

March 2, 2023

IPOPIF NEWSLETTER

MUNICIPAL REPRESENTATIVE AND MAYOR OF WHEATON PHIL SUESS ELECTED CHAIRPERSON OF THE ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

February 10, 2023, the meeting of the Board of Trustees of the [Illinois Police Officers' Pension Investment Fund](#) (IPOPIF) had a full agenda with the election of new officers starting off the meeting. Elected to two-year terms, the new officers include:

- Chairperson, Phil Suess, Mayor of Wheaton
(Municipal Representative)
- Vice Chairperson, Paul Swanlund, Bloomington Police Department
(Participant Representative Officer)
- Secretary, Lee Catavu, Aurora Police Department
(Participant Representative Sergeant)
- Treasurer, Mark Poulos, Rock Island Police Department
(Beneficiary Representative, Retired Lieutenant)

Among other actions taken by the board during the meeting included the approval of the [Annual Comprehensive Financial Report](#), which covers the fiscal period July 1, 2021, through June 30, 2022 (the fiscal year 2022). According to the report, as of the close of FY 2022, IPOPIF had received and reconciled investment assets from 119 Article 3 police pension funds. During FY 2022, the date of transfer was assigned to each Participating Pension Fund, with the first assigned transfer of investment assets commencing on March 1. As of June 30, 2022, five tranches of assigned transfer dates had occurred, representing \$2,867.2 million in transferred investment assets.

Additional actions during the meeting included the adoption of:

- A revised [Investment Policy Statement](#) (IPS). Per Section IV.B.3 of the IPS, each year the Board must review and adopt the IPS during the first calendar quarter and as otherwise required. Investment staff, along with our investment consultant and fiduciary counsel reviewed the IPS and recommended the following changes, which were approved:
 - Clarified and condensed diversification language on page 1.
 - On pages 3 & 4, clarified that the chief investment officer and the investment consultant are fiduciaries.
 - Created new Appendix B6 -- sustainable investing -- to comply with Pension Code requirements on page 21 by moving and modifying the language that was on page 8.

- Revised the Policy Benchmark to reduce tracking error “noise.” The Policy Benchmark recommendation has been updated from the prior version to maintain the current benchmarks for cash and REITs due to implementation concerns related to cost and procurement.
- Various other minor changes to improve clarity.

The following IPS policies are required to be reviewed annually by the Illinois Pension Code. These annual review requirements were satisfied upon adoption of the IPS by the Board.

- Appendix B1 – MWDBE INVESTMENT MANAGER UTILIZATION POLICY
 - Appendix B2 – MINORITY BROKER-DEALER POLICY
 - Appendix B3 – FIDUCIARY DIVERSITY POLICY
 - Appendix B4 – BUSINESSES DIVERSITY POLICY
 - Appendix B5 – ECONOMIC OPPORTUNITY
 - Appendix B6 – SUSTAINABLE INVESTING (new)
- [Administrative Rule 2023-01](#), covering the appointment of Authorized Agents by participating local Article 3 pension funds. Per the rule, each participating Article 3 Fund, by a resolution of its Board of Trustees, must appoint at least two Authorized Agents, who shall have the powers and duties to:
 - Promptly forward to the Board of Trustees of their fund all communications, notices, reports, and other documents delivered to the Authorized Agent by the IPOPIF.
 - Execute authorizations and consents for the participating local fund.
 - Share information with the IPOPIF regarding all investment account-related information and such other information relating to their fund as is necessary for the administration of the IPOPIF investment trust fund.
 - Take such other actions on behalf of their Article 3 fund as may be required or advisable to carry out the purposes and intent of this Administrative Rule and to assist the IPOPIF as necessary.
 - A [Travel Policy](#) establishes the criteria and approval authority for travel and meal expenses reimbursement for the Board of Trustees and staff members.

The board also approved the recruitment and hiring of a senior accountant position. Information on the job responsibilities and position qualifications is available [here](#).

Appellate Court Rules Public Act 101-0610 is Constitutional

In early February, the Illinois Appellate Court for the Second District ruled that Public Act 101-0610, which provided for the mandatory consolidation of the investment assets of the state's public safety pension funds into two investment funds, one for police officers (IPOPIF) and one for firefighters (Illinois Firefighters’ Pension Investment Fund), is constitutional.

There is the possibility that the plaintiffs will appeal to the Illinois Supreme Court. As we await the plaintiffs' decision in doing so, the IPOPIF team will remain a transparent, trusted, and financially responsible steward of the pension assets entrusted to our care and we will diligently serve all our stakeholders. We are laser-focused on investment excellence, which means achieving the best risk-adjusted returns possible through the prudent investment of contributions and investment income.

Transition of Assets

326 of the 357 Article 3 funds have transferred approximately \$9 billion in assets to the IPOPIF consolidated fund. Of the 31 funds that still need to complete the asset transfer, 15 are the funds that are plaintiffs in the abovementioned litigation which are still under the Kane County Circuit Court's stay order and represent \$1.2 billion in assets. IPOPIF staff continue working with the other 16 funds to transfer their assets totaling \$120 million.

Investment Report

The IPOPIF returned 5.2% for the month of January and came in slightly ahead of the Policy Benchmark of 5.1%.

Monthly and quarterly investment reports are available on the IPOPIF website [here](#).

Looking Ahead

The next Board of Trustees meeting is scheduled for March 17, 2023. As always, access is available via Zoom. The link to the Zoom call is included in the [meeting agendas](#) which also are posted on our website.

If you have any questions and would like to speak with a member of the IPOPIF team, feel free to call us at 309-280-6464 or email us at info@ipopif.org.