

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

AUDIT AND BUDGET COMMITTEE

MEETING MINUTES – APRIL 5, 2023 AT 1:30 P.M.

A meeting of the Illinois Police Officers' Pension Investment Fund's Audit and Budget Committee was held through the Zoom digital platform in accordance with the Gubernatorial Disaster Proclamation issued on 03-31-23 and Public Act 101-0640. Members of the public were invited to participate remotely or in person pursuant to the meeting notice and agenda.

TRUSTEES PRESENT: Paul Swanlund
Phil Suess
Elizabeth Holleb
Daniel Hopkins

TRUSTEES ABSENT: None

STAFF PRESENT: Rich White, Executive Director
Kent Custer, Chief Investment Officer
Gina Tuczak, Finance Director/Assistant Executive Director

OTHERS PRESENT: Brad Cole, Trustee
Rick Reimer, General Counsel, Reimer Dobrovlny & LaBardi PC
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove and Hernandez LLP
AJ Weber, Chief Financial Officer, Lauterbach & Amen, LLP
Allie Rysell, Plan Administrator, Foster & Foster, Inc
Members of the Public

CALL TO ORDER: Committee Chairperson Swanlund called the meeting to order at 1:31 p.m.

ROLL CALL: As reflected above.

MEETING MINUTES: *Approve March 2, 2023, Meeting Minutes and Closed Session:* The Committee reviewed the draft minutes from the March 2, 2023, meeting and closed session. A motion was made by Trustee Hopkins and seconded by Trustee Holleb to approve the March 2, 2023, meeting minutes and closed session. Motion carried unanimously by roll call vote.

AYES: Trustees Swanlund, Holleb, Hopkins, and Sues

NAYS: None

ABSENT: None

OLD BUSINESS: *Status Update – Illinois Finance Authority Loan Repayment:* Finance Director Tuczak provided an update on the remaining balance due for the Illinois Finance Authority loan repayment. The loan was paid off in full on April 3rd, with the final disbursement totaling \$5,709,899.40. The participant funds will receive their pro-rata allocation of the payment based on their balance as of March 31st, which will be reflected on their April Monthly Statement from NRS.

Trustee Hopkins noted that not all participant funds have completed their transfers to the IPOPIF. He inquired if participant funds would receive a credit once the remaining pension funds complete their transfers. Finance Director Tuczak and CIO Custer provided background information on the valuation and cost rule calculation model. Executive staff are working with State Street to define the procedures further to ensure the transition costs will be equitable for all participant funds regardless of their transfer date. An update will be provided at a future meeting. No action was required.

NEW BUSINESS: *Review and Recommendation to the Board of Trustees:* A memorandum dated April 5, 2023 regarding “Committee Agenda Items” was provided to the Trustees to review in advance of the meeting. Staff requested committee action on the Fiscal Year 2024 Budget, Resolutions for Lake Forest Bank & Trust, and matters related to the Post-Transition Audit.

Fiscal Year 2024 Budget: Finance Director Tuczak reviewed the draft Fiscal Year 2024 Budget with the Committee. She reviewed the anticipated expenditures for the Board of Trustees and Meetings, Administration & Operations, and Investment Operations of the Fund. The proposed Budget totaled \$6,054,336 for Fiscal Year 2024. Ms. Tuczak provided background information on the budgeted costs for each category and discussed the details of the budgeted increases and reductions.

The Committee discussed the budgeted expenses for meetings with Executive Director White, Finance Director Tuczak, and Trustee Cole. Further discussion will be held by the full Board to determine the format of conducting meetings following the end of COVID-19 disaster declarations.

Trustee Holleb requested a breakdown of staff salaries and benefits. A report will be prepared by Finance Director Tuczak and will be circulated to the full Board for review.

Trustee Suess requested a listing of budgeted fees for membership in various associations and subscriptions. Finance Director Tuczak will provide a detailed list to the full Board for review.

