

Shawn Curry  
ChairpersonDaniel Hopkins  
Vice-ChairpersonPaul Swanlund  
SecretaryElizabeth Holleb  
TreasurerLee Catavu  
TrusteeMark Poulos  
TrusteeMichael Inman  
TrusteePhil Suess  
TrusteeBrad Cole  
Trustee

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

**FRIDAY, OCTOBER 8, 2021 AT 9:00 A.M.**

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was held through the Zoom digital platform in accordance with Executive Order 2021-23 issued by Governor Pritzker 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:** Shawn Curry  
Daniel Hopkins  
Elizabeth Holleb  
Michael Inman (*joined at 9:10 a.m.*)  
Brad Cole  
Lee Catavu  
Phil Suess  
Mark Poulos

**TRUSTEES ABSENT:** Paul Swanlund

**OTHERS PRESENT:** Richard White, Interim Executive Director  
Kent Custer, Chief Investment Officer  
Steve Yoon, Investment Officer  
Shaun Ivey, Administrative Manager  
Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC  
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP  
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP  
Bukola Bello, Vision M.A.I. Consulting  
A.J. Weber, Chief Financial Officer, Lauterbach & Amen, LLP  
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP  
Scott Whalen, General Investment Consultant, Verus Advisory  
Kim Moynihan, Custodian, State Street (*joined at 10:12 a.m.*)  
Paul Sachs, Project Architect, Adirondack Investment Advisors LLC  
(*joined at 10:48 a.m.*)  
Allie Rysell, Plan Administrator, Foster & Foster, Inc.  
Members of the Public

Interview Attendees – CPA-CAL Services

Michelle Steckel, Kerber Eck & Braeckel, LLP (*joined at 9:15 a.m.*)  
Marci Petropoulos, Kerber Eck & Braeckel, LLP (*joined at 9:15 a.m.*)  
Joe Lightcap, Baker Tilly, US LLP (*joined at 9:45 a.m.*)  
Brian LeFevre, Sikich, LLP (*joined at 10:00 a.m.*)  
Frederick Lantz, Sikich, LLP (*joined at 10:00 a.m.*)  
Chad Lucas, Sikich, LLP (*joined at 10:00 a.m.*)

Interview Attendees – Passive Investment Management Services

Denise D'Entremont, RhumbLine (joined at 10:30 a.m.)  
Alex Ryer, RhumbLine (joined at 10:30 a.m.)  
Joe Hernandez, BlackRock (joined at 11:05 a.m.)  
Scott Dohemann, BlackRock (joined at 11:05 a.m.)  
Gene Meshechek, BlackRock (joined at 11:05 a.m.)  
Mark McCombe, BlackRock (joined at 11:05 a.m.)  
Lori Heinel, State Street Global Advisors (joined at 11:35 a.m.)  
Joe Caticchio, State Street Global Advisors (joined at 11:35 a.m.)

**CALL TO ORDER:** Chairperson Curry called the meeting to order at 9:05 a.m.

**ROLL CALL:** As reflected above.

**MEETING MINUTES:** *Review/Approve – July 23, 2021 Board Meeting and Closed Session:* The Board reviewed the draft minutes from the July 23, 2021 meeting. A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve the minutes from the July 23<sup>rd</sup> Board meeting. Motion carried by roll call vote.

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

*Review/Approve – August 13, 2021 Board Meeting and Closed Sessions:* The Board reviewed the draft minutes from the August 13, 2021 meeting and closed sessions. A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve August 13<sup>th</sup> Board meeting and closed session minutes. Motion carried by roll call vote.

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

*Review/Approve – August 27, 2021 Board Meeting:* The Board reviewed the draft minutes from the August 27, 2021 meeting. A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve the minutes from the August 27<sup>th</sup> Board meeting. Motion carried by roll call vote.

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

**GOVERNMENTAL LIAISON'S REPORT:** Governmental Liaison Bello provided a verbal update to the Board regarding various legislative items. She noted that the upcoming Fall Veto Session will occur from October 19-21<sup>st</sup> and October 26-28<sup>th</sup> and reviewed various pieces of legislation with the Board. She reminded the Board that on December 10, 2020, Ms. Bello, Chairperson Curry, and Executive Director White provided testimony at the Special Committee of Pension Investments' subject matter hearing on diversity in pension investment managers. She noted that this committee no longer exists, and there is no update from the Co-Chair on when he will have that committee organized. All questions were answered by Ms. Bello.

