



## **Illinois Police Officers' Pension Investment Fund**

### **Board of Trustees Meeting Minutes**

**Friday, January 19, 2024, at 9:00 A.M.**

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was scheduled at the Marriott Pere Marquette Hotel, Marquette Salon A, 501 Main Street, Peoria, IL. 61602. Members of the public were invited to participate remotely or in person.

#### **Attendees:**

##### **Board of Trustees:**

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

##### **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 Burns Orlove & Hernandez, LLP
- Scott Whalen, Verus (Zoom)
- Tim McEnery, Verus
- Samantha Grant, Verus
- 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 9:13 A.M.

### **Roll Call**

#### **2.0- Roll Call:**

A roll call was conducted. 4 Trustees were present in person, 2 remotely on Zoom, and 1 remotely on telephone. A quorum was not established with the 6 required number of Trustees present in person.

#### **Board of Trustees Present:**

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Brad Cole
- Scott Bowers
- Michael Inman (Zoom)
- Daniel Hopkins (telephone)
- Mark Poulos, Treasurer (Zoom)

All individuals present are reflected in the list of attendees.

General Legal Counsel Reimer stated that due to the lack of the six required Board of Trustee members in person, there is not a quorum and there is no legal authority to conduct an official meeting, per the provisions of the Open Meetings Act (OMA). Instead, the Board of Trustee members that are present, as well as on Zoom and telephone, will be able to receive presentations from the Bank Loan Managers and other items for information and education with any official action occurring at the next Board of Trustees meeting.

## **Investments**

### 5.1- Bank Loan Manager Interviews and Selection: Discussion and Potential Action:

Steve Yoon, Investment Officer, briefed the Board of Trustees on the four (4) presenting firms that are being considered for Bank Loan Manager Role(s).

The Investment Staff and Verus conducted a rigorous process that resulted in a consensus list of the 12 highest caliber candidate firms that were invited to submit an RFP proposal. The Fund received 26 responses to the RFP which were all evaluated.

Based on the evaluation of the bank loan universe and subsequent semifinalists' evaluation process, the IPOPIF staff and Verus had the highest conviction in Ares and Aristotle as its recommended managers for the IPOPIF bank loan portfolio.

Four investment managers were invited to present their firms and strategies to the Board of Trustees, including recommended managers, Ares and Aristotle, and two additional firms which represented the most qualified Emerging Manager and the most qualified Veteran-owned firm.

At 9:21 A.M. Michael Smith, Samantha Milner, and William Lee of Ares Management, LLC presented to the Board of Trustees and answered all questions.

## **Board of Trustees**

Trustee Catavu entered the Board of Trustees Meeting at 9:48 AM

Board of Trustees Comments:

At 9:49 A.M. Trustee Cole informed the Board of Trustees that the Illinois Supreme Court this morning issued its opinion on the litigation seeking to declare Public Act 101-610, which created the IPOPIF, unconstitutional. The Supreme Court affirmed the lower court decisions granting summary judgment in the Defendant's favor and against the Plaintiffs, upholding the constitutionality of Public Act 101-610.

## **Investments**

### 5.1- Bank Loan Manager Interviews and Selection: Discussion and Potential Action (cont.):

At 9:51 A.M. Dominic Nolan, CFA, JP Leasure, and Michael Spitler, CFA, of Aristotle Pacific Capital, LLC presented to the Board of Trustees and answered all questions.

At 10:14 A.M. Mark Shenkman, Robert Kricheff, and Alexandra Kaplan of Shenkman Capital Management, LP presented to the Board of Trustees and answered all questions.

At 10:36 A.M. Mark Okada, Trey Parker, Jack Yang, and Satya Kumar of Sycamore Tree Capital Partners, L.P. presented to the Board of Trustees and answered all questions.

Investment Officer Yoon briefed the Board of Trustees regarding the Team's (IPOPIF Staff, IPOPIF investment consultant, Verus) recommendation of an allocation of 2.0% of the total IPOPIF portfolio to the Aristotle Bank Loan Fund. In addition, the Team recommends an allocation of 1.0% of the total POPIF portfolio to the Ares Institutional Loan Fund. Funding for new bank loan strategies would come from the current allocation to high-yield debt, which has a current allocation of 10% and a long-term allocation of 3%. CIO Custer and Investment Officer Yoon answered all questions.

All action on this item will be scheduled for the next Board of Trustees meeting.

### 5.4- Emerging Markets Debt Review: Discussion and Potential Action:

Chief Investment Officer Custer, Investment Officer Yoon, Tim McEnery, Verus, and Samantha Grant, Verus, discussed the Emerging Market Debt investment strategy with the Board of Trustees. In alignment with IPOPIF's transition to long-term asset allocation, staff and consultants will further evaluate emerging market debt as the next asset class for a search. Mr. McEnery presented educational material to provide a comprehensive overview of the asset class.

The IPOPIF short-term asset allocation has a 6% exposure to emerging markets debt (EMD), which is passively managed by State Street Global Advisors (SSgA). The long-term asset allocation dedicates 3% to emerging markets debt within the income bucket of the portfolio.

Mr. McEnergy discussed with the Board characteristics of EMD, including regional weights between various countries following hard currency, local currency, and emerging market equity countries. EMD is a relatively new asset class, although the size of the market has greatly expanded over the past twenty years. The majority of the market is composed of local currency debt.

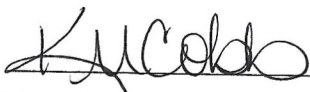
CIO Custer, Investment Advisors McEnergy, and Grant answered all questions.

Trustee Hopkins asked questions about issues related to the IPOPIF Custodian, State Street. Regina Tuczak, Chief Financial Officer/Assistant Executive Director, answered the questions.

The Board discussed scheduling a Special Board Meeting for February 9, 2024.

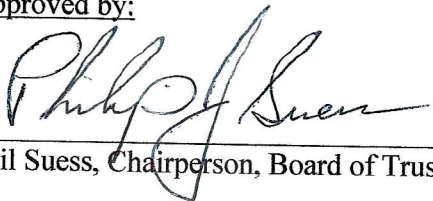
With further discussion or presentations deferred, the discussion of the Board of Trustees concluded at 11:35 A. M.

Respectfully submitted by:



Kate Cobb, Administrative Analyst

Approved by:



Phil Sues, Chairperson, Board of Trustees



Lee Catavu, Secretary, Board of Trustees

Date Approved by the Board of Trustees: February 9, 2024.