

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, DECEMBER 17, 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 2021-32 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  
Paul Swanlund  
Elizabeth Holleb  
Michael Inman  
Brad Cole  
Lee Catavu  
Phil Suess  
Mark Poulos  
Daniel Hopkins

**TRUSTEES ABSENT:** None

**OTHERS PRESENT:** Kent Custer, Chief Investment Officer  
Steve Yoon, Investment Officer  
Shaun Ivey, Administrative Manager  
Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC  
Brian LaBardi, General Counsel, Reimer Dobrovolny & LaBardi PC  
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP  
Bukola Bello, Governmental Liaison, Vision M.A.I. Consulting  
AJ Weber, Chief Financial Officer, Lauterbach & Amen, LLP  
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP  
Scott Whalen, General Investment Consultant, Verus Advisory, Inc.  
John Westerhaus, Election Services, Survey and Ballot Systems (*joined at 9:26 a.m.*)  
Michael Malatt, Financial Auditor, Baker Tilly US, LLP (*Joined at 9:35 a.m.*)  
Courtney Murray, Ernst and Young LLP (*Joined at 9:40 a.m.*)  
Gabe Sanders, Ernst and Young, LLP (*Joined at 9:40 a.m.*)  
Emile Galatas, Ernst and Young (*Joined at 9:40 a.m.*)  
Allie Rysell, Plan Administrator, Foster & Foster, Inc.  
Members of the Public

**CALL TO ORDER:** Chairperson Curry called the meeting to order at 9:02 a.m.

**ROLL CALL:** As reflected above. Richard White, IPOPIF Executive Director, was absent to tend to personal matters.

**MEETING MINUTES:** *Review/Approve October 8, 2021 Board Meeting:* The Board reviewed the draft meeting minutes from the October 8, 2021 Board meeting. A motion was made by Trustee Inman and seconded by Trustee Catavu to approve the October 8, 2021 meeting minutes. Motion carried unanimously by roll call vote.

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

*Review/Approve October 29, 2021 Board Meeting and Closed Session:* Trustee Cole noted that a correction may be needed to the meeting minutes. The Board tabled the review of the October 29, 2021 meeting minutes to the next meeting.

*Review/Accept Approved Committee Meeting Minutes:* The Board reviewed the record of approved Committee meeting minutes. Treasurer Holleb noted a minor clerical error that will be adjusted to the June 9<sup>th</sup> Audit and Budget Committee Meeting Minutes. A motion was made by Trustee Holleb and seconded by Trustee Swanlund to accept the approved meeting minutes from the following meetings: January 22<sup>nd</sup> Election Committee Meeting; March 25<sup>th</sup> Contract Committee Meeting; April 2<sup>nd</sup> Legislative Committee Meeting; April 28<sup>th</sup> Contract Committee Meeting; May 28<sup>th</sup> Litigation Committee Meeting; June 9<sup>th</sup> Audit and Budget Committee Meeting as amended; July 16<sup>th</sup> Governance Committee Meeting; August 26<sup>th</sup> Contract Committee Meeting; October 7<sup>th</sup> Legislative Committee Meeting; and the November 2<sup>nd</sup> Audit and Budget Committee meeting. Motion carried unanimously by roll call vote.

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

**GOVERNMENTAL LIAISON'S REPORT:** Governmental Liaison Bello provided an update on the Spring 2022 Legislative Session. She stated that the legislature will convene from January 4<sup>th</sup> through April 8, 2022. Important dates were shared with the Board. Ms. Bello reviewed the December 17, 2021 Legislative Update Report with the Board. She provided an update on the First Responders Pension Fund Update P.A. 101-0610. A meeting was held on November 19<sup>th</sup> hosted by Senate Assistant Republican Leader Chapin Rose. The presenters were Executive Director White and Steve Zahn, Chief Operating Office of the Illinois Firefighters Pension Investment Fund. Executive Director White's presentation was included in the agenda packet for the Board's review.

