

Illinois Police Officers' Pension Investment Fund

Board of Trustees Meeting Minutes

Friday, September 13, 2024

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

Board of Trustees:

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

Attendees:

IPOPIF Staff:

- Richard White, Executive Director
- Kent Custer, Chief Investment Officer
- Regina Tuczak, Chief Financial Officer/Assistant Executive Director
- Greg Turk, Deputy Chief Investment Officer
- Barbara Meyer, Investment Officer (Zoom)
- Steve Yoon, Investment Officer
- Amy Zick, Senior Accountant

- Kate Cobb, Administrative Analyst
- Samantha Lambert, Administrative Analyst
- Joe Miller, Information Technologist

Others Present:

- Rick Reimer, General Legal Counsel, Reimer, Dobrovolny & Labardi PC
- Taylor Muzzy, Fiduciary Legal Counsel, Jacobs Burns Orlove & Hernandez, LLP
- Scott Whalen, Verus
- Tim McEney, Verus
- Samantha Grant, Verus
- Megan Holford, Lauterbach & Amen (Zoom)
- Kim Shepherd, Shepherd Communications (Zoom)
- Bukola Bello, Vision MAI
- Robert Burgess, Capital Group
- Michael Kamell, Capital Group
- Scott Moses, MetLife Investment Management
- Todd Howard, MetLife Investment Management
- Ed Hwang, MetLife Investment Management
- Brian Miller, Payden & Rygel
- Ehsan Iraniparast, Payden & Rygel
- Darren Kleis, Principal Asset Management
- Kyle Elfers, Principal Asset Management
- Paul Stover, Principal Asset Management
- 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 9:00 A.M.

Roll Call

2.1- Roll Call: Discussion and Potential Action:

A roll call was conducted. Eight (8) Trustees were present. One (1) Trustee joined via Zoom. A quorum was established with the required number of six (6) Trustees present in the meeting room.

Board of Trustees:

Present:

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Lee Catavu, Secretary
- Scott Bowers
- Brad Cole
- Elizabeth Holleb (via Zoom)
- Daniel Hopkins
- Michael Inman
- Mark Poulos

All individuals present are reflected in the list of attendees.

Upon a majority vote of Trustees present at a meeting, a Trustee who is not physically present may participate in a meeting by audio, video, or internet conferencing, provided the Trustee is prevented from physically attending due to: (1) personal illness or disability; (2) employment purposes or Fund business; (3) a family or other emergency, or (4) unexpected childcare obligations. A Trustee who wishes to attend by telephone, video or internet conferencing must notify the Board Secretary and the Executive Director at least 24 hours prior to the meeting, unless advance notice is impractical. A Trustee who is allowed to participate by telephone, video or internet conferencing shall not be considered present for purposes of a quorum but shall be considered in attendance for all other purposes and allowed to vote on matters brought before the Board.

A motion was made by Trustee Poulos and seconded by Trustee Inman to allow Board of Trustee Holleb to participate in the September 13, 2024, meeting of the Board of Trustees by audio, video, or internet conferencing.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, and Cole
Nayes- None
Absent- Trustee Holleb

Board of Trustees

3.1- Board of Trustees Election: Discussion and Potential Action:

3.1.1- Declare election complete and certify the election results (Section 22B-116(d)(2)):

Executive Director White briefed the Board of Trustees on the completion of the Trustee election and the results to be approved.

The Board of Trustees has the authority to declare the election for the Board of Trustees complete in accordance with Section 22B-116(d)(2) which provides that “[i]f only one candidate for each position is properly nominated in petitions received, that candidate shall be deemed the winner and no election under this Section shall be required.”

