



## **ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND COMPLETES FINAL TRANSFER OF ASSETS BRINGING ASSET POOL TO \$12.6 BILLION**

The Illinois Police Officers' Pension Investment Fund (IPOPIF) completed its final set of asset transfers from 18 Article 3 local police pension funds in October. Investment assets valued at \$1.6 billion were transferred to IPOPIF, bringing the total fund value to \$12.6 billion as of the end of October. IPOPIF now has 351 participant funds. There are six Article 3 funds with special situations that IPOPIF and the Illinois Department of Insurance are evaluating how to best handle.

### **Strategic Plan Update**

During the October 18, 2024, Board of Trustees meeting, Executive Director Richard White presented a quarterly report of the Strategic Plan implementation and progress. Among the highlights were:

### **Investments**

The Strategic Plan goal for investments is to generate net returns that exceed the assumed actuarial rate of return. Among the deliverables achieved thus far are:

- The Board of Trustees approved revisions to the Investment Policy Statement for FY 2024.
- The Board of Trustees approved an investment in the SSGA US Treasury Fund with a target allocation of 3% of the total fund.
- The Board of Trustees approved a transition in the passively managed Emerging Market Equity (EME) portfolio to EME ex-China.
- The Board of Trustees reviewed private markets investment implementation plans.

- Deputy CIO was hired with a focus on the implementation of private markets investments.
- The Board of Trustees approved a search for an active private credit investment manager.
- The Board of Trustees approved a search for an active investment EME ex-China manager.
- Investment Consultant Verus reported the Q1-2024 Investment Performance Report.
- Presentations to Regional Stakeholder Meetings and the Illinois Government Finance Officers Association (IGFOA).

## **Governance**

The goal for this area of the strategic plan is to ensure good governance by implementing best practices for accountability and transparency. The deliverables achieved during this year include:

- Strategic Plan: The Board of Trustees reviewed the First Quarter Report on the Strategic Plan.
- The Board of Trustees disbanded the Litigation Committee at the conclusion of the legal challenge to the Consolidation Statute in the Pension Code.
- The Board of Trustees approved the Election Policy and the opening of the election process for the Trustee seats.
- The Board of Trustees approved a Memorandum of Understanding with the Illinois Department of Insurance.
- The Board of Trustees adopted the Records Management Policy at the September meeting.
- The Board of Trustees received an Ethics Training program.
- The Board of Trustees certified the results of the Trustee Election of four seats that will begin new four-year terms of office beginning in January 2025.
- Completed an Illinois Municipal Retirement Fund audit of the Fund's participation.

## **Management**

Effectively and efficiently administering the fund to achieve desired results is the third goal of the strategic plan. Deliverables achieved included:

- The Board of Trustees approved the Fiscal Year 2025 annual budget.
- The Board of Trustees approved insurance policies and coverages for Fiscal Year 2025.
- The Contract Committee received performance evaluations on service providers, as required by policy.
- Developed Agreed Upon Procedures workplan of Article 3 police pension funds and commenced the Tranche 1 (October 1) process with the CPA firms.

- Developed a new budget and monthly financial reporting format to reflect full transparency of investment manager fees.
- Developed communication process to Article 3 police pension funds regarding CPA firms and Agreed Upon Procedures process.
- Tracking tool established to account for billing and payment of all completed actuarial valuations for Article 3 funds.
- Standardized process of communicating cash user changes of participant funds to custodial bank and tracking completion by the custodian bank.
- Revised Administrative Rule 2022-01 Valuation and Cost Rule to enable feasible implementation of the equitable allocation of costs and loan payments to all participant funds.
- The Fund was awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year 2023.
- The Chief Investment Officer hired a Deputy CIO.
- The Board of Trustees approved a revised job description for Senior Accountant/Auditor and HR opened a recruitment process for the position.
- The Board of Trustees approved the revised Employee Handbook at the September BOT meeting.
- Annual Performance Reviews were completed by the Executive Director, Chief Investment Officer, and Chief Financial Officers for team members.
- CFO Tuczak and Senior Accountant Zick attended IGFOA Annual Conference to obtain necessary professional credential credits and relevant public accounting training

### **Stakeholder Relations**

Goal four of the plan is to maintain constructive communication and partnerships with employers, participating police pension funds, their participants, and beneficiaries. Deliverables produced include:

- Regional Stakeholder Meetings presented by Executive Director White, Chief Investment Officer Custer and Chief Financial Officer Tuczak were conducted in May 2024 in Galena and July 2024 in Rock Island.
- Chairperson Suess and Executive Director presented a report on the IPOPIF fund at the Illinois Municipal League (IML) Annual Conference.
- Executive Director White presented a report to the Illinois Professional Firefighters Association Spring Pension Seminar.
- The Report of the Statutory Transition Period of January 2020 through December 2022 and a supplement which covered the period of January through June 2023 was approved by the Board of Trustees.
- IPOPIF produced newsletters with information on noteworthy events that were distributed to stakeholders and subscribers.