*Review/Approve Proposed Amendment to 40 ILCS 22B-120(a):* The Board reviewed a memorandum dated December 17, 2021 regarding the "Governmental Liaison's Report" prepared by Executive Director White. The Legislative Committee met on December 7<sup>th</sup> to discuss the need to extend the transition of assets completion deadline due to a number of factors that impacts the transfer process. The Committee voted 2-1 to recommend that the Board of Trustees approve the IPOPIF sponsoring legislation to extend the deadline for the transition of assets to June 30, 2023. Governmental Liaison Bello reviewed the proposed amendment along with the process and timeline for this legislation.

*Mr. Westerhaus joined at 9:26 a.m.*

The Board had a robust discussion with Governmental Liaison Bello regarding the proposed amendment. Trustees Holleb and Suess stated their opposition on the proposed amendment. Trustee Cole stated that the Board unanimously approved establishing a transfer schedule of all assets to meet the statutory deadline of June 30, 2022 at the last meeting. He added that CIO Custer has indicated that a transfer schedule has been prepared. He believes that the Fund can meet the statutory deadline and was adamantly opposed to requesting an extension.

Chairperson Curry stated that the Spring Session is going to be short, so he would like the opportunity to request an extension on the transition deadline. He would like provide Staff with additional time to ensure the transition of assets from the participating pension funds goes smoothly. He noted that it is his fiduciary responsibility to participants and beneficiaries of the local funds to ensure their pension fund assets are protected. Chairperson Curry stated that the lawsuit is still pending and is concerned about the potential for substantial investment losses for the local funds if the act is ruled unconstitutional and the assets must be returned.

*Mr. Malatt joined at 9:26 a.m.*

Trustee Hopkins agreed with Chairperson Curry's comments and shared his concerns surrounding the logistical and financial impact of having to return investment assets to the local funds.

*Ms. Murray, Mr. Sanders, and Mr. Galatas joined at 9:40 a.m.*

CIO Custer provided additional information on the status of the preparation for the transition of assets and the responses from local funds, as requested by Trustee Swanlund. He stated that Staff has limited bandwidth due to the Fund only having four full-time employees, so he would be requesting Board action later in the meeting regarding the retention of Ernst and Young to provide transition consultant services. Trustee Catavu stated that as a participant representative and pension fund member, he finds that being more thoughtful and less hasty would send a positive message to members that have had concerns regarding the transition. He stated that the Board has agreed to follow the law, however, it is also the Board's fiduciary responsibility to not incur any unnecessary losses through a hasty liquidation of assets and the potential to return those assets if the litigation were to succeed. With no further discussion, a motion was made by Trustee Swanlund and seconded by Trustee Hopkins to approve the proposed amendment as provided by Ms. Bello. Motion carried by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Catavu, and Poulos

NAYS: Trustees Holleb, Inman, Suess, and Cole

ABSENT: None

**ADMINISTRATIONS AND OPERATIONS:** *Review/Approve Comprehensive Annual Financial Report– Board Presentation by Baker Tilly US, LLP:* Mr. Malatt reviewed the Comprehensive Annual Financial Report for the period ending June 30, 2021 with the Board. A motion was made by Trustee Holleb and seconded by Trustee Poulos to adopt the Comprehensive Annual Financial Report for the period ending June 30, 2021. Motion carried unanimously by roll call vote.

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

*Review/Approve Engagement Letter for Election Services – Board Presentation by Survey and Ballot Systems:* Executive Director White included a memorandum dated December 17, 2021 regarding the “Retention of the Trustee Election Service Provider” in the agenda packet for the Board to review in advance of the meeting. His memo provided background information on the election and provided an overview of the discussion that was held by the Election Committee. The Election Committee recommended Survey & Ballot Systems (SBS) as the election services vendor to the Board of Trustees and to recommend the paper nomination and paper ballot process.

Mr. Westerhaus presented the proposal for Election Services for the period 2022-2026. He reviewed the Election Services, Optional Services, Preliminary Election Timeline, and the Compensation and Payment Schedule. The total cost for services were proposed as follows: \$21,973 for 2022 election services; \$23,062 for 2024 election services; and \$24,225 for 2026 election services. Estimated outbound postage was \$11,853 (27,000/\$0.439) and the business reply estimate was \$6,394 (37% of 27,000).