Executive Director White answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Swanlund to declare the election of candidates for the Board of Trustees completed and certify the election of the following candidates to the Board of Trustees for the term of January 2025 through December 2028:

I. MUNICIPAL MEMBER TRUSTEE (2 SEATS)

- Michael J. Inman, Mayor of the City of Macomb
- Debra Nawrocki, Chief Financial Officer, City of Elgin

II. BENEFICIARY MEMBER TRUSTEE (1 SEAT)

- Mark Poulos, Retired Lieutenant, City of Rock Island

III. ACTIVE MEMBER TRUSTEE (1 SEAT)

- Scott Bowers, Police Officer, City of Peoria

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

3.2- Board of Trustees Meeting Minutes- July 19, 2024: Discussion and Potential Action:

Executive Director White presented the Board of Trustees Meeting Minutes from July 19, 2024, to the Board of Trustees and recommended they be approved.

Executive Director White answered all questions.

A motion was made by Trustee Bowers and seconded by Trustee Poulos to approve the Board of Trustees Meeting Minutes from July 19, 2024.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

3.3- Committee Meeting Minutes: Discussion and Potential Action:

3.3.1- 3.3.5 Governance/Contract/Audit & Budget/Legislative/ Election Committee Meeting Minutes- Discussion and Potential Action:

Executive Director White presented to the Board of Trustees the Governance Committee Meeting Minutes from September 14, 2023, Contract Committee Meeting Minutes from February 9, 2024, Audit & Budget Committee Meeting Minutes from February 9, 2024, Legislative Committee Meeting Minutes from September 14, 2023, and Election Committee Meeting Minutes from March 20, 2023. These minutes were approved by the Committees and are presented for acceptance by the Board of Trustees.

Executive Director White answered all questions.

A motion was made by Trustee Cole and seconded by Trustee Hopkins to accept the Governance Committee Meeting Minutes from September 14, 2023, Contract Committee Meeting Minutes from February 9, 2024, Audit & Budget Committee Meeting Minutes from February 9, 2024, Legislative Committee Meeting Minutes from September 14, 2023, and Election Committee Meeting Minutes from March 20, 2023.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

Investments

4.1- Investment Update Report: Discussion and Potential Action:

Chief Investment Officer (CIO) Custer provided an investment updated including performance, funding and rebalancing, asset allocation, cash flow, investment manager searches, and the status of the October 1st Transition.

There was a discussion about IPOPIF's asset allocation as it relates to liquidity and cash on hand as the Fund grows. The Trustees and CIO Custer discussed the importance of monitoring and evaluating liquidity and the cash allocation on an ongoing basis. CIO Custer answered all questions.

4.2- Real Estate/Principal US Property Manager Review: Discussion and Potential Action:

Investment Officer (IO) Steve Yoon reviewed IPOPIF's investment in the Principal US Property Account. Principal representatives Darren Kleis, Kyle Elfers, and Paul Stover provided an update on the real estate market and the portfolio positioning and performance.

IO Yoon, Darren Kleis, Kyle Elfers, and Paul Stover answered all questions.

4.3- Emerging Markets Debt (EMD) Manager Interviews and Selection: Discussion and Potential Action:

Investment Officer Yoon reviewed the search process for Emerging Market Debt managers and then introduced the managers to be interviewed by the Board of Trustees for final selection.

At 10:08 A.M. Robert Burgess and Michael Kamell, from Capital Group, presented to the Board of Trustees. Upon conclusion, they answered all questions.

At 10:33 A.M. Scott Moses, Todd Howard, and Ed Hwang, from MetLife Investment Management, presented to the Board of Trustees. Upon conclusion, they answered all questions.

At 10:58 A.M. Brian Miller and Ehsan Iraniparast, from Payden & Rygel, presented to the Board of Trustees. Upon conclusion, they answered all questions.

IPOPIF investment staff and Verus each recommends that the Board of Trustees approve investment in the Capital Group Emerging Markets Debt Trust with an allocation of 1.5% of the total IPOPIF Fund. The target weight of the SSGA passive emerging markets debt strategy would be reduced proportionately. This allocation would equate to approximately \$160 million based on IPOPIF's total fund value of \$10.5 billion and would increase proportionately with the October 1 consolidation transition.