- The Chief Financial Officer presented a report to the Illinois Treasurer's Association annual conference.
- The Executive Director presented an update report to the Illinois Public Pension Fund Association's MidAmerican Pension Conference in September.

## **INVESTMENT UPDATES**

### **Performance**

The IPOPIF investment portfolio gained 1.5% in September and lost 2.0% in October, bringing 2024 gains to 9.5%. US large-cap stocks led in the first half of the year, while US small-cap equity and Real Estate Investment Trusts (REITs) are leading in the second half.

### **Funding and Rebalancing**

Funding of the Capital Group Emerging Market Debt (EMD) mandate of approximately \$195 million was completed in late October.

The Emerging Market Equity (EME) ex-China manager search was initiated in June and finalist board interviews and selection were completed at the October 18, 2024, board meeting when the trustees approved the investment staff and consultant's recommendation to evenly split its 6% target to emerging markets equity between ARGA Investment Management and William Blair Investment Management. Funding will be implemented gradually and is expected to total \$380 million to each manager.

The Private Credit Manager search was initiated in July and is proceeding on plan. Final proposals were due in mid-October with finalist interviews and selection targeted for the December 13, 2024, board meeting.

The search for a Private Market Consultant search was initiated in September with a proposal due by November 8, 2024. The Board will select the top-qualified candidates at the December Board meeting. Finalists are scheduled to be interviewed for selection at the January 2025 Board meeting.

Looking forward to 2025, Chief Investment Officer Kent Custer noted that private market investments will be a key focus, and active manager searches in U.S. Small Cap and High Yield will be considered.

## **FINANCE AND ACCOUNTING UPDATE**

The first tranche of a review of Agreed Upon Procedures of Article 3 police pension funds began on October 1, 2024, with 30 participant pension funds participating. The review includes bi-weekly status calls with CPA firms and the Illinois Department of Insurance. Of the 20 funds, 27 have been responsive and are submitting the requested materials.

An audit of fiscal year 2024 is underway. Audit results and a draft of the Annual Comprehensive Financial Report will be presented at the December 13, 2024, Board meeting.

## **ON THE ROAD**

IPOPIF's sixth Regional Stakeholder Meeting was held in Rockford on October 23, 2024, with Executive Director White, CIO Custer, and Regina Tuczak, chief financial officer, making presentations covering the

mission and values of IPOPIF, as well as its investment policy, investment performance, Article 3 police pension fund reporting and cash management.

Executive Director White participated in a panel discussion about Private Credit Investing at the National Conference on Public Employee Retirement Systems (NCPERS) Program for Advanced Trustee Studies Program October 26-27 and attended, along with Trustee Cole, the NCPERS Public Safety Conference from October 27 – 30 which was held in Indian Wells, California.

Trustees Lee Catavu, Daniel Hopkins, and Scott Bowers attended the International Foundation of Employee Benefit Plans (IFEBP) Annual Conference from November 10 to 13 which was held in San Diego, California.

### **IPOPIF Blotter**

Do you have photos you'd like to see posted on the IPOPIF Blue Line Mugshot page? We are always on the lookout for photos from members of our 357 Article 3 pension plans that are a part of IPOPIF to add. Please send photos in jpeg format to [info@ipopif.org](mailto:info@ipopif.org).

Monthly investment reports through September 2024 for each of the Article 3 funds are posted on the IPOPIF website here. IPOPIF monthly investment reports are available here. October reports were delayed due to transition issues that should not impact future months.

As the consolidated asset pool that exists for the exclusive purpose of protecting and investing the assets of the pension funds covering police officers serving and protecting all downstate and suburban Illinois municipalities, we want our participants and their beneficiaries to know that they should always feel free to reach out to us at [info@ipopif.org](mailto:info@ipopif.org).

As noted in previous newsletters and above, key investment information is posted to the IPOPIF website and is reviewed and discussed at the IPOPIF Board meetings. The next Board of Trustees meeting is scheduled for Friday, December 13, 2024, at 10 am at the Pere Marquette Hotel in Peoria. Interested individuals may attend the meeting in person or via Zoom. The link to the Zoom call is included in the meeting agendas which also are posted on our website. Board of Trustee 2025 meeting dates and times are posted here.

### **Links to Key Resources**

- [Monthly statement overview](#)
- [Monthly financial reports](#)
- [Monthly and quarterly investment reports](#)
- [Meeting Calendar](#)