Trustee Holleb requested that if the Board approves the retention of SBS, the motion is modified for clarification purposes. She recommended that election services are provided for the election years 2022, 2024 and 2026 instead of the period 2022-2026. Mr. Westermann discussed SBS’s process for mailing ballots to members that may have lost their ballot or did not receive one, along with the turnaround time as requested by Trustee Cole. Trustee Cole also indicated that the election timeline looks incorrect and shared feedback with Staff. Trustee Suess noted that the payment schedule indicates that upon the execution of the contract agreement, \$14,282 or 65% would be due to SBS, and was not in favor of paying for services before the work begins.

*CFO Weber left the meeting at 10:30 a.m.*

Attorney Reimer requested that the August 26, 2020 addendum be attached to the final contract agreement, if approved by the Board. Mr. Westerhaus indicated that this item was discussed with Executive Director White prior to the meeting, and SBS agreed to attach the addendum, as requested. A motion was made by Trustee Cole and seconded by Trustee Hopkins to retain Survey and Ballot Systems to conduct the 2022, 2024, and 2026 elections for the Illinois Police Officers’ Pension Investment Fund’s Board Trustees, and that the nomination process and the balloting process be conducted as a paper process, with the nominations conducted by the Fund, and the balloting be conducted by Survey and Ballot Systems. Motion carried unanimously by roll call vote.

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

*Review/Retain Transition Consultant – Board Presentation – Ernst & Young LLP:* CIO Custer reviewed a memorandum dated December 10, 2021 regarding the “Recommendation to Engage Ernst and Young as Transition Consultant” with the Board. He informed the Board that staffing and significant operational complexities were identified as key concerns to prepare for the transition of

assets. CIO Custer and Executive Director White met with representatives from EY on November 18<sup>th</sup> to discuss the transition path forward. Subsequent conference calls were held to discuss IPOPIF challenges and EY's capabilities to provide the support required by Staff. On December 1<sup>st</sup>, EY presented a proposal for transition consultant services to staff, which was provided to the Board for review and consideration. Ms. Murray, Mr. Sanders, and Mr. Galatas reviewed their presentation for transition consultant services with the Board. Ms. Murraray provided background information on the firm, the project approach for assisting with the transition, and the team that would be assigned to work with the Fund. EY proposed a flat fee of \$375,000. The work is expected to be performed remotely. If a need for travel arises, there would be an additional cost not to exceed 10% of total fees.

*Mayor Inman left at 11:20 a.m.*

CIO Custer provided an overview of the evaluation, procurement considerations, and his recommended Board action. All questions were answered by CIO Custer, Attorney Reimer, and EY's representatives. A motion was made by Trustee Hopkins and seconded by Trustee Catavu to approve the retention of Ernst and Young to provide transition consulting services; to approve EY as an IPOPIF vendor; and to authorize CIO Custer, working with Attorney Reimer, to finalize and execute engagement contracts. Motion carried by roll call vote.

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

Trustee Cole requested that the engagement with EY is acted upon expeditiously. Trustee Holleb requested that an organization graph or chart is prepared so the Board has a better understanding of the roles and responsibilities of each vendor on the investment side. CIO Custer stated that he does not have the requested document readily available, but this can be prepared by Staff. Trustee Suess agreed with Trustee Holleb's recommendation and suggested that this item is expanded upon to provide transition update report for review at each meeting.

*Review/Approve Engagement Letter with Foster & Foster, Inc. for Actuarial Services:* CIO Custer stated that Executive Director White provided a memorandum to the Board to review in advance of the meeting regarding the actuarial engagement letter with Foster and Foster. The contract agreement was executed on December 1<sup>st</sup> and a copy was provided to the Board for review. A motion was made by Trustee Holleb and seconded by Trustee Poulos to ratify the agreement for actuarial services with Foster & Foster. Motion carried unanimously by roll call vote.

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

*Communication – Review Engagement with Constant Contact for Email Communication Services:* CIO Custer reviewed Executive Director White's memorandum dated December 17<sup>th</sup> regarding "Communication – Email Services" with the Board. Executive Director White plans on using Constant Contact, a marketing and messaging email service, to send email messages to a wide stakeholder base. He indicated in his memo that the service cost is based on the number of email addresses in the

IPOPIF's database with a range of \$95 per month (2,501 – 5,000 email addresses) to \$295 per month (25,001 – 30,000 email addresses).