A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve investment in the Capital Group Emerging Markets Debt Trust with an allocation of 1.5% of the total IPOPIF Fund.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

4.6- Special Investment Principles: Discussion and Potential Action:

CIO Custer presented to the Board of Trustees investment and policy considerations relating to investment in or contracting with businesses that have supported activities that are contrary to the interests of IPOPIF, such as anti-police or anti-pension initiatives or organizations.

CIO Custer answered all questions.

Trustee Holleb requested that “defunding the police” be removed from the policy. Chair Suess requested that Fiduciary Counsel Muzzy speak to whether this definition is within legal bounds. Legal Counsel Muzzy stated that it is within the Board’s fiduciary responsibility to adopt the Special Investment Principles as amended.

A motion was made by Trustee Hopkins and seconded by Trustee Bowers to adopt the Special Investment Principles as presented and remove the quotes around “defunding the police”.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, and Holleb

Nayes- None

Absent- Trustee Cole

4.7- Procurement of Investment Services Policy: Discussion and Potential Action:

CIO Custer briefed the current Procurement of Investment Services Policy, and recommended changes to the Board of Trustees. These changes are to incorporate the Statement of Principle into the procurement process, clarify certain disclosures and evaluation factors, and allow the Board the option to delegate to Investment staff the determination of top-qualified investment consultant candidates.

CIO Custer answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Inman to amend the Procurement of Investment Services Policy as proposed, without the language that would allow the Board the option to delegate to Investment staff the determination of top-qualified investment consultant candidates.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, and Holleb

Nayes- None

Absent- Trustee Cole

4.4- Private Markets Investment Implementation Planning: Discussion and Potential Action:

Deputy Chief Investment Officer (DCIO), Greg Turk, discussed implementation of private market investments including performance expectations, risks, and fees. He then reviewed IPOPIF’s implementation background, situation analysis, and next steps.

CIO Custer and DCIO Turk answered all questions.

4.5- Private Markets Consultant Search Request: Discussion and Potential Action:

DCIO Turk presented to the Board of Trustees a recommendation to approve a search for a Private Markets Consultant. The presentation reviewed the scope of services, fees, and the search process.

CIO Custer, and DCIO Turk answered all questions.

A motion was made by Trustee Swanlund and seconded by Trustee Hopkins to approve a search for a dedicated private markets consultant to assist IPOPIF staff with the construction of the private markets portfolio which currently consists of Private Equity (long-term target of 7%), Private Credit (5%), Real Estate (5%) and Infrastructure (3%).

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, and Holleb

Nayes- None

Absent- Trustee Cole

4.8- Verus Quarterly Report- 2Q 2024: Discussion and Potential Action:

Verus Consultant, Tim McEnergy, briefed the Board of Trustees on the Second Quarter Investment Report.

Mr. McEnergy and CIO Custer answered all questions.

Lunch Break

Chairperson Suess called for a recess for lunch at 12:15 P.M.

At 12:45 P.M. the IPOPIF Board of Trustees Meeting general session reconvened.

Administration

6.1- Employee Handbook: Discussion and Potential Action:

Executive Director White discussed with the Board of Trustees that the Governance Committee reviewed the Employee Handbook revisions at their May 17, 2024, meeting and the revisions that were recommended at that meeting are presented today for approval.

Six revisions were presented for approval: A revision incorporating changes to State law, including the Illinois Paid Leave for All Workers Act, Personnel Records Review Act, Victim's

Economic Security and Safety Act, and the Family Bereavement Act. A revision to PTO to 20 days for year 1 through year 4. A revision to PTO to 25 days for year 5 and beyond. A revision to PTO accrual to two years' time. A revision to PTO to maximum accrual and forfeiture of unused PTO over the maximum.

The final request would be to apply these revisions to all current employees of IPOPIF.

A motion was made by Trustee Poulos and seconded by Trustee Hopkins to approve the Employee Handbook, revised effective as of July 1, 2024.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, and Holleb

Nayes- Trustee Cole

Absent- None

6.2- Records Management Policy: Discussion and Potential Action:

Executive Director White briefed the Board of Trustees on a records management policy that is being submitted for adoption.