*Trustee Inman joined at 9:10 a.m.*

Trustee Sues inquired if Ms. Bello could provide any updates on the status on any discussions regarding the amortization schedule and concerns surrounding unfunded pension liabilities. Ms. Bello informed the Board that there are rumors of a potential bill being introduced regarding this topic of discussion, but no bills have been filed to date. She will follow up with the Board if any items are filed pertaining to this subject matter.

*Ms. Bello left at 9:15 a.m.*

**ADMINISTRATIONS AND OPERATIONS: Certified Public Accountant (CPA) Services – Certified Asset List – Introductory Remarks:** Executive Director White reviewed a memorandum dated October 8, 2021 regarding the “Certified Public Accountant (CPA) – Certified Asset List Firms” with the Board. He provided background information on the Request for Proposal (RFP), the scope of services, responding firms, evaluation criteria, contract period, and his recommended Board action. Executive Director White suggested the Board select Baker Tilly, Kerber Eck & Braeckel (KEB), and Sikich as the Fund’s CPA firms to provide certified asset list services. He stated that all responding firms are qualified and capable of performing the scope of services required. He also noted that all three firms are needed due to the volume of work to be completed and the tight timelines necessary to complete the transition process. Executive Director White invited all three responding firms to present to the Board. The Board discussed the fee schedules and the proposed approach for assigning funds to each CPA firm. All questions were answered by Executive Director White.

*Firm Presentations and Interviews:* Executive Director White reviewed the interview schedule with the Board. The Board conducted interviews with representatives from KEB, Baker Tilly, and Sikich.

*Kerber Eck & Braeckel, LLP:* Executive Director White introduced representatives from KEB to the Board. Ms. Steckel and Ms. Petropoulos reviewed their presentation with the Board. Ms. Steckel provided background information on the firm, KEB’s service approach, and KEB’s Team that will be working with the Fund. The proposed fee structure was reviewed with the Board. All questions were answered by Ms. Steckel and Ms. Petropoulos.

*Ms. Steckel and Ms. Petropoulos left at 9:59 a.m.*

*Baker Tilly:* Executive Director White introduced Mr. Lightcap to the Board. Mr. Lightcap reviewed his presentation with the Board. He provided background information on the firm and Baker Tilly’s Team that would be working with the Fund. The proposed process and schedule were reviewed along Baker Tilly’s technology and security. All questions were answered by Mr. Lightcap.

*Ms. Moynihan joined at 10:12 a.m. Mr. Lightcap left at 10:13 a.m.*

*Sikich:* Executive Director White introduced representatives from Sikich to the Board. Mr. LeFevre, Mr. Lucas, and Mr. Lantz reviewed their presentation with the Board. Mr. LeFevre provided background information on the firm and Sikich’s Team that will be working with the Fund. The proposed project approach was reviewed with the Board. All questions were answered by Mr. LeFevre, Mr. Lucas, and Mr. Lantz.

*Mr. LeFevre, Mr. Lucas, and Mr. Lantz left at 10:31 a.m.*

*Discussion/Selection of CPA Firms:* The Board discussed the RFP responses, firm presentations, and proposed fees with Executive Director White. He informed the Board that one of the firms provided a tiered structure pricing model in addition to the single fee approach. He noted that this document was not included in the agenda packet for Board review, but his preference would be the single fee approach. He informed the Board that a meeting has been scheduled with the Illinois Department of Insurance (IDOI) to inquire if they can provide certified asset list services for some of the smaller pension funds. An update will be provided to the Board once available.

Trustee Holleb requested clarification on the proposed process for assigning the local funds to each CPA firm, noting that the pricing varies for all three firms. Executive Director White will work with Staff to allocate the funds to each firm. He will ensure that each firm follows the same agreed-upon procedures developed by Staff when auditing the investment assets of each local fund. All questions were answered by Executive Director White and CFO Weber.

