD | CMPZ | |
| State Street US High Yield Bond Index Securities Lending Series Fund Class I | Bloomberg Barclays U.S. High Yield Very Liquid Index | U.S. Fixed Income Index SDD | CMGQI | |
| MSCI World Ex USA Index Strategy | MSCI World Ex USA Index | Global Equity Index SDD | | |
| MSCI World Ex USA Small Cap Index Strategy | MSCI World Ex USA Small Cap Index | Global Equity Index SDD | | |
| State Street Emerging Markets Hard Currency Sovereign Bond Index Non-Lending Strategy | JPM EMBI Global Diversified Index | U.S. Fixed Income Index SDD | ZVRX | |

EXHIBIT C
FEE SCHEDULE

Fee Schedule Effective Date: ~~January 1, 2022~~ April 12, 2024 (“**Effective Date**”)

Name of Client / Settlor / Plan / Qualified Investor: Illinois Police Officers’ Pension Investment Fund (“**Client**”)

Name of fiduciary or other responsible party: The Board of Trustees of the Illinois Police Officers’ Pension Investment Fund (“**Responsible Party**”)

This fee schedule (“**Fee Schedule**”) is hereby agreed to, and is effective as of the Effective Date with respect to the fees to be paid by or on behalf of Client for the trustee and/or investment management services rendered by **State Street Global Advisors Trust Company** or one or more of its affiliates (“**State Street**”) pursuant to the Agreement (the “**Fees**”). Please refer to the Explanatory Notes at the end of this Fee Schedule for guidance on terms and terminology used herein. All capitalized terms not otherwise defined on this Fee Schedule have the meanings provided in the Agreement.

Fund- & Strategy- Specific Investment Management Fees

Client/Responsible Party shall pay to State Street the fund- and/or strategy- specific Fees described in the following table(s). The table(s) below may be updated by notice to the Client/Responsible Party to reflect any missing information when the same becomes available.

~~Table of Fees (Effective January 1, 2022 – June 30, 2023)* – Illinois Police Officers’ Pension Investment Fund~~

~~*Unless IPOPIF notifies SSGA in writing of extenuating circumstances and provides amended effective dates.~~

| <i>For internal SSGA use only</i> | | | | | |
|--|---|---|----------------------------|------------|---------------|
| Name of Fund or Strategy | Fee Rate (per annum) | Fee Aggregation Group* | Minimum Annual Fee Group** | Fund Alias | Account Alias |
| Beta Partnership | | | | | |
| Beta Partnership, comprised of the following funds/strategies: | Sliding scale: 0.02% on the first \$1,000,000,000 0.015% on the next \$1,000,000,000 0.005% thereafter | Group 1+ - Minimum AUM \$2,500,000,000 | \$300,000 – Group A+++ | | |
| Beta Partnership: Global Equity | | | | | |
| State Street MSCI Emerging Markets ex China Non-Lending Strategy | | | | ZVRW | |
| State Street Daily MSCI Emerging Markets Index Securities Lending Fund | | | | ZV86LEN | |
| State Street Daily MSCI Emerging Markets Index Non-Lending Fund | | | | ZV86 | |
| State Street S&P® Global Infrastructure Index Non-Lending Common Trust Fund | | | | ZVPY | |
| MSCI World Ex USA Index Strategy | | | | | |
| MSCI World Ex USA Small Cap Index Strategy | | | | | |
| Beta Partnership: U.S. Equity | | | | | |
| State Street Russell 1000® Index Securities Lending Fund | | | | CM62 | |
| State Street Russell 1000® Index Non-Lending Fund | | | | CMCQ | |
| State Street Russell 2000® Index Securities Lending Fund | | | | CM52 | |
| State Street Russell 2000® Index Non-Lending Fund | | | | CM52NON | |

| Beta Partnership: REIT | | | | | |
|--|--|--|--|----------------------|--|
| State Street U.S. REIT Index Non-Lending Fund | | | | CMW4 | |
| State Street REIT Index Securities Lending Series Fund Class II | | | | CMAI4 | |
| Beta Partnership: Fixed Income | | | | | |
| State Street U.S. Treasury Index Non-Lending Strategy | | | | CMQZ | |
| State Street U.S. Aggregate Bond Index Non-Lending Fund | | | | CMX6 | |
| State Street U.S. Aggregate Bond Index Securities Lending Fund | | | | CME7 | |
| State Street U.S. Short-Term Government/Credit Bond Index Non-Lending Fund | | | | CMLD | |
| State Street U.S. Short-Term Government/Credit Bond Index Securities Lending Series Fund Class I | | | | CMGP1 | |
| State Street U.S. High Yield Bond Index Non-Lending QIB Common Trust Fund | | | | CMPZ | |
| State Street US High Yield Bond Index Securities Lending Series Fund Class I | | | | CMGQI | |
| State Street Emerging Markets Hard Currency Sovereign Bond Index Non-Lending Strategy | | | | ZVRX | |

| Separately Managed Accounts | | | | | |
|---|---|--|------------------------------------|--|--|
| 0-5 Year U.S. Treasury Inflation Protected Securities (TIPS) Index Strategy | Sliding scale: 0.02% on the first \$1,000,000,000 0.015% on the next \$1,000,000,000 0.005% thereafter | Group 1 ⁺ - Minimum AUM \$2,500,000,000 | \$300,000 – Group A ⁺⁺⁺ | | |

| Funds/Strategies Subject to Additional Fees | | | | | |
|---|---|-----------------------|---------------------------------------|----------------------|--|
| Funds/Strategies subject to additional fees: | Sliding scale (based on aggregate AUM in this Group 2): non-applicable on the first \$1,000,000,00 0.05% thereafter | Group 2 ⁺⁺ | \$300,000 – Group A ⁺⁺⁺ | | |
| State Street MSCI Emerging Markets ex China Non-Lending Strategy | | | | ZVRW | |
| State Street Daily MSCI Emerging Markets Index Securities Lending Fund | | | | ZV86LEN | |
| State Street Daily MSCI Emerging Markets Index Non-Lending Fund | | | | ZV86 | |
| State Street U.S. High Yield Bond Index Non-Lending QIB Common Trust Fund | | | | CMPZ | |
| State Street US High Yield Bond Index Securities Lending Series Fund Class I | | | | CMGQI | |
| State Street S&P® Global Infrastructure Index Non-Lending Common Trust Fund | | | | ZVPY | |
| State Street Emerging Markets Hard Currency Sovereign Bond Index Non-Lending Strategy | | | | ZVRX | |

* Fee Aggregation Groups

+ - Group 1 - All Funds and Strategies listed under *Beta Partnership* and *Separately Managed Accounts* part of the *Table of Fees*

** - Group 2 - Funds and Strategies listed under *Funds/Strategies Subject to Additional Fees* part of the *Table of Fees*, with additional fee over \$1bn aggregate threshold

For purposes of calculating Fees, the Client assets that are invested in all funds, strategies and products within the same Fee Aggregation Group shall be aggregated.

** Minimum Annual Fees Groups

+++ Group A - all investments with SSGA)

Notwithstanding the Fees otherwise calculated pursuant to the Fee Schedule, Client/Responsible Party shall bear the greater of such calculated Fees or the minimum annual fee (“**Minimum Annual Fee**”) noted here. For purposes of evaluating whether the applicable Minimum Annual Fee has been met, all Fees charged with respect to the Client assets invested in all funds, strategies and products within the same Minimum Annual Fee Group shall be aggregated. Please see the Explanatory Notes for further information on Minimum Annual Fees.

Calculation of Fees & Invoicing Terms

Average Daily Market Value (ADMV) – Monthly billing / monthly rate (Effective January 1, 2022 – June 30, 2023)

~~Unless otherwise noted, all investment management fees incurred pursuant to this Fee Schedule will be charged in arrears every month and calculated by: (i) adding all of the daily Billable Asset Values (BAVs) of the Account during the month, (ii) dividing such aggregate monthly BAV by the actual number of calendar days in the month, and (iii) multiplying the result by one-twelfth (1/12) of the applicable annual fee rate(s) set forth above.~~

Basis of Fee Calculation: Average Month End – Quarterly Billing/Quarterly Rate (Effective July 1, 2023)

Unless otherwise noted, all Fees incurred pursuant to this Fee Schedule will be charged in arrears every calendar quarter and calculated by multiplying (x) the average of the three Billable Asset Values (BAVs) measured as of the last business day of each calendar month within such calendar quarter, by (y) one-fourth (1/4) of the applicable annual fee rate(s) set forth above.

Payment of Invoices – Quarter End Invoice Method

All calculations of fees contemplated by this Agreement shall be performed by State Street (using the valuations provided by the Client's Master Custodian), and promptly following the end of each fee calculation period, State Street will provide to the Client an invoice setting forth State Street's calculation of the amount of the relevant fee showing the methods and sources for determining such valuations and calculations and any work-sheets showing how the valuations and calculations were calculated. The Client shall pay or direct its Master Custodian to pay such fees to State Street by wire within 30 days after receipt of State Street's invoice, subject to (i) the Client's verification thereof to its reasonable satisfaction and (ii) the Client's prompt receipt of any requested information from State Street reasonably necessary to verify such invoice calculations. In the event that the Client or State Street disputes any valuation or calculation, it shall notify the other party, and the two parties shall work together (with the Master Custodian) in good faith to determine a valuation or fee mutually acceptable to them. Notwithstanding any other provision of this Agreement, when the nature or amount of such fee is the subject of dispute between the parties, the lower fee calculated by either the Client or State Street, as applicable, shall be payable by the Client in accordance with the terms set forth herein, and the remainder, if any, shall be payable at the time that such dispute is resolved.

Invoice Payment Currency

All invoices are due and payable in US Dollars.

Explanatory Notes

Definition of Billable Asset Value (BAV)

References in this Fee Schedule to “BAV” or “Billable Asset Value” mean and refer to the asset value of the account, portfolio, strategy or fund, as the case may be, as of the applicable measurement date, such values to be determined by State Street on the basis of the holdings of the account, portfolio, strategy or fund, as the case may be, as the same are recorded in State Street’s portfolio accounting system and valued in accordance with State Street’s Valuation Policy. If the Fee rate in the Table of Fees refers to a currency that differs from the underlying account, portfolio, strategy or fund’s base currency, the currency conversion shall be calculated using the spot exchange rate in effect as of the applicable measurement date of the BAV.

Interpretation of Sliding Scale

Any rates that are quoted in terms of a sliding scale will be assessed based on a progressive tier level such that there is no single fee rate for the overall Billable Asset Value (BAV). The table(s) above sets forth the different fee rates applicable to the respective interval in which the BAV falls, and the total fee payable is the sum of all the amounts under each interval.

For Example:

| | |
|------------------|---|
| Fee rate: | Firstmillion BAV, * bps p.a., and Nextmillion BAV, *bps p.a. of that part of the BAV that falls within this interval, and Nextmillion BAV, * bps p.a. of that part of the BAV that falls within this interval, and Thereafter, * bps p.a. of the remaining part of the BAV. |
|------------------|---|

Other Fund Fees, Costs & Expenses

In the case of any investment in commingled investment funds such as bank-maintained common trust funds, commingled trust funds, collective investment schemes, mutual funds and exchange-traded funds (ETFs), the Fees stated in this Fee Schedule do not include any of the fees and expenses that may be attributable to such funds and/or embedded in such fund’s net asset value, including but not limited to: (i) the aggregate fees and expenses of the administrator and trustee thereof (including sub-custodian and transaction charges by service providers, one or more of whom may be an affiliate of State Street Corporation), (ii) transaction and other trading-related expenses incurred by the funds, or (iii) any annual operating expenses. Please refer to the fund governing documents, prospectus, subscription, agreement, or application form or other applicable agreement or disclosure document for each such fund for further details of such other fees and expenses that may be applicable to an investment in these funds. In addition, State Street or its affiliate may charge an investment advisory or investment management fee to its affiliated collective investment schemes and/or affiliated mutual funds, ETFs and other commingled investment vehicles registered as an investment company under the US Investment Company Act of 1940, as amended (each, an “**Affiliated Fund**”), which such fee is embedded in such fund’s net asset value, and which will be in addition to the Fees charged hereunder. To the extent Client’s assets invested

pursuant to the Agreement are invested in an Affiliated Fund, State Street will comply with the requirements of the U.S. Department of Labor Prohibited Transaction Class Exemption 77-4, to the extent applicable (in such case, Client/Responsible Party shall be deemed to have consented to such compliance), or any other applicable statutory or administrative exemptions.

Grouping of Products for Invoices

State Street generally issues a separate invoice for each investment in a strategy, fund or other product (“Products”). However, at a client’s request or at State Street’s discretion, State Street may include on a single invoice charges for multiple Products that are billed at the same fee rate.

Proration of Fees for Partial Periods

When a client holds an investment in one or more Products for less than a full invoice period, State Street prorates the applicable fee as follows.