The Illinois Police Officers' Pension Investment Fund ("IPOPIF") is required to maintain an active, continuing program for the economical and efficient management of records. The State of Illinois Records Act (5 ILCS 160) sets forth guidelines and responsibilities for IPOPIF concerning the retention and disposition of records. This Policy is designed to provide guidance to IPOPIF for the proper management of records (both paper and digital) to meet the requirements of the State Records Act and State Records Commission Rules. This Records Management Policy establishes time frames for the retention and destruction of IPOPIF records in a manner compliant with binding statutes and regulations.

An up-to-date record retention schedule ensures that IPOPIF obsolete records are properly and timely destroyed and enables efficient responses to agency record requests. This policy was drafted by General Legal Counsel Reimer with input from the Executive Team.

A motion was made by Trustee Poulos and seconded by Trustee Hopkins to adopt the Records Management Policy (PP-2024-01).

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

6.4- Administration and Operations Update: Discussion and Potential Action:

Executive Director White briefed the Board of Trustees on current and upcoming events.

Executive Director White answered all questions.

Finance

7.1- Monthly Financial Reports: Discussion and Potential Action:

7.1.1 - 7.1.3- Monthly Financial Statement- May 2024:

Chief Financial Officer (CFO) Tuczak presented the May, June, and July Monthly Financial Statements to the Board of Trustees. CFO Tuczak noted that the July Monthly Financial Statements include the new presentation of Investment Manager Fees as discussed at the June 14, 2024, Board of Trustees Meeting.

CFO Tuczak answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve the May, 2024; June, 2024; and July, 2024, Monthly Financial Statements

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

7.2- Warrants: Discussion and Potential Action

7.2.1 – 7.2.3 Warrants #2025-01, #2025-02, and #2025-03:

CFO Tuczak presented Warrants #2025-01, #2025-02, and #2025-03 to the Board of Trustees and recommended approval.

CFO Tuczak answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve Warrants #2025-01, #2025-02, and #2025-03.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

7.3- GFOA Certificate of Achievement for Excellence in Financial Reporting: Discussion and Potential Action:

Executive Director White presented the GFOA Certificate of Achievement for Excellence in Financial Reporting report to the Board of Trustees.

The Government Finance Officers Association (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

The Certificate of Achievement for Excellence in Financial Reporting has been awarded to IPOPIF by the GFOA for its annual comprehensive financial report for the year ended June 30, 2023. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

This is the first time that the IPOPIF applied for the award which coincided with a more comprehensive annual certified financial report (ACFR) for fiscal year 2023 based on the growth of the fund in terms of the investment program and transfer of assets of a majority of the Article 3 police pension funds. The GFOA award signifies that the ACRF satisfied the high standards of the program.

Recognition in receiving the Certificate of Achievement for Excellence in Financial Reporting should be extended to Regina Tuczak, Chief Financial Officer for her leadership and vision in applying for this award and to Regina and Amy Zick, Senior Accountant for their hard work, attention to detail, and commitment to excellence in the preparation of the ACFR.

The report was received and filed.

7.4- Cost and Valuation Rule: Discussion and Potential Action:

CFO Tuczak briefed the Board of Trustees on revisions to the Valuation and Cost Rule (AR 2022-01).

The Audit and Budget Committee reviewed the proposed revisions to the Valuation and Cost Rule at their meeting on May 17, 2024, and voted 3-0 (with one trustee absent) in favor of presenting the revisions to the Board of Trustees for approval.

CFO Tuczak presented a summary of the revisions noting:

1. There will be one true-up calculation or final transfer allocation for costs and loan payments made based on all assets held by IPOPIF for each participant pension fund as of December 31, 2024.
2. Interest will be charged to each fund with an allocated amount due based on the return of the IPOPIF portfolio, from the date each cost and loan payment was made to the date of January 1, 2025.
3. The final transfer allocation is to be provided to NRS and applied to all participant funds after December 31, 2024.
4. Significant contributions received by IPOPIF subsequent to December 31, 2024, can be evaluated by IPOPIF for potential cost-sharing.