Trustee Holleb requested that the scope of services for all three CPA firms be consistent and reflected in the contract agreements, understanding that the fees will differ. Trustee Cole stated that he does not have any issue with the Board hiring all three firms, but he is concerned about the cost and would like additional information on Staff's proposed allocation approach. Chairperson Curry stated that he is comfortable with Staff's recommendation and noted the tight timelines to have this project completed if Staff intends on transferring funds in December. With no further discussion, a motion was made by Trustee Catavu and seconded by Trustee Hopkins to select Baker Tilly US, LLP, Kerber ECK& Breckel, LLP, and Sikich as the Certified Public Accountant firms to provide certified asset list services, to approve these firms as IPOPIF vendors, and to authorize the Executive Director and Fiduciary Legal Counsel to complete and execute contract agreements with each firm. Motion carried by roll call vote.

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

**INVESTMENTS:** *Passive Investment Manager(s) – Introductory Remarks:* CIO Custer and Investment Officer Yoon provided opening remarks regarding the Passive Investment Management Search. Mr. Yoon reviewed a memorandum dated October 1, 2021 regarding the "Passive Investment Manager Search Recommendation" with the Board. He reviewed the executive summary, responding candidates, evaluation process, research and observations, eliminated managers, securities lending, management fees, summary analysis, and recommendation with the Board.

*Mr. Sachs joined at 10:48 a.m.*

*Firm Presentations and Interviews:* Mr. Yoon reviewed the interview schedule with the Board. The Board conducted interviews with representatives from RhumbLine, BlackRock, and State Street Global Advisors.

*RhumbLine:* Mr. Yoon introduced representatives from BlackRock to the Board. Ms. D'Entremont and Mr. Ryer reviewed their presentation with the Board of Trustees. Ms. D'Entremont provided background information on the firm and with RhumbLine's Team that will be working with the Fund. Mr. Ryer discussed various investment techniques and their strategic advantages with the Board. Ms. D'Entremont and Mr. Ryer answered all questions from the Board.

*Mr. D'Entremont and Mr. Ryer left at 11:03 a.m.*

*BlackRock:* Mr. Yoon introduced representatives from BlackRock to the Board. Mr. Hernandez, Mr. McCombe, Mr. Dohemann, and Mr. Meshechek reviewed their presentation with the Board of Trustees. Mr. Hernandez and Mr. McCombe provided background information on the firm along with BlackRock's Team that will be working with the Fund. Mr. Dohemann and Mr. Meshechek discussed BlackRock's index platform and experience and recommended a commingled approach utilizing securities lending. Mr. McCombe, Mr. Hernandez, Mr. Dohemann, and Mr. Meshechek answered all questions from the Board.

*Mr. McCombe, Mr. Hernandez, Mr. Dohemann, Mr. Meshechek left at 11:33 a.m.*

*State Street Global Advisors:* Mr. Yoon introduced representatives from State Street Global Advisors to the Board. Ms. Heinel and Mr. Caticchio reviewed their presentation with the Board of Trustees. Mr. Caticchio provided background information on the firm along with State Street Global Advisors' Team that will be working with the Fund. Mr. Heinel reviewed the firm's expertise, portfolio design, trading and implementation, and performance. Ms. Heinel and Mr. Caticchio answered all questions from the Board.

*Ms. Heinel and Mr. Caticchio left at 11:58 a.m.*

*Discussion/Selection of Passive Investment Manager(s):* CIO Custer recommended the selection of State Street as IPOPIF's passive investment manager. He reviewed several portions of the passive investment memorandum and referenced research and key observations that led Staff and Verus to their recommendation. He stated that State Street proposed a full suite of products and had the most consistent performance and low tracking error. He also noted that there is a potential for operational efficiency since State Street Global Advisors also serves as the custodian and provides transition management services.

The Board discussed the passive investment manager proposals and presentations, along with Staff's recommendation to hire State Street. Trustee Suess raised concerns on selecting a single provider to serve as the Fund's passive investment manager. Trustee Holleb agreed with Trustee Suess and suggested the Board select another firm in addition to State Street Global Advisors, considering that they already serve as the Fund's custodian. Mr. Yoon reviewed Staff's research and observations for State Street, Rhumbline, and BlackRock along with their management fees. All questions were answered by Mr. Yoon and CIO Custer.