When a client invests in a Product as to which it previously had no exposure (a “**New Investment**”), State Street will prorate the initial invoice by the number of days in which the client held the New Investment during the invoice period, unless the New Investment is grouped on an invoice with existing investments in other Products with the same fee rate (see “Grouping of Products for Invoices” above). In that case, State Street will invoice the applicable fee for the New Investment for the full invoice period.

When a client fully liquidates an investment in a Product before the end of the invoice period, then to the extent State Street bills its fees for such Product on a single invoice, State Street prorates the final invoice on a time-weighted basis to reflect additional investments or withdrawals made during the invoice period. If the client liquidates its investment in one of several Products for which State Street bills its fees on a single invoice, State Street bills the applicable fees for the liquidated investment for the full invoice period.

Minimum Annual Fee

Notwithstanding the Fees otherwise calculated pursuant to the Fee Schedule, Client/Responsible Party shall bear the greater of such calculated Fees or the applicable Minimum Annual Fee. Any required adjustment necessary to satisfy any Minimum Annual Fee will be applied pro rata to all funds and strategies in the same Minimum Annual Fee group, if applicable. The Minimum Annual Fee shall be assessed on a cumulative basis for the calendar year and, to the extent the Minimum Annual Fee is payable, invoiced or charged in lieu of the Fees to which the Minimum Annual Fee applies. The Minimum Annual Fee for any period that is less than a full calendar year will be prorated on the basis of the actual number of calendar days in such year for which assets are invested in any State Street fund or strategy or other product to which the Minimum Annual Fee applies.



MEMORANDUM

DATE: April 3, 2024
TO: IPOPIF Board of Trustees
FROM: Kent Custer, Chief Investment Officer
SUBJECT: Emerging Market Equity Portfolio Structure

Background

- The IPOPIF interim allocation to Emerging Market Equity (EME) is now 6%, down from 7% following Board approval of asset allocation revisions at the March 8, 2024 Board meeting.
- Staff is evaluating a search for EME active investment management.
- Verus presented EME education at the March 8 Board meeting.
- The EME structure was also briefly addressed in the asset allocation discussion at the March 8 meeting, summarized as follows.
 - Emerging markets constitute 11.2% of the MSCI All Country World Index (ACWI). China is the largest constituent at 3.3%. It rivals the largest developed international countries but is still modest overall. We note Japan at 6.1%, the UK at 3.9%, and France at 3.0%. The USA is 59.3%. (Prior data as of June 30, 2023. As of 3/29/24: USA=63.8%, Japan=5.5%, UK=3.4%, France=2.8%, 2.5%)
 - Investment Approach: Use bottom-up active management that is agnostic to country weights to allow a skilled manager to determine country exposure.
- Subsequent trustee feedback indicated that there may be residual concern regarding China exposure and the need for further discussion.
- Perspective from Verus is provided in the attached presentation, which Scott Whalen will discuss at the April 12 meeting.

Decisions

Whether to reduce or eliminate exposure to China in the EME portfolio structure.

Whether to revise the EM allocation target to adjust for any change in the EME structure.

Considerations

- IPOPIF utilizes commingled funds for international exposure.
- The universe of EME ex China actively managed funds is limited.
- SSGA has an EME ex China passive fund that IPOPIF could utilize within the current Beta partnership agreement.
- China investment risks (e.g., political, economic, legal) are similar to other emerging market countries.
- However, their large economic footprint and increasing tension with the US are unique.
- China divestment initiatives and investment restrictions may be gaining traction in the US.

- China “risk” is also “opportunity”.
 - Underperformance of China investments has resulted in attractive valuation metrics. For example, the price earnings (P/E) ratio as of 2/29/24 was 11.5 for the MSCI China index compared to 17.0 for the MSCI EM ex China index.
 - This relative “cheapness” may appropriately reflect the investment risk, as would be expected from efficient markets.
 - China may shift policies to reverse capital flight and encourage foreign investment.
- China equity exposure through the EME portfolio is limited.
 - The IPOPIF dedicated EME allocation is now 6%.
 - China represented 25.13% of the MSCI Emerging Markets index as of 3/29/24, equating to roughly 1.5% of the total IPOPIF fund.

CIO Perspective

- My bias is to maintain the policy benchmark weight to the MSCI EM index, including China, and rely on active managers for country and stock selection.
- The IPOPIF Investment Policy Statement provides guidance.
 - Section III.2.b: Understanding expected performance variance and being steadfast in the face of negative returns is critical to long-term success.
 - Section III.3.b: Understanding expected performance variance and being steadfast in the face of negative returns is critical to long-term success.



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



APRIL 2024

China Exclusion Analysis

Illinois Police Officers' Pension Investment Fund

China divestment debate overview

- Chinese equities have underperformed other equity markets over past few years
- This and other concerns have led to discussions among some institutional investors regarding the potential divestment from China
- This presentation will review the following considerations
 - Common divestiture rationale
 - EM vs. EM ex-China historical performance
 - Concentration risk
 - Potential impact on IPOPIF's portfolio
 - Implementation considerations

Divestment rationale

- **Geopolitical:** China emergence as key military and economic competitor to the US and presents a threat to Western nations across a variety of fronts
- **Regulatory:** Expected forthcoming regulations resulting from:
 - Investment real estate developments which have been suffering large losses and pose systemic risk to Chinese economic and financial systems
 - Limitations on investment in Chinese assets by foreign entities such as U.S. public pension funds in retaliation to U.S. bans on Chinese investments in U.S. or participation in U.S. industries
- **Ethical:** Chinese Communist Party actions have drawn international condemnation for human rights abuses (e.g., treatment of the Uyghur minority), repression of cultural freedoms, mass surveillance, and continuous chipping away of Hong Kong's autonomous status
- **Investment tail risks:** Increasing concerns over tail risk events (e.g., Taiwan invasion)
 - Invasion would have an extremely negative impact on global risk assets, especially due to globalized nature of many of world's leading corporations

China equity market performance

MSCI CHINA USD INDEX



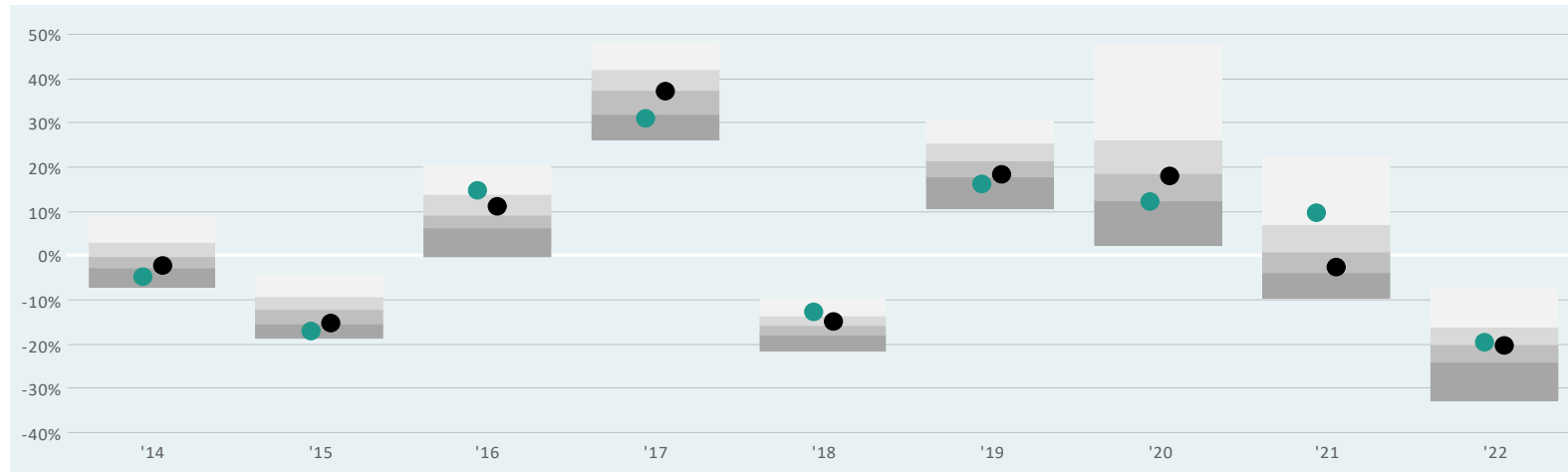
Chinese equities have fallen since peaks seen in 2021

Poor performance has been drag on broader MSCI EM index, which has underperformed both U.S and international developed shares in 2023 and 2022

Source: MSCI, Bloomberg, as of 1/19/24

Calendar year performance comparison

● MSCI EM ex China ● MSCI EM Index

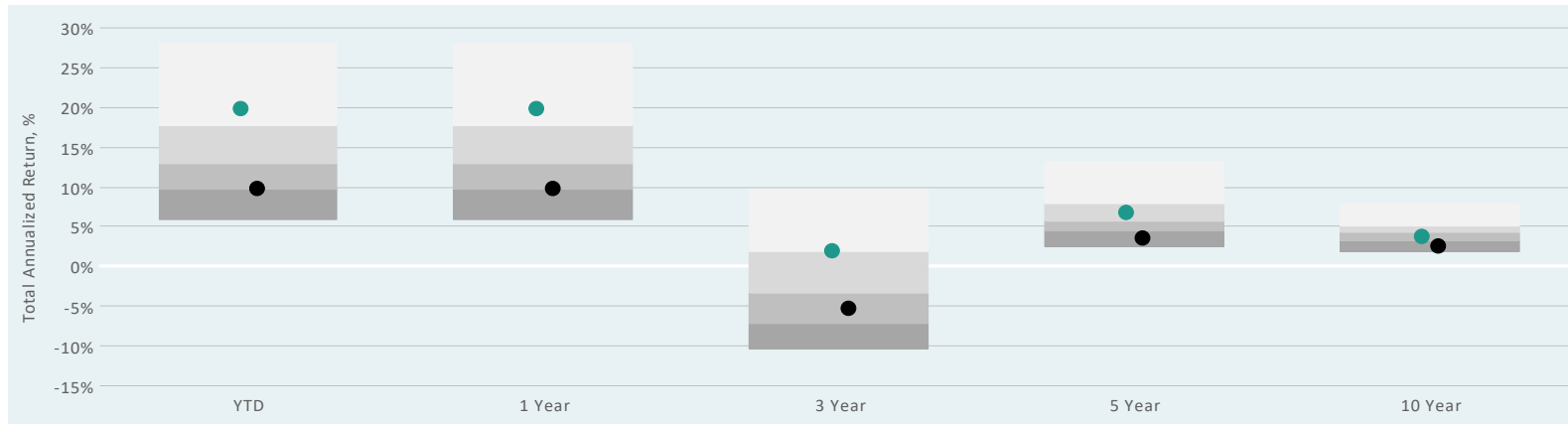


| ANNUAL PERFORMANCE + RANKING | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 (YTD) |
|------------------------------|-------|------|------|-------|------|------|------|-------|------------|
| MSCI EM ex China | -16.9 | 15.0 | 31.2 | -12.4 | 16.2 | 12.5 | 10.0 | -19.3 | 20.0 |
| Rank | 88 | 16 | 76 | 15 | 80 | 73 | 18 | 44 | 17 |
| MSCI EM Index | -14.9 | 11.2 | 37.3 | -14.6 | 18.4 | 18.3 | -2.5 | -20.1 | 9.8 |
| Rank | 71 | 38 | 50 | 35 | 70 | 51 | 68 | 50 | 74 |

Source: Evestment; uses data available as of 12/31/23, including performance rankings of EM managers through 9/30/23

Trailing period performance comparison

● MSCI EM ex China ● MSCI EM Index

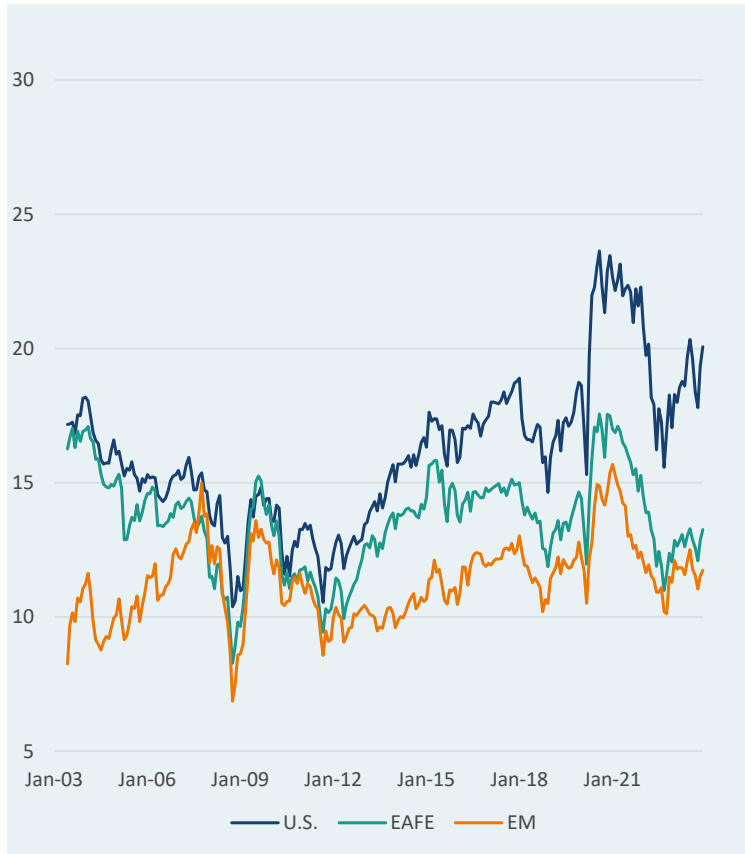


| EXCESS RETURNS + RANKING | YTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| MSCI EM Index | -0.2 | -0.2 | -0.1 | -0.1 | -0.1 | -0.1 |
| <i>Rank</i> | <i>75</i> | <i>75</i> | <i>64</i> | <i>85</i> | <i>84</i> | <i>90</i> |
| MSCI EM ex China | 10.2 | 10.2 | 7.2 | 3.2 | 2.0 | 1.2 |
| <i>Rank</i> | <i>17</i> | <i>17</i> | <i>23</i> | <i>32</i> | <i>36</i> | <i>57</i> |