CFO Tuczak answered all questions.

A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve the Valuation and Cost Rule (AR 2022-01), revised on September 13, 2024.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

7.5- Finance and Accounting Update:

CFO Tuczak presented a finance and accounting update to the Board of Trustees.

CFO Tuczak answered all questions.

Government Liaison

6.3- Governmental Liaison Report: Discussion and Potential Action:

Bukola Bello, Governmental Liaison provided a legislative activity report to the Board of Trustees. Next month is the upcoming veto session and there could be some movement on some bills that are not getting traction.

Ms. Bello provides a weekly written update on items and will continue to as we prepare for the veto session to be held.

Ms. Bello answered all questions.

General Legal Counsel

8.1- General Legal Counsel Report: Discussion and Potential Action:

Rick Reimer, General Legal Counsel, did not provide a verbal report to the Board of Trustees.

Fiduciary Legal Counsel

9.1- Fiduciary Legal Counsel Report: Discussion and Potential Action:

Taylor Muzzy, Fiduciary Legal Counsel, did not provide a verbal report to the Board of Trustees.

Public Comment

10.0- Public Comment:

An opportunity for public comment was provided at 1:48 P.M. No comments were heard, and no discussion was provided.

Closed Session (if necessary)

11.1- Closed/Executive Session- Appointment, employment, compensation, discipline, performance, or dismissal of Executive Director and Chief Investment Officer (5 ILCS 120/2(c)(1): Discussion and Potential Action:

Attorney Reimer reviewed the need for a motion to enter a closed session.

A motion was made by Trustee Inman and seconded by Trustee Hopkins to enter into a closed session in accordance with the exception under 5 ILCS 120/2(c)(21) to conduct a semi-annual review of closed session minutes and in accordance with the exception under 5 ILCS 120/2(c)(1) to discuss the appointment, employment, compensation, discipline, performance, or dismissal of specific employees and specific individuals.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

The Board of Trustees entered into closed session at 1:49 P.M.

A motion was made by Trustee Inman and seconded by Trustee Poulos to return to an open session.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

The Board of Trustees returned to open session at 2:55 P.M.

A roll call was conducted with nine trustees present:

Board of Trustees:

Present:

- Philip Suess, Chairperson
- Paul Swanlund, Vice Chairperson
- Lee Catavu, Secretary
- Scott Bowers
- Brad Cole
- Elizabeth Holleb (via Zoom)
- Daniel Hopkins

- Michael Inman
- Mark Poulos

Attorney Reimer noted that the Board of Trustees conducted a semi-annual review of closed session minutes and is prepared to vote to approve the release of closed-session minutes from September 15, 2023, and October 13, 2023.

A motion was made by Trustee Poulos and seconded by Trustee Inman to approve the release of closed-session minutes from September 15, 2023, and October 13, 2023.

Motion carried by roll call vote.

Ayes- Trustees Suess, Swanlund, Catavu, Poulos, Bowers, Hopkins, Inman, Holleb, and Cole

Nayes- None

Absent- None

The Board also discussed the appointment, employment, compensation, discipline, performance, or dismissal of specific employees and specific individuals but no specific action was taken.

Adjournment

12.0- Adjournment:

A motion was made by Trustee Poulos and seconded by Trustee Inman to adjourn the Board of Trustees Meeting.

Motion carried by a voice vote.

Ayes- 9

Nayes- None

Absent- None

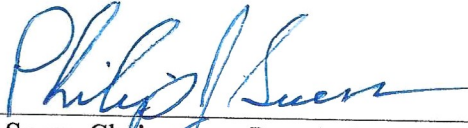
Meeting adjourned at 2:58 P.M.

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: October 18, 2024