

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
BOARD OF TRUSTEES REGULAR MEETING MINUTES****FRIDAY, DECEMBER 9, 2022 AT 10:00 A.M.**

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was held at the Twin Towers Plaza located at 456 Fulton Street, Suite 420, Peoria, Illinois 61602, and via the Zoom Digital Platform. The meeting was held in accordance with the Gubernatorial Disaster Proclamation issued on 11-10-2022 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
Paul Swanlund (*Zoom*)
Elizabeth Holleb (*Zoom*)
Lee Catavu
Mark Poulos (*Zoom*)
Michael Inman (*Zoom*)
Phil Suess (*Zoom*)
Brad Cole (*Zoom*)

TRUSTEES ABSENT: None

OTHERS PRESENT: Richard White, Executive Director
Kent Custer, Chief Investment Officer
Gina Tuczak, Finance Director/Assistant Executive Director
Steve Yoon, Investment Officer
Barb Meyer, Investment Officer
Shaun Ivey, Administrative Analyst
Kate Cobb, Administrative Analyst
Scott Whalen, General Investment Consultant, Verus Advisory
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP (JBOH)
Taylor Muzzy, Fiduciary Counsel, JBOH (*Zoom*)
Paul Sachs, Transition Architect, Adirondack Investment Advisors (*Zoom*)
Bukola Bello, Governmental Liaison, Vision M.A.I. Consulting (*Zoom*)
Vince Mancini, General Counsel, Reimer Dobrovolny & LaBardi PC (*Zoom*)
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP (*Zoom*)
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Chairperson Curry called the meeting to order at 10:01 a.m.

ROLL CALL: As reflected above.

MEETING MINUTES: *Review/Approve September 9, 2022 Regular Board Meeting Minutes:* The Board reviewed the draft meeting minutes of the September 9, 2022 regular meeting. A motion was made by Trustee Inman and seconded by Trustee Poulos to approve the September 9, 2022 regular meeting minutes. Motion carried by roll call vote.

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

Approve October 14, 2022 and November 10, 2022 Regular Board Meeting Minutes: The draft minutes were tabled to the next meeting for review and approval.

Approve October 14, 2022 Committee Meeting Minutes: The Board reviewed the draft minutes from the October 14, 2022 meetings of the Contract Committee, Governance Committee, and Legislative Committee. Attorney Mancini answered questions from the Board regarding the process of approving Committee meeting minutes. Several Trustees indicated that they were not comfortable approving meeting minutes for Committees that they are not seated on. All questions were answered by Attorney Mancini and Executive Director White. A motion was made by Trustee Hopkins and seconded by Trustee Catavu to approve the meeting minutes from the October 14, 2022 Committee meetings. Motion carried by roll call vote.

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

GOVERNMENTAL LIAISON'S REPORT: *December 2022:* Governmental Liaison Bello reviewed the Monthly Lobbyist Report dated December 9, 2022. She discussed Governor Pritzker's COVID-19 Executive Order 2022-22 and various bills that passed both Chambers at the Fall Veto Sessions that wrapped up on December 1st. The 102nd General Assembly will convene on January 4th-7th and January 10th, and new and returning members of the 103rd General Assembly will be sworn in on January 11th. Possible lame duck topics were discussed with the Board along with the new adjournment date of May 19, 2023 for the House and Senate. House Bill 1293 was reviewed in detail. Ms. Bello provided an update on the discussions that have been held regarding an amendment to the Open Meetings Act that would permit remote meetings without the need for a disaster declaration to be in place. Ms. Bello answered questions from Trustee Holleb regarding the various changes that were made to the Statements of Economic Interest filings effective 2022. Trustee Cole advised the Board that there has not been any desire by the General Assembly to modify the Statements of Economic Interest form for the 2023 filings. Ms. Bello answered questions from Trustees Curry and Hopkins regarding any discussions that have been held to determine if legislation may be presented to amend the pension code to clarify the conduct of local pension fund compliance audits as it pertains to the IDOI and Consolidated Fund. Ms. Bello requested permission from the Board to discuss the matter offline externally with legislators to determine if this matter is on the docket to be discussed in the lame duck session, or if legislation will be filed in the 103rd General Assembly. All questions were answered by Ms. Bello and Chairperson Curry. A motion was made by Trustee Catavu and seconded by Trustee Hopkins to authorize Governmental Liaison Bello to engage in conversations externally with legislatures and their staff to determine if legislative language regarding the compliance audit function may be considered in the future. Motion carried by roll call vote.