*Communication – Review/Approve PTG Communication App:* CIO Custer reviewed Executive Director White's memorandum dated December 17<sup>th</sup> regarding "Communication App" with the Board. Executive Director White requested Board approval of the retention of the Pension Technology Group Pension APP to further increase the IPOPIF's communication outreach to pension fund participants and all other stakeholders. CIO Custer provided background information on the App and the associated fees. Trustees Holleb, Cole, and Poulos recommended that the agenda item be tabled for consideration at a later time. Chairperson Curry and Trustee Hopkins were in favor of approving Executive Director White's requested action item. Trustee Cole suggested that this item is presented by a representative at the next meeting.

*CFO Weber joined the meeting at 11:43 a.m. a.m.*

**TREASURER'S REPORT:** Treasurer Holleb reviewed a memorandum dated December 9, 2021 regarding the "Treasurer's Report – IPOPIF Board Meeting December 17, 2021" with the Board.

*Monthly Financial Report – Review/Approve October and November 2021 Financial Statements:* The October and November financial statements were provided to the Board to review in advance of the meeting. A motion was made by Trustee Holleb and seconded by Trustee Hopkins to approve the October 2021 monthly financial report. Motion carried unanimously by roll call vote.

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

A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve the November 2021 monthly financial report. Motion carried unanimously by roll call vote.

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

*Review/Approve – Warrant #35, Summary of Payments:* Foster & Foster reviewed Warrant #35 for the period November 13<sup>th</sup> through December 17<sup>th</sup> with expenses totaling \$102,611.01. A motion was made by Trustee Holleb and seconded by Trustee Catavu to approve Warrant #35. Motion carried unanimously by roll call vote.

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

*Approval of Budget Amendments:* There were no budget amendments. Treasurer Holleb informed the Board that a mid-year budget review by the Board has been moved to the February 10<sup>th</sup> meeting.

*Review Loan Activity – December 2022 Disbursement:* Trustee Holleb stated that as of November 30, 2021, the Fund had drawn down \$3.4 million from the IFA loan for operating purposes. She informed the Board that the November draw was made for \$600,000, which is consistent with the Fiscal Year 2022 Budget. She stated that a loan draw of \$550,000 is anticipated for December, pursuant to a modified loan agreement. Treasurer Holleb recommended that future loans are reduced to comply with the Fund's Cash Reserve Policy that was recently approved.

*Other:* Treasurer Holleb stated that the Audit and Budget Committee unanimously approved the draft Comprehensive Annual Financial Report for Board consideration at the December 17<sup>th</sup> meeting.

**BOARD RECESS:** The Board took a recess from 11:51 a.m. to 12:17 p.m. All Trustees returned to the meeting other than Trustee Inman.

**INVESTMENTS:** *Transition Update Report:* CIO Custer presented the Investment Update to the Board. He provided an update on the March 1, April 1, and May 2, 2022 tranches and discussed the pension fund communication letters with the Board. Additional updates were provided on various rules and policies, critical path tasks, and passive manager contract agreements. All questions were answered by CIO Custer.

*Review/Approve Appointment of Authorized Agents Rule:* CIO Custer reviewed a memorandum dated December 13, 2021 regarding the "Appointment of Authorized Agents Rule" with the Board. CIO Custer provided background information on the rule. He stated that the Authorized Agents that are appointed by each local pension fund will have the authority to approve the asset transfer to the IPOPIF. The draft rule and sample resolution were reviewed with the Board, as prepared by Attorney LaBardi. All questions were answered by CIO Custer and General Counsel. A motion was made by Trustee Catavu and seconded by Trustee Hopkins to adopt the Appointment of Authorized Agents Rule. Motion carried unanimously by roll call vote.