Source: Evestment; uses data available as of 12/31/23, including performance rankings of EM managers through 9/30/23

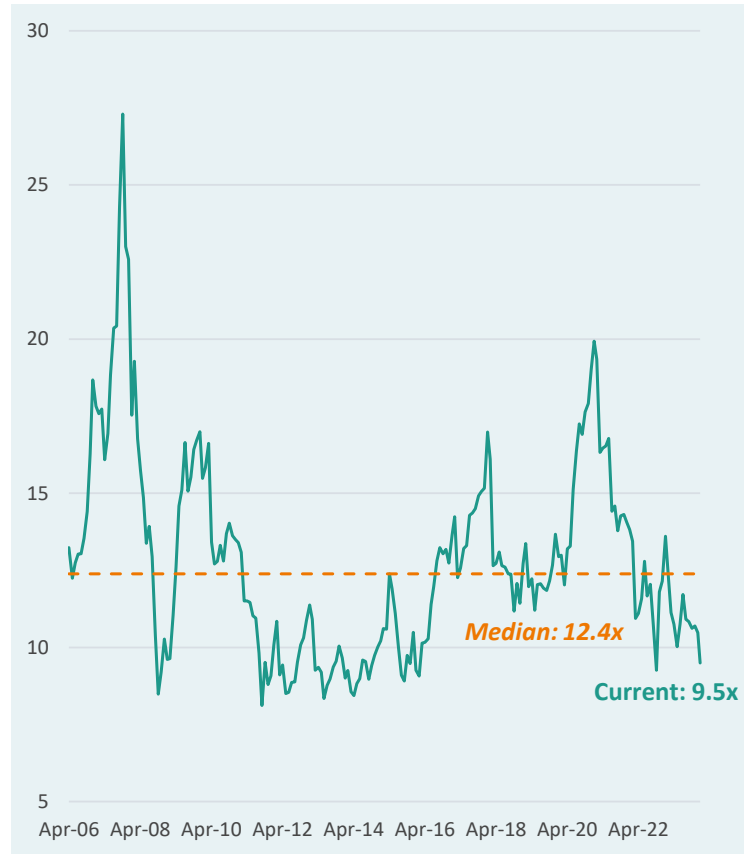
China valuations remain cheap

FORWARD P/E RATIOS



Source: MSCI, as of 12/31/23

MSCI CHINA FORWARD P/E RATIO



Source: Bloomberg, MSCI, as of 1/19/24

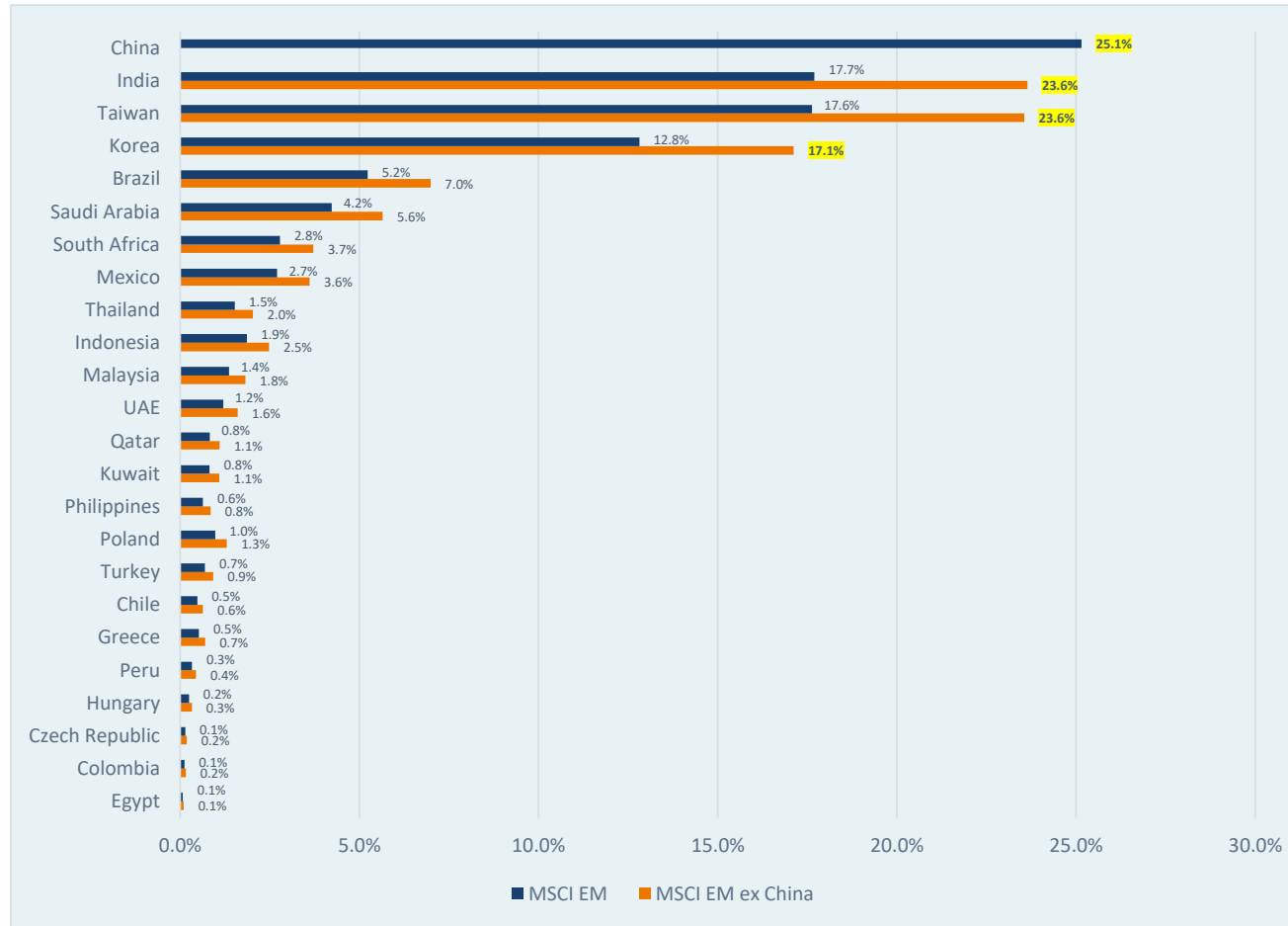
MSCI EM index is cheap relative to U.S. and International Developed Markets

China is also trading cheap relative to its own history

This condition can sometimes be viewed as a buying opportunity...or “catching a falling knife”

Concentration risk: country weights

EM VS. EM EX-CHINA COUNTRY ALLOCATION

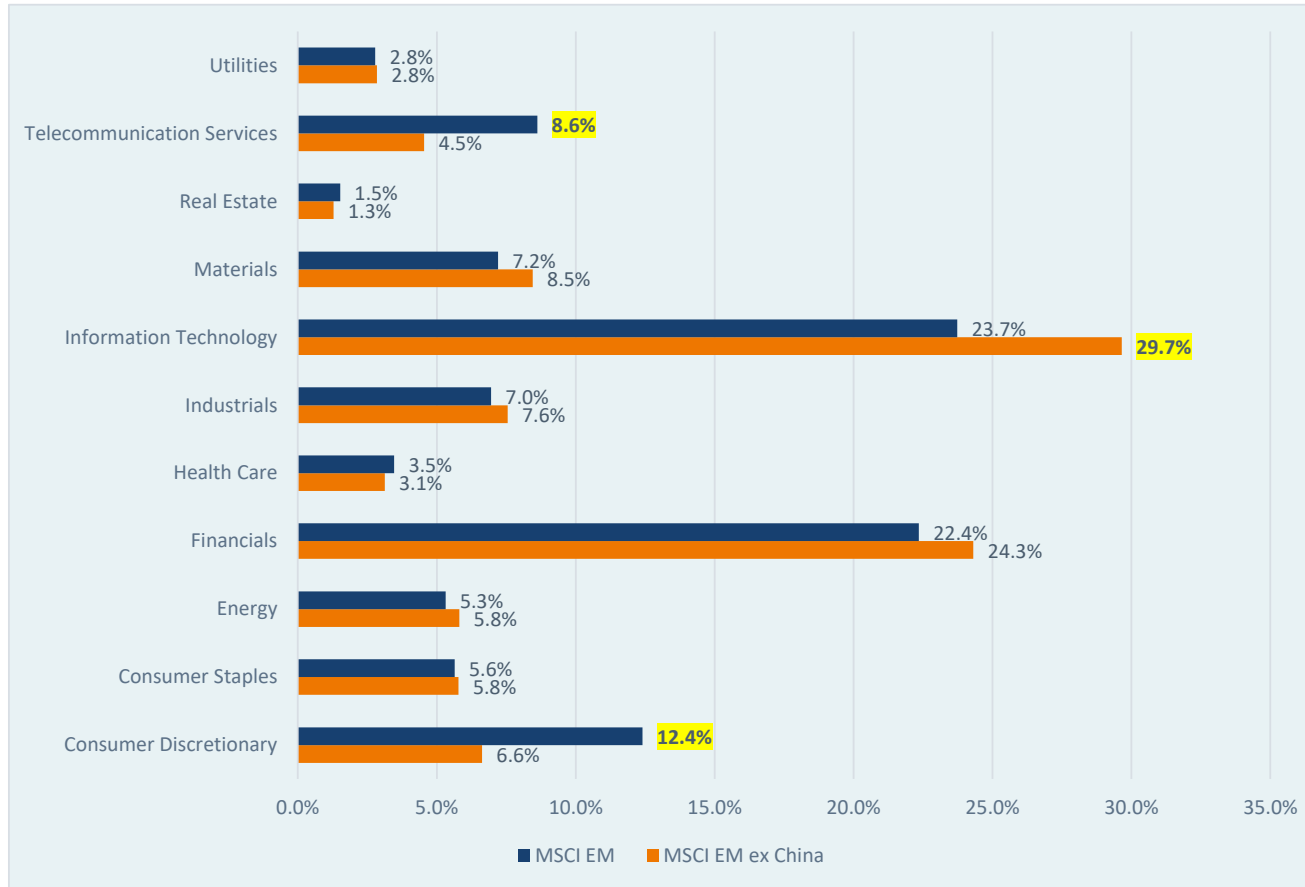


When China is removed from the index, the remaining countries are scaled up for the MSCI EM ex-China index with India, Taiwan, and Korea gaining the most.

Source: MSCI. Data as of 3/31/2024.

Concentration risk: sector weights

EM VS. EM EX-CHINA SECTOR ALLOCATION



The largest sector changes when looking at the broad Emerging Market Index vs. the ex-China index are within:

- Information Technology
- Consumer Discretionary
- Telecommunication Services

Source: MSCI. Data as of 3/31/2024.

