

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

POLICY NUMBER: PP-2021-09
SUBJECT: CASH RESERVE POLICY
EFFECTIVE DATE: NOVEMBER 12, 2021
AMENDED: OCTOBER 13, 2023

INDEX:

SECTION A: INTRODUCTION
SECTION B: CASH RESERVE PROCEDURE
SECTION C: POLICY REVIEW

A. INTRODUCTION

1. The Illinois Police Officers' Pension Investment Fund (the Fund) is created with the authority to manage the reserves, funds, assets, securities, properties, and moneys of the police pension funds created pursuant to Article 3 of the Illinois Pension Code. (40 ILCS 5/22B-101).
2. The Board of Trustees is granted the authority to apply moneys derived from the pension fund assets transferred and under its control to pay the costs and expenses incurred in the operation and administration of the Fund. (40 ILCS 5/22B-118 (e)).
3. The designation of a cash reserve is intended to support the financial operations of the Fund and to allow for timely financial planning in the administration of the Fund.
4. The Board confirmed the conclusion of the transition period at December 31, 2022. The Fund's asset allocation policy effective January 1, 2023, and as amended on April 14, 2023, includes a 1.0% allocation to cash. Cash at the custodian may be used to support the financial operations of the Fund.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

B. CASH RESERVE PROCEDURE

1. The adequacy of a cash reserve is based upon the specific circumstances appropriate to the Illinois Police Officers' Pension Investment Fund.
2. The cash reserve policy is intended to ensure there is sufficient liquidity to pay anticipated expenditures and fund capital requirements that are consistent with the fiscal administration of the annual budget approved by the Board of Trustees.
3. In general, the Fund will anticipate expenditures through the adoption of an annual operating budget.
4. A cash reserve may be maintained at a financial institution outside of the Fund's invested assets with the custodian.
5. The amount of the cash reserve will be determined by the Executive Director based on the needs of the Fund and anticipated expenditures to be paid outside of the Fund's custodial cash account.
6. The Fund will maintain a minimum level of cash reserve necessary to fund essential Fund expenditures for no less than 30 days and no more than 90 days of anticipated essential expenses.
7. The Board of Trustees may from time to time direct that a specific amount of cash be maintained in the cash reserve to anticipate large expenditures to be paid outside of the Fund's custodial account.
8. The Executive Director will be responsible for the monitoring of the cash reserve balance as a component of the budget administration and monitoring responsibility, as defined in the Budget Administration Policy.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

C. POLICY REVIEW

1. The Policy is subject to change in the exercise of the Board's judgement.
2. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.
3. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.
4. This policy was adopted by the Board on November 12, 2021.
5. This policy was amended by the Board on October 13, 2023:
 - a. Sections A: Conclusion of transition period and availability of cash at custodian referenced.
 - b. Section B: Policy modified to include usage of the custodial cash account for Fund expenditures and Executive Director determination of cash reserve to fund essential expenditures.