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

*Review/Approve Amendments to the Transfer of Assets Rule:* CIO Custer reviewed a memorandum dated December 13, 2021 regarding the "Amendment of the Transfer of Assets Rule" with the Board. He noted that the Board previously adopted Administrative Rule AR-2021-02, Transfer of Assets Rule, and staff determined that additional changes were needed. CIO Custer indicated that General Counsel will be the main point of contact for creating and amending transfer rules, resolutions, and various communications moving forward. The proposed amendments to the Transfer of Assets Rule were reviewed with the Board, as prepared by Attorney LaBardi and CIO Custer. A discussion was held regarding the logistics for the "Stop Trading Date" with CIO Custer and CFO Weber. All questions were answered by CIO Custer, CFO Weber, and General Counsel. A motion was made by Trustee Poulos and seconded by Trustee Hopkins to adopt the recommended changes to the rules as presented, subject to adding in the June final tranche date. Motion carried by roll call vote.

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

*Review/Approve Investment Policy Statement:* CIO Custer reviewed a memorandum dated December 10, 2021 regarding the "Investment Policy Statement" with the Board. He noted that the revised version incorporates the Board's feedback and suggestions from last month's meeting.

*Trustee Inman joined the meeting at 1:13 p.m.*

CIO Custer reviewed the proposed amendments with the Board. All questions were answered by CIO Custer. A motion was made by Trustee Suess and seconded by Trustee Poulos to adopt the Investment Policy Statement. Motion carried unanimously by roll call vote.

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

*Review Asset Allocation Considerations for Multi-Entity Investment Programs:* CIO Custer reviewed a memorandum dated December 10, 2021 regarding the "Asset Allocation Considerations for Multi-Entity Investment Programs" with the Board. He stated that the Board approved the IPOPIF asset allocation at last month's meeting, but an outstanding question remains regarding the use of a single asset allocation to address the disparate circumstances of the 357 participating Article 3 Police Pension Funds. He noted that Verus evaluated this question in depth and provided a memo for the Board's review detailing their research, observations, analysis, and conclusion. Staff recommended that the IPOPIF investment program be implemented with a single asset allocation. All questions were answered by CIO Custer and Mr. Whalen.

*Review/Approve Subscription for Investment Manager Database:* CIO Custer reviewed a memorandum dated December 10, 2021 regarding the "Investment Manager Database" with the Board. CIO Custer provided background information and recommended the Board approve a subscription to the eVestment database to provide the coverage and evaluation tolls required for IPOPIF investment Staff. The investment manager research database would allow Staff to identify the universe of potential managers and use screening tools to narrow the field to those managers that meet the minimum and preferred requirements. Investment Staff would be able to continuously monitor managers and understand the performance and risk relative to its benchmarks and peer managers. The Investment Manager database was budgeted for \$45,000 under Investment Operations/Investment & Banking. Mr. Yoon independently reviewed the market for potential database solutions for the IPOPIF and identified the following three databases for consideration: Cambridge Optica, eVestment, and Wilshire Compass. His assessment was reviewed in detail along with their recommendation to select eVestment. All questions were answered by CIO Custer and Mr. Yoon. A motion was made by Trustee Holleb and seconded by Trustee Hopkins to approve the subscription to the eVestment database and to approve eVestment as an IPOPIF Vendor. Motion carried unanimously by roll call vote.

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

**LEGAL COUNSEL'S REPORT:** *General Legal Counsel's Report:* There was nothing new to report.

*Fiduciary Counsel's Report:* There was nothing new to report.



**CLOSED SESSION:** There was no need for closed session.

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


**ADJOURNMENT:** With no further business to discuss, a motion was made by Trustee Inman and seconded by Trustee Catavu to adjourn the meeting at 1:57 p.m. Motion carried by roll call vote.

**AYES:** Trustees Curry, Swanlund, Holleb, Catavu, Poulos, Inman, and Cole


**NAYS:** None

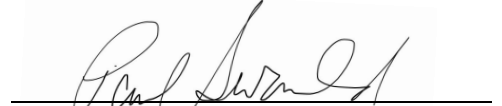
**ABSENT:** Trustees Hopkins and Suess

Respectfully submitted by:

  
Allie Rysell, Plan Administrator  
Foster & Foster, Inc.

Approved by:

  
Shawn Curry, Board Chairperson

  
Paul Swanlund, Board Secretary

Date Approved by the Board of Trustees: February 10, 2022

*The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on Friday, January 14, 2022 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.*