Trustee Cole echoed Trustees Suess and Holleb's comments. He stated that a comparable fund is engaged with two out of the three passive investment managers that presented to the Board. He stated that he does not see a downside for hiring two managers and would prefer to select State Street and RhumbLine as the Fund's passive investment managers. He also noted that Rhumbline is a minority-owned firm. CIO Custer stated that the reason why RhumbLine was precluded from Staff's recommendation was due to their historically high tracking error. He added that his memorandum indicated that he previously worked with RhumbLine and had positive experiences working with the firm. He believes that the firm would do a good job with low tracking error if hired. He discussed various differentiating factors and noted that a downside with RhumbLine would be an increase in operational monitoring and implementation complexity. Mr. Yoon agreed with CIO Custer's comments.

Trustee Hopkins requested additional information on the management process and shared similar concerns to the other trustees regarding the lack of diversification. CIO Custer stated that the selection of State Street is an interim solution. As soon as the assets are transferred, strategies will be added with an estimated timeline of two to three years to implement the active portion of the portfolio. Mr. Whalen noted that Staff's recommendation for passive investment management is with one firm but extends across 14 different mandates and strategies, which provides for diversification.

Trustee Poulos informed Staff that he agrees with the other trustees and favors hiring multiple managers. He noted that he would prefer BlackRock over Rhumblin due to BlackRock's infrastructure and security measures.

CIO Custer acknowledged the Board's hesitancy and pushback on selecting one manager. He stated that his recommendation stands, and he is not concerned about the concentration risk. However, based on the Board's discussion, he recommended that the Board table action to allow Staff to obtain additional information and time for further evaluation. CIO Custer will work with Mr. Yoon and Mr. Whalen to provide a revised recommendation for the Board to consider at the next meeting that incorporates the Board's feedback. Trustee Cole stated that he would like to move forward and make a motion based on his comments and the feedback from the Board. A motion was made by Trustee Cole and seconded by Trustee Hopkins to approve the selection of State Street Global Advisors and Rhumblin as IPOPIF's passive investment managers, to approve them as IPOPIF vendors, and to authorize the Chief Investment Officer and Fiduciary Legal Counsel to complete negotiations and execute contract agreements, with both State Street Global Advisors and Rhumblin. Prior to taking a vote, Trustee Catavu inquired if Rhumblin would have been Staff's second choice. CIO Custer stated that he can support the Board's motion, and Rhumblin would have been the next manager added. Mr. Yoon agreed with CIO Custer's comments. Motion carried by roll call vote.

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

*Review/Adopt Asset Allocation:* CIO Custer reviewed the recommended short-term and long-term asset allocation with the Board. CIO Custer recommended that the asset allocation strategy is evaluated on an annual basis, and an in-depth review and discussion is held approximately every three years. All questions were answered by CIO Custer. A motion was made by Trustee Hopkins and seconded by Trustee Catavu to accept the recommended short-term and long-term asset allocation as presented. Motion carried by roll call vote.

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

*Review/Adopt Administrative Rules:* CIO Custer presented three IPOPIF Administrative Rules to the Board for consideration.

*IPOPIF Transfer of Assets Rule:* CIO Custer reviewed the draft Transfer of Assets Rule with the Board. All questions were answered by CIO Custer. A motion was made by Trustee Poulos and seconded by

Trustee Inman to approve the IPOPIF Transfer of Assets Rule as presented on pages 107-113 of the agenda packet. Motion carried by roll call vote.

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

*Review/Adopt Valuation and Cost Rule:* CIO Custer reviewed the draft Valuation and Cost Rule with the Board. The Board provided comments and feedback to Staff for consideration. All questions were answered by CIO Custer, CFO Weber, and Ms. Masson. CIO Custer stated that further discussions would be held offline with State Street. The draft Valuation and Cost Rule will be modified for Board review at a future meeting.

*Cash Management Policy:* CIO Custer provided an overview of the draft Cash Management Policy. He stated that he would like to make additional amendments and provide a revised version to the Board to consider at a future meeting.

*Transition Status Report:* CIO Custer provided various status updates to the Board regarding the transition. He stated that the custodian contract with State Street is finalized and will be signed soon.