Trustee Holleb noted that IMRF employers are required to post specific compensation six days before and after the approval of the final Budget, and the IPOPIF might fall under that requirement. Staff will work with General Counsel Reimer to research the matter further to ensure all reporting requirements are met.

Trustee Cole provided feedback on the personnel costs and proposed salary increases. Chair Swanlund noted that the personnel increases are placeholder amounts. The full Board will approve salary increases for contractual and non-contractual employees and will not be based on the budgeted increases.

Trustee Cole left at 2:13 p.m.

The Committee discussed the Budget approval process with Finance Director Tuczak. The initial draft will be presented to the full Board for review at the April 14th meeting for feedback, and the revised Budget will be presented at the Committee’s May 19th meeting. A motion was made by Trustee Hopkins and seconded by Trustee Holleb to forward the Budget as presented to the full Board for review and discussion. Motion carried by roll call vote.

AYES: Trustees Swanlund, Holleb, Hopkins, and Suess
NAYS: None
ABSENT: None

Resolutions Designating Authorized Signers for Lake Forest Bank & Trust: Finance Director Tuczak reviewed the draft Resolution designating the authorized signers for the Fund's accounts with Lake Forest Bank, which reflect the changes in Board Officers and the inclusion of representatives from Lauterbach & Amen, LLP. A motion was made by Trustee Holleb and seconded by Trustee Hopkins to recommend Board approval of the proposed Resolution designating authorized signers. Motion carried unanimously by roll call vote.

AYES: Trustees Swanlund, Holleb, Hopkins, and Suess
NAYS: None
ABSENT: None

Agreed-Upon Procedures, Fee Estimate, and Statement of Work for Post-Transition Audit: Finance Director Tuczak provided background information on the post-transition audit. The Agreed-Upon Procedures and Statement of Work were reviewed with the Committee. Finance Director Tuczak noted that the proposed fee estimate of \$13,750 is consistent with the Fiscal Year 2023 Budget. A motion was made by Trustee Holleb and seconded by Trustee Hopkins to recommend Board approval of the Statement of Work, Agreed-Upon Procedures to be performed by Sikich LLP, and fee estimate, at the next Board meeting on Friday, April 14th. Motion carried by roll call vote.

AYES: Trustees Swanlund, Holleb, Hopkins, and Suess
NAYS: None
ABSENT: None

Status Update – Valuation and Cost Rule Calculation: Finance Director Tuczak noted that this item was briefly discussed earlier in the meeting. She noted that Staff is working with NRS to establish a reallocation method for investment management fees that have been charged to the participant funds since January 3, 2023. All questions were answered by Finance Director Tuczak. An update will be provided at a future meeting.

Status Update – Action Plan for Accounting and Finance: Finance Director Tuczak provided a memorandum dated March 30, 2023, regarding the "Action Plan for Accounting and Finance" to the Committee to review in advance of the meeting. The Committee briefly discussed the details of the memorandum with Finance Director Tuczak. Trustee Holleb requested that a copy of the memorandum is included with the Budget to be shared with the full Board for discussion.

Next Meeting: The next meeting of the Audit and Budget Committee will be held on May 19th. Executive Director White stated that several committees are scheduled to meet on this date, and a special meeting of the full Board is anticipated as well. The meeting will be held in Peoria, and the details will be coordinated offline through staff.

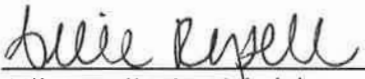
PUBLIC COMMENT: There were no comments from the public.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Suess and seconded by Trustee Hopkins to adjourn the meeting at 2:35 p.m. Motion carried unanimously by roll call vote.

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AYES: Trustees Swanlund, Holleb, Hopkins, and Suess
NAYS: None
ABSENT: None

Respectfully Submitted by:



Allie Rysell, Plan Administrator

Foster & Foster, Inc.

Approved by:



Phil Suss, Committee Chair Pro-tem

Date Approved by Committee: 5/19/2023