Concentration risk: security weights

MSCI EMERGING MARKETS

| Name | Country | Weight (%) | Sector |
|--------------------------------------|-------------|------------|------------------------|
| TAIWAN SEMICONDUCTOR MANUFACT CO LTD | Taiwan | 8.3% | Information Technology |
| SAMSUNG ELECTRONICS CO LTD | South Korea | 4.1% | Information Technology |
| TENCENT HOLDINGS LTD | China | 3.6% | Communication Services |
| ALIBABA GROUP HOLDING LTD | China | 2.0% | Consumer Discretionary |
| RELIANCE INDUSTRIES LTD | India | 1.5% | Energy |
| SK HYNIX INC | South Korea | 1.0% | Information Technology |
| PDD HOLDINGS INC | China | 1.0% | Consumer Discretionary |
| ICICI BANK LTD | India | 0.9% | Financials |
| MEITUAN | China | 0.9% | Consumer Discretionary |
| INFOSYS LTD | India | 0.8% | Information Technology |

24.1%

MSCI EMERGING MARKETS EX-CHINA

| Name | Country | Weight (%) | Sector |
|--------------------------------------|--------------|------------|------------------------|
| TAIWAN SEMICONDUCTOR MANUFACT CO LTD | Taiwan | 11.1% | Information Technology |
| SAMSUNG ELECTRONICS CO LTD | South Korea | 5.4% | Information Technology |
| RELIANCE INDUSTRIES LTD | India | 2.0% | Energy |
| SK HYNIX INC | South Korea | 1.4% | Information Technology |
| ICICI BANK LTD | India | 1.3% | Financials |
| INFOSYS LTD | India | 1.1% | Information Technology |
| HON HAI PRECISION INDUSTRY CO LTD | Taiwan | 1.1% | Information Technology |
| MEDIATEK INC | Taiwan | 1.1% | Information Technology |
| HDFC BANK LTD | Taiwan | 0.9% | Financials |
| AL RAJHI BANK | Saudi Arabia | 0.8% | Financials |

26.1%

The top 10 holdings comprise about 25% of each index

The largest holding in the index increases to 11.1% for the ex-China index

China represents nearly half (or 700) of the 1,440 securities in the MSCI EM Index

Source: Factsheet The MSCI EM ex China information reflects the iShares ETF

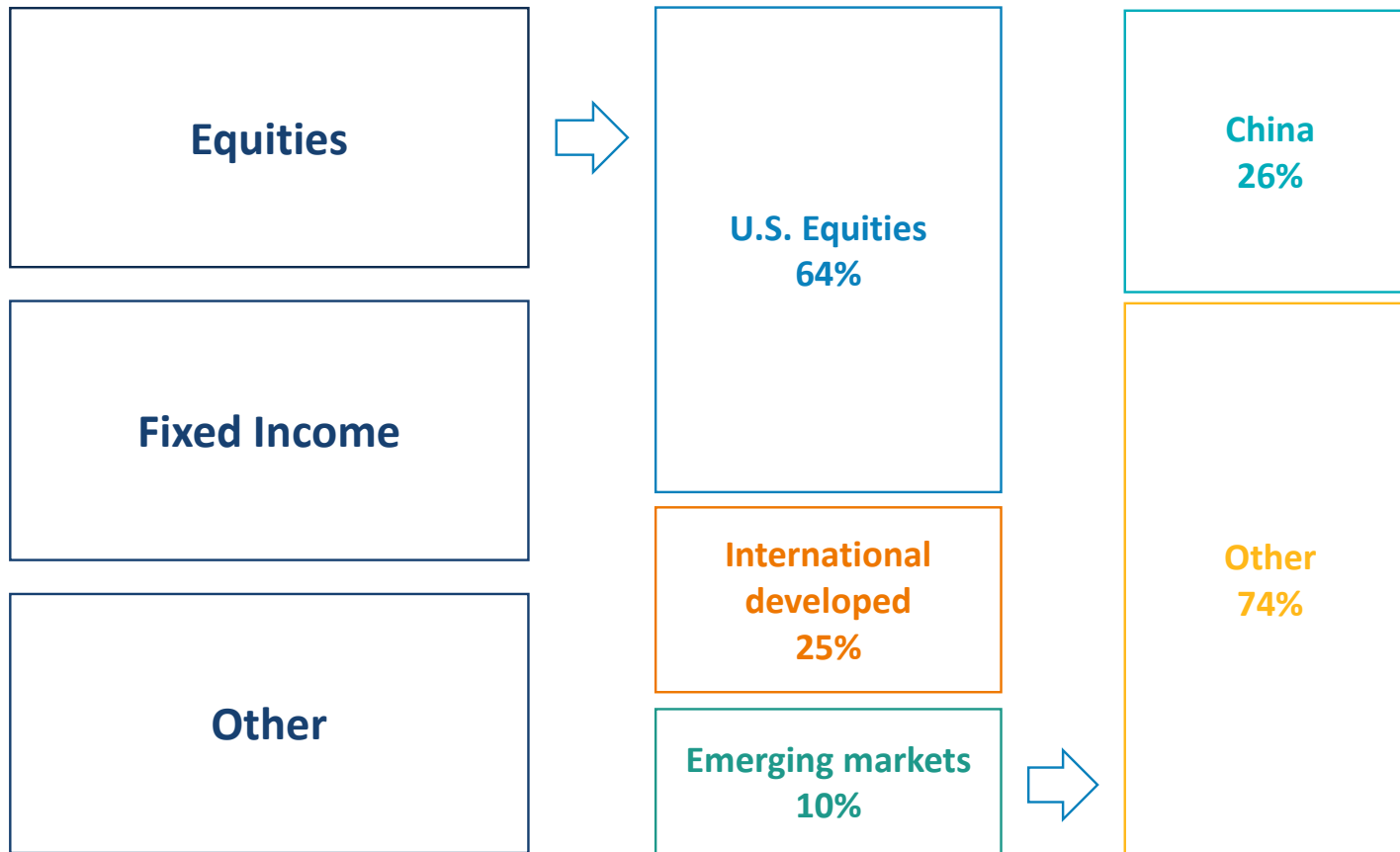
Additional risk statistics

- Relative to the broad emerging markets index, beta (a measure of the volatility or systematic risk in comparison to the market as a whole) for the ex-China index increases moderately.
- Tracking error relative to the broad emerging markets index increases when China is excluded.
- Excluding China from the emerging markets opportunity set increases the correlation to U.S. and International Developed market equities.

| | MSCI EM | MSCI EM ex China |
|--|---------|------------------|
| Beta (MSCI All Country World Index) | 0.82 | 0.87 |
| Tracking Error (MSCI Emerging Markets Index) | -- | 5.64 |
| Correlation to MSCI EAFE Index | 0.84 | 0.86 |
| Correlation to Russell 3000 Index | 0.71 | 0.76 |

Source: MSCI as of 3/31/24

Potential portfolio impact



China represents approximately 2.6% of the global equity market opportunity set and 1.6% of IPOPIF's total investment portfolio.

Source: Percentages reflect MSCI ACWI Index weights

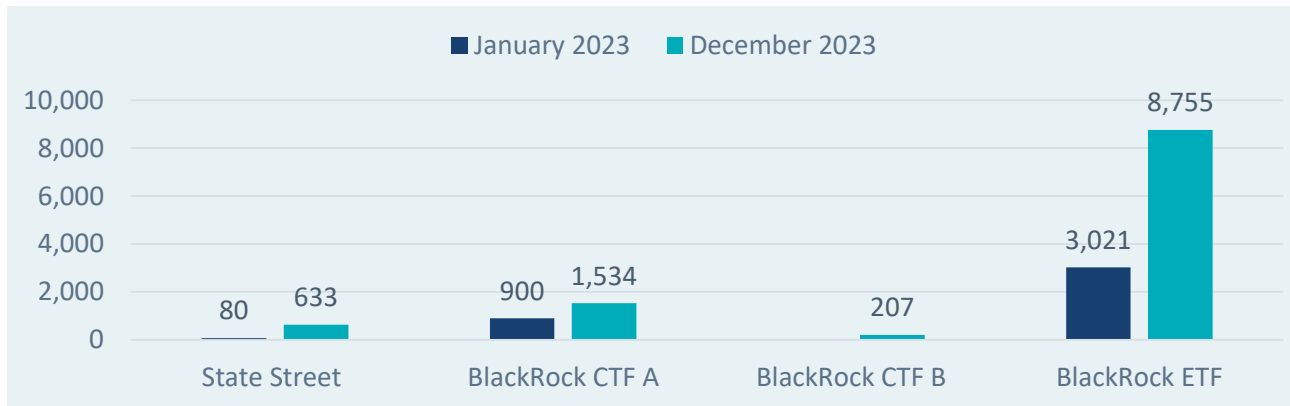
EM ex-China active universe

| Firm Name | AUM | 2023 Q4 | Rank | 1 Year | Rank | 3 Year | Rank | 5 Year | Rank |
|--|------------|-------------|-----------|-------------|------------|--------------|------------|-------------|-----------|
| MSCI Emerging Markets Index - ND | --- | 7.68 | 97 | 9.83 | 100 | -5.08 | 100 | 3.69 | 80 |
| Martin Currie Investment Management Ltd | \$7,201.69 | 14.52 | 19 | 29.07 | 19 | 0.50 | 78 | 10.97 | 20 |
| Wasatch Global Investors | \$2,925.47 | 15.06 | 13 | 28.05 | 26 | | | | |
| Goldman Sachs Asset Management | \$2,107.96 | 12.61 | 56 | 21.21 | 71 | | | | |
| Wasatch Global Investors | \$1,958.95 | 15.10 | 9 | 30.41 | 13 | | | | |
| BlackRock | \$1,821.77 | 12.63 | 53 | 21.00 | 74 | | | | |
| Dimensional Fund Advisors LP | \$698.05 | 11.29 | 78 | 25.09 | 48 | | | | |
| Grantham, Mayo, Van Otterloo & Co. LLC | \$580.58 | 15.95 | 3 | 28.35 | 23 | | | | |
| Baillie Gifford & Co | \$251.68 | 12.65 | 50 | 25.79 | 42 | | | | |
| Invesco, Ltd | \$244.09 | 13.70 | 31 | 30.31 | 16 | | | | |
| Principal Asset Management | \$146.54 | 12.94 | 47 | 25.79 | 45 | 3.98 | 56 | | |
| ABS Investment Management LLC | \$103.25 | 10.00 | 91 | 24.47 | 52 | | | | |
| Federated Hermes, Inc. | \$70.80 | 12.50 | 59 | 18.75 | 81 | | | | |
| TRG Management LP | \$68.18 | 4.16 | 100 | 18.57 | 84 | 9.72 | 22 | 8.17 | 40 |
| RBC Global Asset Management | \$57.77 | 13.28 | 41 | 22.09 | 65 | 3.24 | 67 | | |
| abrdn (Aberdeen) | \$55.69 | 12.20 | 69 | 24.30 | 55 | | | | |
| Eastspring Investments (Singapore) Limited | \$40.85 | 12.02 | 72 | 26.59 | 39 | | | | |
| ARGA Investment Management, LP | \$32.26 | 15.93 | 6 | 30.67 | 10 | | | | |
| William Blair Investment Management, LLC | \$25.25 | 14.71 | 16 | 26.85 | 32 | | | | |
| Matthews Asia | \$10.93 | 10.04 | 88 | | | | | | |
| Morgan Stanley Investment Management | \$6.62 | 13.73 | 28 | 17.46 | 90 | 5.32 | 44 | 6.68 | 60 |
| Ninety One | \$6.41 | 12.24 | 66 | 20.83 | 77 | | | | |
| Polen Capital Management, LLC | \$5.59 | 10.36 | 84 | 12.85 | 97 | | | | |
| Sands Capital Management, LLC | \$5.51 | 11.17 | 81 | 27.80 | 29 | | | | |
| NS Partners Ltd | \$5.19 | 12.45 | 63 | 21.41 | 68 | | | | |
| Harding Loevner LP | \$3.88 | 11.64 | 75 | 18.18 | 87 | | | | |
| Comgest Global Investors | \$3.33 | 8.91 | 94 | 13.87 | 94 | -3.90 | 89 | 3.23 | 100 |
| Mondrian Investment Partners Limited | \$2.44 | 13.50 | 38 | 24.03 | 58 | | | | |
| Allspring Global Investments | \$2.42 | 13.01 | 44 | 22.76 | 61 | | | | |
| Brandes Investment Partners, L.P. | \$0.42 | 13.89 | 25 | 38.55 | 3 | 10.53 | 11 | | |
| Vontobel Asset Management AG | | 13.59 | 34 | 32.96 | 6 | | | | |
| Goldman Sachs Asset Management | | 14.01 | 22 | 26.64 | 35 | 7.27 | 33 | | |
| AllianceBernstein L.P. | | | | | | | | | |
| Somerset Capital Management LLP | | | | | | | | | |

Source: Evestment; data as of 12/31/2023; returns are gross of fees except for NS Partners and ABS Investment Management.

MSCI EM ex-China passive options

GROWTH OF STRATEGY AUM (\$MM)



State Street and Blackrock are two of the three largest index fund managers.

While assets are still relatively small, State Street and Blackrock continue to add clients.

| Firm Name | State Street | BlackRock | BlackRock | Northern Trust | BlackRock |
|---------------------|--|---------------------------|------------------|----------------------------|-----------------|
| Type of Vehicle | Commingled | Commingled CTF A | Commingled CTF B | Commingled EM IMI ex-China | ETF |
| Strategy AUM (\$mm) | \$633 million | \$1,534 million | \$207 million | \$231 million | \$8,755 million |
| Inception Date | April 2022 | May 2022 | September 2023 | December 2021 | July 2017 |
| Restrictions | | Pension Assets Only | Foundations | None | |
| Number of Clients | 7 vs 2 (last year) <i>2 more joining within 2 months</i> | 3 vs 1 (last year) | 1 | 1 (corporate) | n/a |
| Expense Ratio | 0.07% | 0.09% | 0.09% | TBD | 0.25% |

Source: State Street and Blackrock

Potential implementation options

| Option | Considerations - Pro | Considerations - Con |
|-------------------------|--|---|
| Current structure | Active management can pursue most attractive opportunities across EM complex | China concern remains (at least) partially unaddressed |
| Active EM ex-China | Addresses China concern | Limited number of seasoned alternatives |
| Passive EM ex-China | Addresses China concern | Passive management in EM largely considered sub-optimal |
| Eliminate EM allocation | Addresses China concern | Eliminates potential source of excess returns |

Closing thoughts

- The issue of China divestment has recently gained attention among institutional investors due to a variety of concerns, including geopolitical, regulatory, investment, and ethical

On the other hand...