**BOARD RECESS:** No recess was taken.

**ADMINISTRATIONS AND OPERATIONS (CONTINUED):** *Approve Addendum to Contract Agreement with Verus Advisory to Include Additional Consulting Services:* Executive Director White reviewed a memorandum dated October 8, 2021 regarding the “Addendum to Verus Advisory Contract” with the Board. He requested Board action to approve an addendum to Verus Advisory’s contract agreement to include administrative support for the Request for Proposal for Actuarial Services. He stated that Verus’ actuarial consulting team will assist with the administration, search process, and evaluation of proposals. The Fund will be billed on an hourly basis and shall not exceed \$19,500. Trustee Cole stated that he is pleased with Staff’s decision to obtain consulting services for the administration of this RFP and shared his concerns regarding the proposed fees. A motion was made by Trustee Inman and seconded by Trustee Catavu to approve the amendment to the contract agreement with Verus Advisory. Motion carried by roll call vote.

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

*Trustee Inman left at 2:05 p.m.*

*Status Update Report:* Executive Director White provided various administrative and operation updates to the Board and provided an update on the buildout of the office space. He stated that the permanent office space is in the planning stages and a temporary office space at the Twin Towers building has been provided for Staff to use until the buildout is complete.

**TREASURER’S REPORT:** Treasurer Holleb noted that her memorandum dated October 4, 2021 regarding the “Treasurer’s Report – IPOPIF Board Meeting, October 8, 2021” was included in the agenda packet for the Board’s review.

*Monthly Financial Report – Review September 2021 Financial Statements:* The September 30, 2021 Monthly Financial Report was reviewed with the Board as prepared by Lauterbach & Amen, LLP. The financial activities for the month of September were reviewed as well as the fiscal year to date, including a comparison against the approved budget. As of September 30, 2021, the fiduciary net position restricted is (\$584,706.40). A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve the September monthly financial report. Motion carried by roll call vote.

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

*Approval of Budget Amendments:* No budget amendments were requested at this time.

*Approval of Vendors and Purchases:* No vendor or purchase approvals were requested, and vendors and purchases will be removed from the Treasurer's Report going forward. This item will be addressed under other sections on future agendas on an as needed basis.

*Review Loan Activity:* Treasurer Holleb noted that the loan activity update was provided in the agenda packet for the Board's review. Trustee Cole noted Treasurer Holleb's continued recommendation that the Board develops a cash flow/fund balance policy to ensure the Fund draws down only the amounts necessary to meet actual expenses.

*Review/Approve – Warrants #33, Summary of Payments:* The Board reviewed Warrants #33 as prepared by Foster & Foster, Inc. The Board reviewed the Summary of Payments along with all corresponding invoices. The total amount due for the period September 11, 2021 – October 8, 2021 is \$194,396.05. A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve the payment of Warrant #33. Motion carried by roll call vote.

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

**LEGAL COUNSEL'S REPORT:** *General Legal Counsel:* There were no updates for the Board

*Fiduciary Legal Counsel:* There were no updates for the Board.

**CLOSED SESSION:** There were no matters to discuss in closed session.

A motion was made by Trustee Cole and seconded by Trustee Poulos to postpone agenda items 9-10 until the October 29<sup>th</sup> meeting. Motion carried by roll call vote.

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


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




**ADJOURNMENT:** With no further business to discuss, a motion was made by Trustee Catavu and seconded by Trustee Holleb to adjourn the meeting at 2:27 p.m. Motion carried by roll call vote.

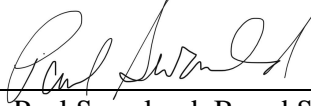
AYES: Trustees Curry, Hopkins, Holleb, Catavu, Poulos, Suess, and Cole  
NAYS: None  
ABSENT: Trustees Inman and Swanlund

Respectfully submitted by:

  
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Allie Rysell, Plan Administrator  
Foster & Foster, Inc.

Approved by:

  
\_\_\_\_\_  
Shawn Curry, Board Chairperson

  
\_\_\_\_\_  
Paul Swanlund, Board Secretary

Date Approved by the Board of Trustees: December 17, 2021

*The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on Friday, October 29, 2021 at 9:00 a.m. via the Zoom digital platform in accordance with Governor Pritzker's Executive Order in effect on the date and time of the meeting and Public Act 101-0640.*