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

INVESTMENTS: *Investment/Transition Updates:* CIO Custer reviewed his Investment Update presentation with the Board. CIO Custer informed the Board that 24 pension funds transferred assets

on or about December 1st. A total of approximately \$816 million will be transferred by the end of the month, bringing total assets under IPOPIF management to approximately \$8.6 billion. The pension funds not yet scheduled to transfer assets were reviewed with the Board. Thirty pension funds have not transferred assets to IPOPIF, with 15 of those pension funds listed as litigation plaintiffs. CIO Custer stated that the portfolio transitions have been very successful, with approximately \$6,453,000 transitioned through October. The implementation shortfall was approximately \$1,309,000, and the transition manager commission was capped at \$1.5 million, totaling \$2,809,000 or 4.35 basis points versus the anticipated estimate of 8.56 basis points. All questions were answered by CIO Custer and Mr. Sachs.

The asset allocation as of December 6, 2022 was as follows: 49.7% Growth, 16.2% Income, 8.9% Inflation Protection, and 25.2% Risk Mitigation. The November 17, 2022 rebalancing report was reviewed with the Board. CIO Custer stated that \$120 million was moved from Equities to primarily Risk Mitigation. He briefly discussed the investment performance with the Board, and noted that Mr. Whalen would be reviewing the investment performance in greater detail later in the meeting. The Benchmark Historical Perspective graph was reviewed, reflecting the policy index versus the broad policy index. CIO Custer reviewed a graph illustrating the status of pension funds from previous tranches with outstanding activities between August and November 2022. All questions were answered by CIO Custer.

Investment Performance Report – Versus Quarterly Report: Mr. Whalen presented the Investment Performance Review for the period ending September 30, 2022. He provided introductory comments and summarized the Executive Summary and Economic Market Commentary. The detailed index returns and portfolio reconciliation were reviewed with the Board. The beginning market value was \$2.7 billion, asset transfers and net cash flow totaled \$3.4 billion, and the net asset changes totaled (\$406 million), bringing the ending market value of the portfolio to \$5,725,892,654 as of September 30, 2022. Mr. Whalen reviewed the Total Fund Asset Allocation History charts, the Asset Allocation vs. Policy targets, the Total Fund Executive Summary, and discussed the variances with the Board. The total investment return for the three months ended September 30, 2022 was (5.4%) gross of fees. All questions were answered by Mr. Whalen and CIO Custer.

ADMINISTRATION AND OPERATIONS: *Annual Comprehensive Financial Report – Status Update:* Executive Director White reviewed a memorandum dated December 9, 2022 regarding the “Annual Comprehensive Financial Report – Update” with the Board. Executive Director White noted that work on the audit is continuing at an appropriate pace. He indicated that several components of the ACFR are more extensive and complex than in the last audit. The report will include most, if not all, of the required components, primarily due to the transition of local pension fund assets to IPOPIF. The ACFR will also contain more extensive financial statements, notes to the financial statements, investment information, and statistical reports. Many reports are being created for the first time, which adds complexity to this year’s reporting. Executive Director White stated that a similar update was reviewed with the Audit and Budget Committee at the November 30, 2022 meeting. The ACFR will be presented at the January 27, 2023 meeting of the Board of Trustees. No formal action was requested at this time.

Finance – Approve September and October 2022 Monthly Financial Reports: Executive Director White reviewed a memorandum dated December 9, 2022 regarding “Finance Agenda Items with the Board. He informed the Board that the September and October Financial Statements will not be finalized until the work on the June 30, 2022 ACFR and net position are finalized, and further detail

can be provided on Article 3 Fund activity. Various formatting changes were discussed with the Board. No formal action was requested at this time.

Trustee Poulos left the meeting at 11:42 a.m.

Summary of Payments – Ratify Warrants #52, #53, and #54: The Board reviewed Warrant #52 with payments totaling \$140,804.66, Warrant #53 with payments totaling \$18,366.59, and Warrant #54 with payments totaling \$6,377.36. Executive Director White and Finance Director Tuczak reviewed the formatting changes with the Board. Executive Director White noted that the formatting changes align with the Monthly Financial Reports and Budget. All questions were answered by Executive Director White and Ms. Tuczak. Trustee Holleb requested confirmation that the full Board does not find it necessary to include copies of the invoices in the agenda packet, and policy changes are not required in order to have invoices removed from future agenda packets. She recommended that a correction be made to the summary of invoices on Warrant #54 to reflect that the invoice for Vision M.A.I. Consulting is for November services instead of September. Executive Director White stated that policy revisions are not needed, as specific references to Board review of invoices are not included in the policy as it is currently written. A motion was made by Trustee Holleb and seconded by Trustee Inman to ratify Warrants 52, 53, and 54 as amended to reflect November instead of September services for Vision M.A.I. Consulting. Motion carried by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Holleb, Catavu, Inman, Suess, and Cole

NAYS: None

ABSENT: Trustee Poulos

Administration and Operations Updates: Executive Director White reviewed various organizational development updates with the Board. He stated that the Board should anticipate the review of a job description and salary survey to hire an accountant in the near future. The analysis of future staffing and technology requirements will be presented by Ernst & Young in early 2023. To date, 130 actuarial valuation reports have been completed and distributed to the applicable pension fund's Authorized Agents and posted to the website along with a user guide. As noted earlier in the meeting, the development of the ACFR is ongoing, and staff anticipates that the report will be presented at the January 27, 2023 meeting of the Board of Trustees. Various website and communication updates were discussed in addition to recent articles that were published. The tentative Committee meeting schedule for January and February 2023 was reviewed with the Board. All questions were answered by Executive Director White and CIO Custer.