- Divestment eliminates a significant portion of the Emerging Markets opportunity set
- The Emerging Markets ex-China manager universe is mostly new and untested
- IPOPIF exposure to Chinese equity risk is marginal relative to other portfolio risks



MEMORANDUM

DATE: April 3, 2024
TO: IPOPIF Board of Trustees
FROM: Kent Custer, Chief Investment Officer
SUBJECT: Special Investment Principals

The Board has requested revisiting the discussion about 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. The related presentation materials are attached for reference and review. Pages 20 and 21 of the Verus presentation outline discussion points and potential next steps.

Staff believes that a Board Committee or Liaison Team (smaller) should be formed to work with Staff, Verus, and Counsel to develop Board recommendations. The Board may also want to consider defining and prioritizing this initiative as a strategic goal and related objectives.

Verus⁷⁷⁷



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

APRIL 2024 (UPDATE)

ESG Overview

Illinois Police Officers' Pension Investment Fund

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[VERUSINVESTMENTS.COM](https://www.verusinvestments.com)

SEATTLE 206-622-3700

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Memo: “Overview of Fiduciary Duties Relating to Investments”

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Session objectives

- Level set on ESG concepts / initiate discussion
- Identify Board priorities
- Obtain guidance on implementation issues
- Consider adoption of a formal “Statement of Principle”

I. ESG and fiduciary duty

Overview

- Illinois law establishes the public policy goal of supporting strong defined benefit public pensions and requires consideration of social policy goals "within the bounds of financial and fiduciary prudence", in part by:
 - Prohibiting retirement systems and pension funds from investing in certain securities
 - Requiring fiduciaries to consider ESG principles when adopting investment policy
 - Requiring boards of trustees to promote investments that promote economic development within Illinois
- The Illinois Pension Code recognizes traditional return/risk considerations are not the only relevant considerations when making prudent investment decisions
- The IPOPIF Board of Trustees may decide not to hold certain securities or choose not to retain specific investment management firms that are deemed counter to the best interest of Fund participants
- Under U.S. DoL proposed regulations, "if a fiduciary prudently concludes that competing investment choices, ... equally serve the financial interests of the plan, a fiduciary can select the investment...based on collateral benefits other than investment returns."
 - For example, NCPERS (National Conference on Public Employee Retirement Systems, a public pension advocacy group) maintains a list of nonprofit organizations that engage in activities that diminish the sustainability of public pension funds. The Fund's procurement policies may require disclosure of donations to such organizations so that fees for managing fund assets are not used to support anti-pension activities.

Trustees have a fiduciary duty to act solely in the interest of participants and beneficiaries, with complete and undivided loyalty to the participants, and must discharge their duties under the prudent person standard of care

See fuller treatment of fiduciary duty related to investments in the Appendix to this presentation

Statement of Principle

- The Board may choose to approve a Statement of Principle to be incorporated into the IPS or as a stand-alone document, reflecting the Board’s commitment not to invest in corporate securities or investment vehicles that could undermine the law enforcement officers participating in Article 3 pension funds and adversely affect the actuarial strength of the Article 3 pension funds. For example, the Statement might provide:

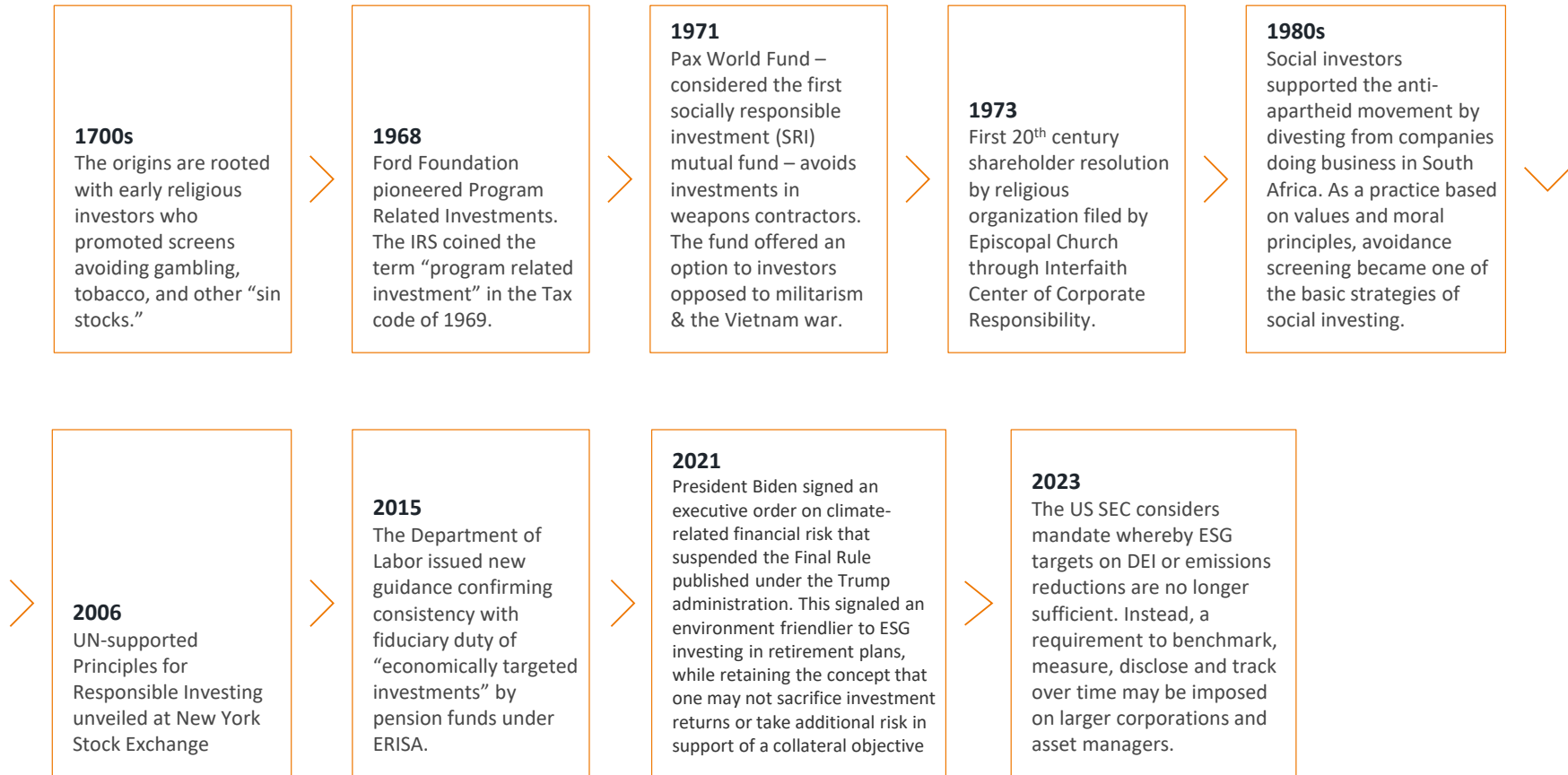
The Board of Trustees affirms as a matter of Fund policy that IPOPIF’s investments should recognize and respect the positive impact that municipal law enforcement officers have in their communities and these officers’ right to a strong defined benefit pension. The Board recognizes that some publicly 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.

See fuller treatment of fiduciary duty related to investments in the Appendix to this presentation

II. Introduction to ESG

An abbreviated history

Events, people and interest have all contributed to the current environment



A sampling of areas of impact

Figure 1: SDGs Mapped Against Environmental, Social, and Governance Categories



Source: United Nations Department of Economic and Social Affairs, Sustainable Development Goals

Examples of E, S, and G focus areas include:

Environmental – Carbon emissions, pollution, climate change, resource utilization

Social – Human rights, diversity, living wage, labor rights

Governance – Shareholder treatment, executive compensation, board structure

ESG issues globally

Overriding trends: retail and institutional

- Climate change risk
 - Net carbon zero emissions
 - COP26
- Greater disclosure of ESG metrics and standardization of data
 - Pecuniary implications
 - Sustainable Finance Disclosure Regulation (SFDR)
- Increased emphasis on social issues
 - COVID effects (global inequity)
 - Diversity, equity and inclusion
- Biodiversity risk
 - Agriculture, water, deforestation

Over \$35 trillion in global ESG assets accounting for one-third of total global AUM

Fastest growth in ETFs and debt strategies

ESG mutual fund assets highest in Europe followed by U.S.

U.S. growth rate high and catching up to Europe

Sources: Bloomberg; Global Sustainable Investment Association; Deloitte; MSCI

III. Implementation considerations

Adding the you to ESG

- Required considerations:
 - Restrictions included in the Illinois Pension Code
 - Sustainability factors included in the Illinois Sustainable Investing Act
- Other possible areas of interest:
 - Anti-pension
 - Anti-police
- Implementation could impact service provider selection (procurement/RFP process), security selection (investment guidelines), and proxy voting



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ESG investing means structuring a portfolio to reflect an investor's unique views

This makes ESG a highly customized pursuit

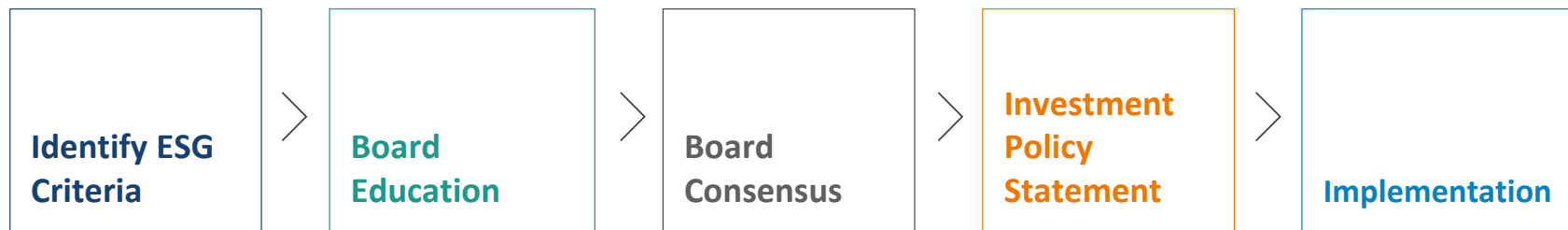
ESG implementation process

Roles

- Trustees: Define ESG criteria relevant to organization
- Investment Consultant: Education. Help solidify criteria and role in portfolio (i.e., SRI vs. ESG integration; risk mitigation vs. return seeking)
- Investment Staff: Make recommendations for IPS investment language; implementation
- Board: Approve investment policy statement and procurement policy

Process

- There are multiple steps involved in developing an appropriate ESG approach for a plan
- Policy (ESG criteria) and optimal implementation are both important considerations
- Risk/return determination and staff resourcing considerations are integral inputs



Implementation approaches

Socially Responsible Investing

SRI is investing with one's values, screening out or not investing in certain companies or industries (negative screens), or only investing in particular companies because they exhibit desirable traits (positive screens).

Environmental, Social and/or Governance (ESG) Integration

ESG integration combines ESG considerations (return and/or risk) with traditional financial analysis. ESG integration approaches remain alpha-focused with the goal of maximizing financial returns and/or lowering portfolio risk through seeking to minimize material ESG risks.

Active Ownership

Investing with the additional purpose of encouraging companies to manage non-financial ESG risks and run sustainable businesses in order to create long-term shareholder value. This can be exercised through shareholder advocacy or shareholder engagement, proxy voting and corporate resolutions.

Impact Investing

Investing with the intent to generate positive, measurable social and/or environmental impact alongside a financial return. Impact investments can target a range of returns from below market to market rate, depending on investors' strategic goals.

There is a broad and heterogeneous spectrum to ESG and associated investment strategies.

Plan-specific ESG approaches also can vary tremendously by policy goals and implementation.

ESG is not one size fits all.

