

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
BOARD ADMINISTRATIVE RULE

RULE NUMBER: AR -2022-01
SUBJECT: VALUATION AND COST RULE
EFFECTIVE DATE: January 28, 2022
AMENDED: N/A

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Section A. Definitions

- 1) "Net Asset Value" or "NAV" is the value of each Pension Fund's assets minus the value of each Pension Fund's share of IPOPIF liabilities.
- 2) "Custodian" means the custodial bank holding all IPOPIF Investment Assets.
- 3) "IFA Loan" means the loan agreement entered into between IPOPIF and the Illinois Finance Authority (IFA).
- 4) "Participating Police Pension Fund" means a pension fund established pursuant to Article 3 of the Illinois Pension Code.
- 5) "Pension Fund Account" means the specific custody account established by the Custodian and assigned to each Participating Police Pension Fund.

Section B. Calculation of Net Asset Value

- 1) The Custodian shall calculate the Net Asset Value for each Participating Police Pension Fund on a daily basis.
- 2) The initial NAV for each Pension Fund will be determined based on the Custodian's valuation of the assets transferred from the Participating Police Pension Fund to IPOPIF on the Transfer Date, as defined in AR-2021-02.
- 3) Each Participating Pension Fund's NAV will include:
 - a) Cash and securities held in the Pension Fund Account;
 - b) Percentage ownership or units of IPOPIF investment pool(s);

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- c) Following the conclusion of the statutory transition period, NAV will include the percentage share of the outstanding balance of the IFA Loan, calculated as the custodied assets of the Participating Police Pension Fund (the sum of amounts 1 and 2 above) divided by the total custodied assets of all Participating Police Pension Funds.
- 4) Income and expenses will be allocated based on each Participating Police Pension Fund's percentage share of the total NAV of all Participating Police Pension Funds as of the end of the day prior to the income or expense transaction.

Section C. Transition Costs

- 1) IPOPIF operating expenses, except investment management fees, incurred prior to the conclusion of the statutory transition period will be paid with funds obtained from drawdowns on the IFA Loan.
- 2) After the conclusion of the statutory transition period the total amount of the loan outstanding with the IFA will be paid back using funds from the total consolidated IPOPIF investment portfolio, and this repayment will be allocated to each Participating Police Pension Fund in a manner consistent with Section B of this Rule.
- 3) Investment management fees incurred prior to the conclusion of the statutory transition period will be allocated in a manner consistent with Section B of this rule on a pro rata basis only for the time that Participating Pension Fund assets were invested by IPOPIF.