LEGAL UPDATES: *Fiduciary Counsel's Report – Approve December 31, 2022 as the closing date for the Transition Period:* Executive Director White reviewed a memorandum dated December 9, 2022 regarding "Fiduciary Legal Items – Transition of Assets Process" with the Board. Executive Director White indicated that the Board of Trustees approved an amendment to the Valuation and Cost Rule that defined the transition period as the period ending on December 31, 2022, or such later date as may be established by law or the Board. Ten transfer tranches were held from March through December 1st, with 92% of the 357 participating pension funds transferred to IPOPIF. As CIO Custer noted in his earlier report, 30 pension funds have not transferred assets to IPOPIF, with 15 of those pension funds listed as litigation plaintiffs. Staff and Fiduciary Legal Counsel recommended that the Board confirm that the transition period will end as of December 31, 2022, and any future transfers will require Board review and approval. All questions were answered by Executive Director White, CIO Custer, and Attorneys Burns and Muzzy. A motion was made by Trustee Catavu and seconded by Trustee Hopkins

to confirm December 31, 2022 as the closing date for the Transition Period. Motion carried by roll call vote.

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

BOARD RECESS: The Board took a brief recess at 12:38 p.m. and resumed at 1:03 p.m. All Trustees were present except for Trustee Poulos.

LEGAL UPDATES (CONTINUED): *Approve Communication to Non-Compliant Article 3 Police Pension Funds:* Executive Director White provided introductory comments regarding the communication to be sent to 15 of the 30 police pension funds that are not complying with the statutory requirement to transfer assets to IPOIF. Executive Director White stated that the communication will not be sent to the 15 plaintiff pension funds that are part of the pending litigation. Fiduciary Counsel reviewed the proposed communication process and draft letter to be sent to the Illinois Attorney General and IDOI.

Trustee Poulos rejoined the meeting at 1:08 p.m.

Attorney Burns reviewed the language in 40 ILCS 5/22B-120(e) with the Board. The Board provided feedback on the proposed communication process and language to be incorporated into the revised letter. Trustee Hopkins recommended that the Attorney General's office is not notified yet. Trustee Holleb recommended that the last sentence of paragraph three is removed, the entire fourth paragraph is removed, and language is inserted to reflect that the Board of Trustees have affirmatively voted to make December 31, 2022 the end of the transition period. Trustee Hopkins recommended that the last sentence in paragraph four remains. Attorneys Burns and Muzzy will work with Executive Director White to incorporate the suggested changes proposed by the Board. The letter will only be sent to the IDOI and the 15 non-compliant pension funds. Attorney Burns indicated that the letter will be sent prior to end of the year. A motion was made by Trustee Hopkins and seconded by Trustee Catavu to approve the communication to the IDOI and non-compliant pension funds, pending the necessary amendments as discussed in whole. Motion carried by roll call vote.

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

PUBLIC COMMENT: There were no comments from the public.

LEGAL UPDATES (CONTINUED): *General Legal Counsel's Report – Discuss Performance Evaluation of Executive Director and Chief Investment Officer and Semi-Annual Review of Closed Session Minutes:* Attorney Mancini stated that the Trustees have the authority to enter closed session to discuss the performance evaluations for the Chief Investment Officer and Executive Director, and to discuss the closed session meeting minutes.

CLOSED SESSION: A motion was made by Trustee Catavu and seconded by Trustee Poulos to enter closed session at 1:44 p.m. in accordance with the 5 ILCS 120/2(c)(1) and (21) exceptions to discuss

the performance evaluations for the Chief Investment Officer and Executive Director and closed session meeting minutes. Motion carried by roll call vote.

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

A motion was made by Trustee Hopkins and seconded by Trustee Catavu to return to open session at 2:42 p.m. Motion carried by roll call vote.

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

Chairperson Curry noted that the Board met in closed session to discuss the performance evaluations for Fund's Executive Staff and to discuss the closed session meeting minutes. No final Board action was taken.


General Legal Counsel's Report (continued) – Closed Session Meeting Minutes: No action was taken. Further discussion will be held at the next meeting.

Establish Contract Committee Meeting: A meeting of the Contract Committee was not established.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Swanlund and seconded by Trustee Holleb adjourn the meeting at 2:46 p.m. Motion carried by roll call vote.


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

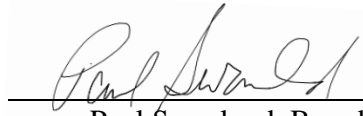
Respectfully submitted by:



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, 2023

The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on January 27, 2023 in accordance with Governor Pritzker's Executive Order in effect on the date and time of the meeting and Public Act 101-0640.