Comparison of different implementation approaches

| | Socially Responsible Investing | ESG Integration | Active Ownership | Impact Investing |
|--------------------------------------|--|---|---|--|
| Level of impact | Lowest impact on the mission relative to other approaches | Medium impact on the mission relative to other approaches | Higher (direct) impact in terms of change; for a small equity share, investors can effect big changes | Higher impact, with dual mandate (ESG impact) but varying return profiles |
| Cost considerations | Least resource-intensive in terms of staff and expertise required to implement and monitor | Less resource-intensive in terms of staff and expertise required to implement and monitor | Higher resource requirements in order to actively follow and engage with companies' management | Highest in cost in terms of resources, oversight and due diligence |
| Implementation considerations | Difficult to implement in mutual funds or commingled funds, unless the investment manager has a screened product | For mutual funds, commingled funds and separate accounts, the onus is on the investment manager(s) to integrate ESG in the investment decision making process | For mutual funds, commingled funds and separate accounts, onus is on the investment manager to exercise active ownership on behalf of investors | Hardest to implement relative to other approaches, and can require finding a specialist provider or partners to seek social-investment opportunities |
| | Easier to implement in direct investments and/or separate accounts | For direct investments, onus is on asset owner to incorporate ESG in the investment decision making process | For direct investments, asset owner can directly engage with investee companies | Similar to positive/best in class screening |
| | | | | Limited albeit growing corporate sustainability disclosure by companies |



ESG trends by investor type

- ERISA and ERISA-like (corporate and public pension)
 - Obligation to make decisions on behalf of the beneficiaries of the pension
 - Climate change/fossil fuel and diversity common trends
 - Increased shareholder advocacy through engagement and/or proxy voting
- Non-profit (endowments & foundations)
 - Most heterogeneous as core values and priorities differ from one entity to another
 - Trustees have a dual obligation to the E/F and its mission and maintaining the organization's tax-exempt status
 - Impact investing is commonly used with this plan type
 - Religious organizations often incorporate SRI exclusionary screens (e.g., no sin stocks)
- Taft-Hartley and multi-employer
 - Incorporate labor-friendly values
 - Often invest in asset classes that support this value (real estate, infrastructure)
- Resource limitations are a practical constraint across plan types (staff size and cost considerations)

Proxy voting

- Proxy voting rights are considered assets of the Fund
- Proxy voting allows a shareholder of a corporation, whom may not be able to attend a shareholder’s meeting, to cast a ballot on a range of issues, both financial and non-financial
- Shareholders vote on issues related to boards and directors, capital structure proposals, mergers and acquisitions, executive compensation and shareholder protections
- The Board can express its intention regarding ESG principles by voting proxies in accordance with its investment philosophy
- Proxy voting services are continuing to expand their specialty policies to address the evolving needs of their clients

Impact through proxy voting is limited to separate accounts, as proxy voting for a commingled fund is governed by the fund prospectus

Other implementation considerations

- Separately managed vs. commingled
- Active vs. passive
- Public vs. private

Initially, IPOPIF is implementing its investment strategy (mostly) through passively held public market commingled funds

IV. Discussion points and possible next steps

Discussion points

- Should IPOPIF consider developing a standalone ESG Policy and/or determine specific E, S and G factors that are most relevant to incorporate into its investment strategy?
- Should IPOPIF establish a standing or ad hoc committee to address ESG concerns?
- Might IPOPIF be willing to add resources (staff or cost) in order to incorporate enhancements to its ESG approach?
- What other guidance can the Board offer Investment Staff on the topic, e.g.,
 - Areas of impact
 - Implementation approach
 - Implementation timeline

Possible next steps

- Adopt proposed Statement of Principle
- Establish ESG Committee
- Reach consensus on areas of impact
- Investigate existence and relevance of current anti-pension and anti-police exclusion lists
- If no such list(s) currently exist, investigate potential for collaborating with national organizations to develop them, e.g., National Fraternal Order of Police
- Evaluate investment impact
- Determine appropriate implementation approach
- Develop relevant policy language



Illinois Police Officers' Pension Investment Fund

Investment Update

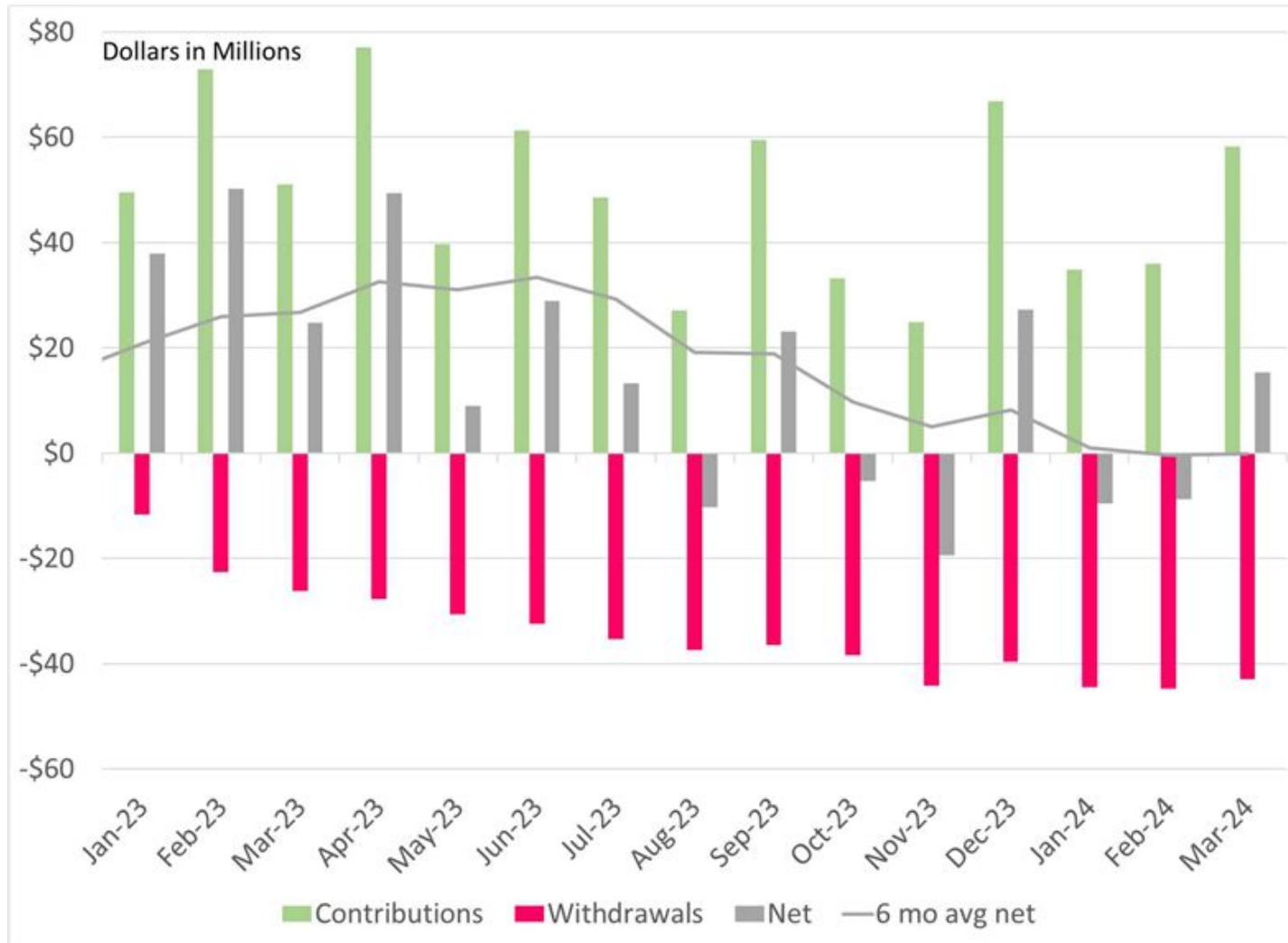
As of April 4, 2024

Preliminary Performance Update

| | Jan '24 | Feb '24 | 7/23 – 2/24 | 1/24 – 2/24 |
|-------------------------------|---------|---------|----------------|----------------|
| IPOPIF Pool | -0.4% | +2.2% | +8.1% | +1.8% |
| Policy Benchmark | -0.4% | +2.3% | +8.4% | +1.9% |
| Broad Benchmark | -0.2% | +2.6% | +9.0% | +2.3% |
| Actuarial Assumption (annual) | | | +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

Monthly Participant Fund Cash Flow



Asset Allocation 4/3/24

| Account | Current | | Target | | Variance | |
|------------------------------|---------------|---------------|---------------|---------------|-------------|--------------|
| | \$M | % | \$M | % | \$M | % |
| Growth | 5,997 | 58.1% | 5,988 | 58.0% | 8 | 0.1% |
| RhumbLine US Large | 2,390 | 23.1% | 2,375 | 23.0% | 15 | 0.1% |
| RhumbLine US Small | 528 | 5.1% | 516 | 5.0% | 12 | 0.1% |
| SSGA Non-US Developed | 1,949 | 18.9% | 1,962 | 19.0% | (13) | -0.1% |
| International Small Cap | 512 | 5.0% | 516 | 5.0% | (5) | 0.0% |
| SSGA | - | 0.0% | - | 0.0% | - | |
| Acadian | 260 | 2.5% | 258 | 2.5% | 2 | |
| LSV (1 day lag) | 126 | 1.2% | 129 | 1.25% | (3) | |
| WCM (monthly) | 125 | 1.2% | 129 | 1.25% | (4) | |
| SSGA EM Equity | 618 | 6.0% | 619 | 6.0% | (1) | 0.0% |
| | | | | | | |
| Income | 1,635 | 15.8% | 1,652 | 16.0% | (17) | -0.2% |
| SSGA High Yield | 715 | 6.9% | 723 | 7.0% | (7) | -0.1% |
| SSGA EM Debt | 619 | 6.0% | 619 | 6.0% | (0) | 0.0% |
| Bank Loans | 300 | 2.9% | 310 | 3.0% | (10) | -0.1% |
| Ares (monthly) | 100 | 1.0% | 103 | 1.0% | (3) | |
| Aristotle (monthly) | 200 | 1.9% | 206 | 2.0% | (6) | |
| | | | | | | |
| Real Assets | 572 | 5.5% | 619 | 6.0% | (47) | -0.5% |
| SSGA REITS | 413 | 4.0% | 413 | 4.0% | 0 | 0.0% |
| PRINCIPAL USPA | 159 | 1.5% | 206 | 2.0% | (47) | -0.5% |
| | | | | | | |
| Risk Mitigation | 2,121 | 20.5% | 2,065 | 20.0% | 56 | 0.5% |
| Cash Accounts | 172 | 1.7% | 103 | 1.0% | 69 | 0.7% |
| SSGA ST GOV-CREDIT | 1,329 | 12.9% | 1,342 | 13.0% | (13) | -0.1% |
| SSGA TIPS | 282 | 2.7% | 310 | 3.0% | (28) | -0.3% |
| SSGA CORE BONDS | 338 | 3.3% | 310 | 3.0% | 28 | 0.3% |
| Transition account | 0.101 | 0.0% | - | 0.0% | 0 | 0.0% |
| | | | | | | |
| Total Investment Pool | 10,325 | 100.0% | 10,325 | 100.0% | - | 0.0% |

Funding and Rebalancing – Recent

International Small Cap (ISC)

- ISC funding transactions completed on 4/2/24
- Acadian - \$65 million on 3/5/24 and \$56 million on 3/13/24. \$251 million total.
- LSV & WCM – Second tranche of \$65 million to each strategy on 4/1/24. \$125 total to each strategy.
- Funding source: SSGA International Small Cap Index Fund. Final liquidation on 4/2/24.

Bank Loans

- Second tranche of \$50 million to Ares and \$100 million to Aristotle funded on 4/1/24. \$100 million total to Ares and \$200 million total to Aristotle.
- \$135 million redeemed from the SSGA High Yield Index fund on 3/27 to fund bank loans and rebalance high yield to the new 7% target.
- \$40 million redeemed from SSGA Core Bonds to reduce overweight variance and supplement Bank Loan funding.

Emerging Markets to Non-US Developed

- On March 21 we redeemed \$91 million from the SSGA EM Equity account and contributed \$109 million to the SSGA Non-US Developed account to bring both to their new targets of 6% and 19%, respectively. A crossing opportunity at SSGA on this date reduced the transaction cost.

Funding and Rebalancing – YTD Detail

| | | |
|----------|---|--------------------------------------|
| 01/29/24 | +\$65M Acadian ACWI x US SC | ISC Funding |
| | -\$65M SSGA Intl SC Equity | ISC Funding |
| 02/22/24 | +\$65M Acadian ACWI x US SC | ISC Funding |
| | -\$65M SSGA Intl SC Equity | ISC Funding |
| 02/27/24 | +\$60M WCM Intl SCG. Advance funds receipt required | ISC Funding |
| 03/01/24 | +\$60M LSV Intl Small Cap | ISC Funding |
| | -\$120M SSGA Intl SC Equity | ISC Funding |
| 02/29/24 | -\$150M SSGA High Yield. Settled cash needed for contributions. | BL Funding & HY allocation reduction |
| 03/01/24 | +\$50M Ares BL | BL Funding |
| | +\$100M Aristotle BL | BL Funding |
| 03/05/24 | +\$65M Acadian ACWI x US SC | ISC Funding |
| | -\$65M SSGA Intl SC Equity | ISC Funding |
| 03/13/24 | +\$56M Acadian ACWI x US SC | ISC Funding |
| | -\$56M SSGA Intl SC Equity | ISC Funding |
| 03/21/24 | -\$91M SSGA EME | EME Strategic Allocation reduction |
| | +\$109M SSGA Intl Eq | EME Strategic Allocation reduction |
| | -\$18M Cash | EME Strategic Allocation reduction |
| 03/26/24 | -\$50M SSGA Intl SC Equity. Split trading due to Easter holiday | ISC Funding |
| 03/27/24 | +\$65M WCM | ISC Funding |
| | -\$135M SSGA Hi Yield | BL Funding |
| | -\$40M SSGA Core Bonds-AGG | BL Funding |
| 04/01/24 | +\$65M LSV | ISC Funding |
| | +\$50M Ares BL | BL Funding |
| | +\$100M Aristotle BL | BL Funding |
| 04/02/24 | -\$76.5M SSGA ISC full liquidation. Split trading due to Easter holiday | ISC Funding |



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: Board of Trustees
FROM: Richard White, Executive Director
Regina Tuczak, Chief Financial Officer
RE: Agenda Item 5.1 – Monthly Financial Statement – February 2024
DATE: April 12, 2024

RECOMMENDATION: Approve the Monthly financial statement for February 2024.

Participant fund activity was cash negative for the month of February as follows:

February Contributions \$35,940,356
February Withdrawals (\$44,737,637)

There were 163 cash contributions and 180 cash withdrawals in February (total of 343 transactions).

State Street reported 888 unique Cash Management users on eCFM as of February 26, 2024.

The Fund's Net Position (Restricted) reached its highest level reported on a monthly financial statement of \$10,157,064,537.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



MONTHLY FINANCIAL REPORT

FOR THE EIGHT MONTHS ENDED FEBRUARY 29, 2024

MODIFIED CASH BASIS

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

Illinois Police Officers' Pension Investment Fund

Statement of Fiduciary Net Position

As of February 29, 2024, and February 28, 2023

| | <u>February 29, 2024</u> | <u>February 28, 2023</u> |
|---|--------------------------|--------------------------|
| Assets | | |
| Cash | | |
| Lake Forest Bank & Trust | \$ 111,757 | \$ 374,286 |
| Total Cash | 111,757 | 374,286 |
| Investments | | |
| Investments | 10,157,018,084 | 8,858,278,671 |
| Total Investments | 10,157,018,084 | 8,858,278,671 |
| Other Assets | | |
| Net IMRF Pension Asset | 7,426 | - |
| Total Other Assets | 7,426 | - |
| Total Assets | 10,157,137,267 | 8,858,652,957 |
| Deferred Outflows of Resources | | |
| Deferred outflows related to IMRF Pension | 80,309 | - |
| Liabilities | | |
| Illinois Finance Authority Loan | - | 5,548,091 |
| Capitalized Interest | - | 79,635 |
| Total Payables | - | 5,627,726 |
| Accrued Expenses | | |
| Payroll & Related | 145,299 | 109,216 |
| Professional | 7,740 | 671,838 |
| General | - | 89,626 |
| Total Accrued Expenses | 153,039 | 870,680 |
| Total Liabilities | 153,039 | 6,498,406 |
| Net Position Restricted | 10,157,064,537 | 8,852,154,551 |

Illinois Police Officers' Pension Investment Fund

Statement of Changes in Fiduciary Net Position

For the Eight Months Ended February 29, 2024, and February 28, 2023

| | <u>February 29, 2024</u> | <u>February 28, 2023</u> |
|--|--------------------------|--------------------------|
| Additions | | |
| Proceeds | | |
| Cash Received from Local Funds | 330,632,041 | 227,499,384 |
| Investments Received from Local Funds | 13,100,419 | 5,672,886,630 |
| Total Proceeds | 343,732,460 | 5,900,386,014 |
| Investment Income (Loss) | | |
| Lake Forest Bank & Trust | 411 | 7,702 |
| Interest | 37,972,479 | 37,100,478 |
| Net appreciation (depreciation) in fair value of investments | 713,954,153 | 231,770,795 |
| Net Investment Income (Loss) | 751,927,043 | 268,878,975 |
| Total Additions | 1,095,659,503 | 6,169,264,989 |
| Deductions | | |
| Administrative Expenses | | |
| Board of Trustees & Meetings | (61,378) | (11,134) |
| Administrative Operations | (1,208,938) | (1,449,909) |
| Investment Operations | (1,330,658) | (1,072,372) |
| Total Administrative Expenses | (2,600,974) | (2,533,415) |
| Participating Fund Withdrawals | (322,590,012) | (49,325,457) |
| Total Deductions | (325,190,986) | (51,858,872) |
| Net Increase (Decrease) | 770,468,517 | 6,117,406,117 |
| Net Position Restricted | | |
| Beginning of the Year | 9,386,596,020 | 2,734,748,434 |
| End of the Period | 10,157,064,537 | 8,852,154,551 |

Illinois Police Officers' Pension Investment Fund Additions Report for the Eight Months Ended February 29, 2024

| | <u>Received this Month</u> | <u>Budgeted this Month</u> | <u>Received this Fiscal Year</u> | <u>Budgeted this Fiscal Year</u> |
|---------------------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Additions | | | | |
| <u>Consolidated Funds</u> | | | | |
| Cash Received from Local Funds | 35,940,356 | - | 330,632,041 | - |
| Investments Received from Local Funds | - | - | 13,100,419 | - |
| | 35,940,356 | - | 343,732,460 | - |
| <u>Investment Income (Loss)</u> | | | | |
| Interest & Dividends | 4,438,445 | - | 37,972,890 | - |
| Net appreciation (depreciation) | 213,662,161 | - | 713,954,153 | - |
| | 218,100,606 | - | 751,927,043 | - |
| Total Additions | 254,040,962 | - | 1,095,659,503 | - |

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Eight Months Ended February 29, 2024

| | <u>Expended this Month</u> | <u>Budgeted this Month</u> | <u>Expended this Fiscal Year</u> | <u>Budgeted this Fiscal Year</u> |
|--|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Expenditures | | | | |
| Board of Trustees and Meetings | | | | |
| <u>Board of Trustees and Meetings Expenses</u> | | | | |
| Professional Services | | | | |
| <i>Administrative Services</i> | - | 4,950 | 3,200 | 59,400 |
| <i>Election Services</i> | - | - | 23,850 | - |
| Education and Training | 1,635 | 3,000 | 3,647 | 36,000 |
| Meeting Expenses | 4,275 | 4,583 | 25,426 | 55,000 |
| Board Member Reimbursements | 773 | 2,787 | 5,255 | 33,440 |
| Municipal Reimbursements | - | 992 | - | 11,900 |
| | <u>6,683</u> | <u>16,312</u> | <u>61,378</u> | <u>195,740</u> |
| Administrative Operations | | | | |
| <u>Personnel</u> | | | | |
| Administrative Personnel | 64,020 | 71,674 | 489,480 | 860,088 |
| Employment Expenses | | | | |
| <i>FICA/Medicare</i> | 4,887 | 4,921 | 30,480 | 59,052 |
| <i>Medical/Dental Benefits</i> | 7,979 | 10,399 | 73,982 | 124,788 |
| <i>Unemployment</i> | 211 | 113 | 1,067 | 1,354 |
| <i>Retirement Benefits</i> | 3,848 | 4,464 | 25,868 | 53,570 |
| | <u>80,945</u> | <u>91,571</u> | <u>620,877</u> | <u>1,098,852</u> |
| <u>Professional Services</u> | | | | |
| Finance | | | | |
| <i>Accounting</i> | 15,394 | 4,883 | 15,394 | 58,600 |
| <i>Audit - Financial</i> | - | 4,792 | 57,500 | 57,500 |
| <i>Audit - Certified Asset List</i> | - | 2,934 | - | 35,205 |
| Administrative Services | - | 3,975 | - | 47,700 |
| Government Liaison | 11,400 | 5,700 | 45,600 | 68,400 |
| Actuarial Services | 26,500 | 15,292 | 121,775 | 183,500 |
| Outsourced Human Resources | 3,769 | 1,000 | 4,188 | 12,000 |
| Legal Services | | | | |
| <i>Legal Services - General</i> | - | 6,250 | 14,299 | 75,000 |
| <i>Legal Services - Fiduciary</i> | 12,685 | 10,417 | 42,895 | 125,000 |
| Technology Services | - | 1,000 | 3,337 | 12,000 |
| Other Consulting Services | 3,850 | 1,771 | 23,998 | 21,250 |
| Communication Services | - | 1,500 | 10,500 | 18,000 |
| | <u>73,598</u> | <u>59,514</u> | <u>339,486</u> | <u>714,155</u> |

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Eight Months Ended February 29, 2024

| | <u>Expended this Month</u> | <u>Budgeted this Month</u> | <u>Expended this Fiscal Year</u> | <u>Budgeted this Fiscal Year</u> |
|---------------------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Expenditures | | | | |
| <u>Bank Services and Fees</u> | | | | |
| Local Bank Fees | 196 | 375 | 1,605 | 4,500 |
| | <u>196</u> | <u>375</u> | <u>1,605</u> | <u>4,500</u> |
| <u>Services & Supplies</u> | | | | |
| Assets under \$5,000 | - | 4,167 | 42,533 | 50,000 |
| Insurance | - | 8,918 | 106,906 | 107,017 |
| Office Lease/Rent | 5,375 | 5,375 | 43,000 | 64,500 |
| Printing & Postage | - | 2,833 | 13,239 | 34,000 |
| Supplies & Maintenance | 805 | 1,167 | 4,764 | 14,000 |
| Telecommunication | 1,320 | 1,417 | 10,360 | 17,000 |
| Contingency | 1 | 1,000 | (1) | 12,000 |
| Dues / Licenses | 1,096 | 6,549 | 8,267 | 78,586 |
| Training & Education | 120 | 1,000 | 1,470 | 12,000 |
| Travel & Transportation | 162 | 1,000 | 4,992 | 12,000 |
| Utilities | - | 667 | (835) | 8,000 |
| Website | 200 | 1,667 | 12,275 | 20,000 |
| | <u>9,079</u> | <u>35,760</u> | <u>246,970</u> | <u>429,103</u> |
| Investment Operations | | | | |
| <u>Personnel</u> | | | | |
| Investment Operations Personnel | 53,542 | 83,333 | 432,538 | 1,000,000 |
| Employment Expenses | | | | |
| <i>FICA/Medicare</i> | 3,964 | 5,279 | 22,981 | 63,344 |
| <i>Medical/Dental Benefits</i> | 5,259 | 8,795 | 40,342 | 105,542 |
| <i>Unemployment</i> | 19 | 66 | 525 | 790 |
| <i>Retirement Benefits</i> | 3,679 | 5,923 | 28,508 | 71,072 |
| | <u>66,463</u> | <u>103,396</u> | <u>524,894</u> | <u>1,240,748</u> |
| <u>Investment & Banking</u> | | | | |
| General Investment Consultant | 106,875 | 35,625 | 213,750 | 427,500 |
| Database Subscription(s) | 1,000 | 3,178 | 38,172 | 38,135 |
| Investment Management | 11,247 | 115,417 | 346,857 | 1,385,000 |
| Custodial Services | 68,617 | 38,333 | 206,985 | 460,000 |
| | <u>187,739</u> | <u>192,553</u> | <u>805,764</u> | <u>2,310,635</u> |
| Total Expenditures | 424,703 | 499,481 | 2,600,974 | 5,993,733 |
| Participating Fund Withdrawals | 44,737,637 | | 322,590,012 | |
| Total Deductions | 45,162,340 | | 325,190,986 | |

Warrant #24-10 Paid 4-1-2024



Expenses for Ratification - April 12, 2024
 Board Meeting

BOARD OF TRUSTEES and MEETINGS
Meeting Expenses

| | | |
|-----------|--|-------------------|
| | Kent Custer | |
| 3/4/2024 | Out of pocket reimbursement for travel to Regional Stakeholder Meeting in Naperville, February 21, 2024 | \$197.98 |
| | Sound & Light Creations by Scott Fort | |
| 3/25/2024 | Sound system with table top microphones, video screen, and projector for Board and Committee Meetings, March 8, 2024, Invoice #3072401 | \$1,413.00 |
| | Total Board of Trustees and Meetings Meeting Expense | \$1,610.98 |

Board Member Reimbursements

| | | |
|-----------|---|-------------------|
| | Lee Catavu | |
| 3/8/2024 | Out of pocket reimbursement for travel for March 8, 2024, Board Meeting | \$158.12 |
| | Elizabeth Holleb | |
| 3/8/2024 | Out of pocket reimbursement for hotel and travel for February 9, 2024, Board and Committee Meetings | \$400.25 |
| | Daniel Hopkins | |
| 3/8/2024 | Out of pocket reimbursement for hotel and travel for March 8, 2024, Board and Committee Meetings | \$326.87 |
| | Michael Inman | |
| 3/9/2024 | Out of pocket reimbursement for travel for March 8, 2024, Board and Committee Meetings | \$109.87 |
| | Philip Suess | |
| 3/26/2024 | Out of pocket reimbursement for hotel and travel for March 8, 2024, Board and Committee Meetings | \$380.54 |
| 3/26/2024 | Out of pocket reimbursement for travel for March 19, 2024, Department of Insurance Meeting | \$13.50 |
| | Total Board of Trustees and Meetings Board Member Reimbursements | \$1,389.15 |

TOTAL BOARD OF TRUSTEES AND MEETINGS EXPENSES **\$3,000.13**

ADMINISTRATIVE OPERATIONS
Professional Services - Government Liaison

| | | |
|----------|---|------------|
| | Vision M.A.I. Consulting | |
| 4/1/2024 | Professional services rendered for April 2024, Invoice #4 | \$5,700.00 |

Warrant #24-10 Paid 4-1-2024



Expenses for Ratification - April 12, 2024
 Board Meeting

Professional Services - Actuarial Services

| | | |
|----------|---|------------|
| | Foster & Foster, Inc. | |
| 3/5/2024 | Preparation of Fiscal Year 2022 Actuarial Valuation Reports for 1 participating pension fund and Fiscal Year 2023 Actuarial Valuation Reports for 15 participating pension funds, Invoice 30196 | \$8,225.00 |

Professional Services - Human Resources

| | | |
|----------|--|----------|
| | Regina Tuczak | |
| 4/1/2024 | Out of Pocket reimbursement for IGFOA Jobline announcement posting for Senior Accountant/Auditor | \$250.00 |

Professional Services - Legal

Fiduciary & Litigation

| | | |
|-----------|--|------------|
| | Jacobs Burns Orlove & Hernandez LLP | |
| 3/14/2024 | Legal services rendered in February 2024 regarding various matters, Invoice #535 | \$8,084.45 |

Professional Services - Technology

| | | |
|----------|--|----------|
| | Levi, Ray & Shoup, Inc. | |
| 3/5/2024 | Network support services, February 2024, Invoice #315953 | \$270.00 |

Professional Services - Communication

| | | |
|-----------|--|------------|
| | Shepherd Communications | |
| 3/25/2024 | Professional Services Fee for April 2024 | \$1,500.00 |

Professional Services - Other Consulting Services

| | | |
|----------|--|--------------------|
| | MCS Consulting LLC | |
| 3/5/2024 | Consulting Services for Strategic Planning 1/18/24 - 2/6/24, Invoice #1127 | \$1,400.00 |
| | Total Administrative Operations Professional Services Expenses | \$25,429.45 |

Services and Supplies

Office Lease

| | | |
|----------|---------------------|------------|
| | City of Peoria | |
| 4/1/2024 | Rent for April 2024 | \$5,375.00 |

Printing & Postage

| | | |
|----------|---|-------------------|
| | Samantha Lambert | |
| 3/4/2024 | Out of pocket reimbursement for postage for overnight mailing of documents to Board of Trustee member, March 2024 | \$36.10 |
| | TaMaYo Design, Inc. | |
| 3/7/2024 | Billing of Design of Logo and Design of Letterhead and Envelope with new Logo, Invoice #IPOPIF003 | \$1,050.00 |
| | Total Services and Supplies, Printing & Postage | \$1,086.10 |

Warrant #24-10 Paid 4-1-2024



Expenses for Ratification - April 12, 2024
 Board Meeting

Services and Supplies (continued)

Supplies & Maintenance

| | | |
|-----------|--|-----------------|
| | CityBlue Technologies, LLC | |
| 3/12/2024 | Epson AM-C4000 maintenance box and delivery charge, Invoice I267267 | \$79.00 |
| 3/19/2024 | Epson AM-C4000 Ink-black and delivery charge, Invoice I267367 | \$233.00 |
| | The Cleaning Source | |
| 4/1/2024 | Weekly cleaning service for March 2024, Invoice #IP0324 | \$193.00 |
| | ODP Business Solutions, LLC | |
| 3/19/2024 | Office supplies, Paper, 10 ream box, qty3; Plastic Binding Cover, 50 pk, qty2; Envelope #10, 500 box; 100 roll stamps and fee, qty 2; Sharpie, 8 pk; Highlighter, 24 pk Invoice #355703343001 | \$424.22 |
| | Total Services and Supplies, Supplies & Maintenance | \$929.22 |

Telecommunications

| | | |
|-----------|---|-------------------|
| | AmeriCALL | |
| 3/4/2024 | Monthly telephone charges, 3/4/2024 to 4/3/2024, Invoice #3220891 | \$313.68 |
| | AT&T Mobility | |
| 3/1/2024 | Monthly wireless cell phone service, 3/2/24 - 4/1/24, Invoice # 287302376880X03092024 | \$708.31 |
| | Comcast | |
| 3/12/2024 | Monthly data, voice secure packaged services, 3/16/24 - 4/15/24 | \$252.23 |
| | Total Services and Supplies, Telecommunications | \$1,274.22 |

Dues & Licenses

| | | |
|-----------|---|-----------------|
| | ADP, Inc. | |
| 3/1/2024 | Processing charges for period ending February 15, 2024, Debit #655397370 | \$94.76 |
| 2/9/2024 | Processing charges and state tax filing fee for period ending February 29, 2024, Debit #656338693 | \$103.71 |
| | Levi, Ray & Shoup, Inc. | |
| 3/5/2024 | LRS Axcient CloudFinder for Office 365 backup, 25 licenses, February 2024, Invoice #315956 | \$125.00 |
| | Thomson Reuters | |
| 3/13/2024 | NetStaff CS Web Services fees and Manual processing, February 2024, Invoice #WS11268060 | \$466.00 |
| | Total Services and Supplies, Dues & Licenses | \$789.47 |

Warrant #24-10 Paid 4-1-2024



**Expenses for Ratification - April 12, 2024
 Board Meeting**

Services and Supplies (continued)

Travel & Transportation

| | | |
|----------|---|-----------------|
| | Katherine Cobb | |
| 3/4/2024 | Out of pocket reimbursement for parking fees, March 2024 | \$81.00 |
| | Samantha Lambert | |
| 3/4/2024 | Out of pocket reimbursement for parking fees, March 2024 | \$81.00 |
| | Total Services and Supplies, Travel & Transportation | \$162.00 |

Website

| | | |
|----------|---|--------------------|
| | Levi, Ray & Shoup, Inc. | |
| 3/5/2024 | Website hosting and related support, February 2024, Invoice #315955 | \$200.00 |
| 3/5/2024 | Website maintenance services, February 2024, Invoice #315954 | \$373.75 |
| | Total Services and Supplies, Website | \$573.75 |
| | Total Administrative Operations Services and Supplies Expenses | \$10,189.76 |

TOTAL ADMINISTRATIVE OPERATIONS EXPENSES \$35,619.21

INVESTMENT OPERATIONS

Investment & Banking

Investment Management

| | | |
|-----------|---|-------------|
| | RhumbLine Advisors | |
| 3/11/2024 | Investment Management Services for February 2024 \$2,857,089,849 AUM, .5bps, Invoice #gipop12024February | \$11,905.00 |

Custodial Services

| | | |
|----------|---|-------------|
| | State Street Bank & Trust Company | |
| 3/4/2024 | Custody Fees, Charges and Expenses for January 2024 Invoice #2401149465-6011 | \$34,158.70 |

TOTAL INVESTMENT OPERATIONS EXPENSES \$46,063.70

TOTAL EXPENSES FOR RATIFICATION \$84,683.04

Finance and Accounting Update Report

As of April 4, 2024



Current Initiatives

| | |
|---|--|
| Agreed Upon Procedures of Article 3 Police Pension Funds | Engagement letters with two firms completed Awaiting information from Illinois Department of Insurance Planning meeting to be scheduled with CPA firms |
| Recruitment of Senior Accountant/Auditor | Job listing posted on Indeed, IGFOA and IPOPIF website Volume of applicants lower than anticipated |
| Budget for Fiscal Year 2025 | In development – some changes expected in presentation with respect to Investment Manager fees Draft to be provided to Audit and Budget Committee in May |
| Cash Management | Verification procedures, set-up of ~40 eCFM forms submitted by Article 3 funds from recent Board meetings in process Increasing transaction volume (over 350 transactions in March) |



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: GOVERNMENTAL LIAISON REPORT
DATE: APRIL 12, 2024

RECOMMENDATION: Receive the report.

Legislative Activity Report

Governmental Liaison Bukola Bello will present the legislative activity report to the Board of Trustees during the meeting. No written materials will be provided in the agenda meeting packet of materials.



**Illinois Police Officers'
Pension Investment Fund**

Administration & Operations Update

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, April 12, 2024**



Illinois Police Officers' Pension Investment Fund

Article 3 Police Pension Funds

Monthly investment reports through **February 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.

Newsletter

March 2024 Newsletter
Published and Distributed

Public Meetings and Presentations

Melrose Park PPF – **April 15, 2024**

IL CPA Society – **May 1, 2024** in Springfield (CFO) [CFO Tuczak]

IPFA Pension Seminar – **May 3, 2024** in Addison

Regional Stakeholder Meeting – **May 8, 2024** at the IPPFA Illinois Pension Conference, Galena.

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



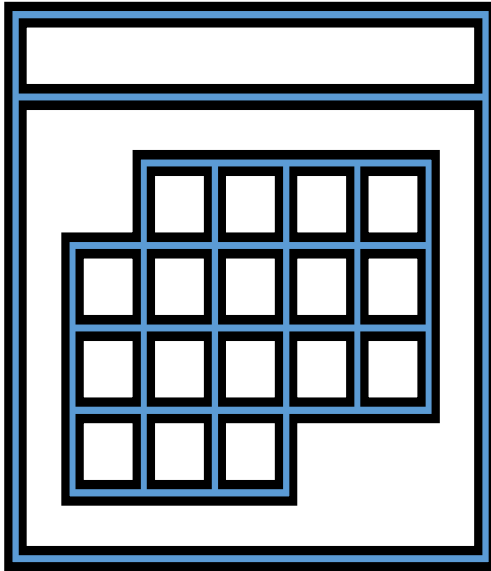
Illinois Police Officers' Pension Investment Fund

| 10:00 | Governance | Bowers | | | | | Inman | Poulos | Suess* | |
|-------|---------------------|--------|---------|------|---------|----------|-------|--------|--------|-----------|
| 11:00 | Contract | Bowers | | | Holleb* | | Inman | Poulos | | |
| 11:50 | Audit/Budget | | | | Holleb | Hopkins | | | Suess | Swanlund* |
| 12:35 | LUNCH | | | | | | | | | |
| 1:10 | Legislative | | Catavu* | Cole | Holleb | | | | | Swanlund |
| 1:45 | Election | | Catavu | Cole | | Hopkins* | | | Suess | |
| 2:30 | Adjournment | | | | | | | | | |

COMMITTEE MEETINGS – FRIDAY MAY 17, 2024



Illinois Police Officers' Pension Investment Fund



Board of Trustees:

Friday

June 14, 2024

Pere Marquette

Board of Trustees:

Friday

July 19, 2024

Pere Marquette



Illinois Police Officers' Pension Investment Fund

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Statement of Economic Interest Index

About

[Illinois Governmental Ethics Act](#) requires certain employees, state public officials, and appointees to state boards and commissions to file a Statement of Economic Interests form, disclosing their financial interests, to the Secretary of State's office annually on or before May 1.

See [5 ILCS 420/4A-101](#) for a list of individuals required to file. If you are unsure of whether to file, contact your ethics officer.

2024 notification schedule and deadlines

- **Mid-March** – Initial notification letter to all filers.
- **Mid-April** – Reminder notification to all filers.
- **May 1** – Filing deadline for all filers.
- **Early May** – Late filing and penalty letter sent to all filers who have not submitted their Statements of Economic Interest.

Penalties for non-compliance

- \$15 for failure to meet the **May 1** deadline.
- \$100 fine per day (in addition to the \$15 fine) for failure to file by **May 15**.
- Failure to file by **May 31** will result in the employee's name being submitted to the Office of the Attorney General and may result in forfeiture of the employee's employment.

Filer information

Please review the requirements of [5 ILCS 420/4A-102](#) to ensure you correctly record all required economic interests.



**Illinois Police Officers'
Pension Investment Fund**

Administration & Operations Update

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, April 12, 2024**



ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: IPOPIF Board of Trustees
FROM: Richard White, Executive Director
RE: Closed Session Item
DATE: April 12, 2024

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

ITEM 10.1 CLOSED SESSION MOTION:

A motion was made by Trustee _____ and seconded by Trustee _____ to enter into closed session at _____ AM/PM in accordance with 5 ILCS 120/2(c)(21) for purposes of discussion or approval of minutes of meetings lawfully closed under the OMA or semi-annual review of closed session minutes as mandated in Section 2.06.

OPEN SESSION MOTION: Motion to resume open session.
