

## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND JUNE NEWSLETTER

As you may know, in May the Illinois Supreme Court agreed to hear arguments regarding the constitutionality of 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 (Article 3) and one for firefighters (Article 4), is constitutional. This decision does not come as a surprise to those of us at the [Illinois Police Officers' Pension Investment Fund](#) (IPOPIF).

At this point, it is anticipated that the plaintiffs will file briefs with the Illinois Supreme Court in the coming days with the defendants filing response briefs later this summer. The timeline after the briefs is filed with the Illinois Supreme Court is unknown currently. The IPOPIF will be part of the defendant briefing process. However, the extent of our involvement will be determined in consultation with the Illinois Attorney General, who represents Gov. Pritzker, and the other defendants and their legal counsel.

As we await the Supreme Court's decision, 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.

### **Asset Transfer Process**

Currently, 333 of the 357 local Article 3 participating police pension funds (PPPF) have fully transferred or are in the process of doing. This has elevated the value of the IPOPIF consolidated fund to approximately \$9.1 billion, representing 99 percent of all the transferable assets. There are 15 local funds, representing approximately \$1.2 billion, that are not yet scheduled to transfer due to ongoing legal proceedings discussed above.

In other good news emanating from the transfer of funds, the Illinois Finance Authority loan was paid off in full by IPOPIF on April 3, 2023. The loan allowed IPOPIF to function while awaiting the transfer of assets. The IPOPIF Valuation and Cost Rule, AR-2022-01, stipulates that the Net Asset Value (NAV) for each Article 3 PPPF will include a proportionate share of the IFA loan and receivables representing proportionate amounts due from late-transferring pension funds. The loan pre-payment expense will be reflected on the fund's April statements.

### **Regional Stakeholder Meeting**

With the transfer of assets nearly complete, the IPOPIF team will be looking towards expanding our outreach to our key stakeholders – the police officers serving and protecting all Illinois downstate and suburban municipalities and their beneficiaries as well as the local government officials who employ them. Our first Regional Stakeholder Meeting has been scheduled for **Tuesday, June 27, 2023**, in Collinsville at the Gateway Convention Center, 1 Gateway Drive.

Topics to be discussed include the IPOPIF Investment Policy, Structure, and Fund Performance as well as an administrative and financial overview.

### **Investment Update and Asset Allocation Revision**

During our June Board of Trustee meeting, Chief Investment Officer Kent Custer went into detail about IPOPIF's asset allocation and performance. A copy of his presentation can be found [here](#) with his report starting on page 3. He noted that drivers of performance included:

- High beta or market sensitivity due to low allocation to alternative assets in short-term allocation
- Overweight to non-U.S. and small-cap stocks
- Passive (index fund) implementation in short term

“[Monthly flash](#)” investment performance reports for January through April, as well as all of 2022, are posted on the IPOPIF website and the NRS portal. Northeast Retirement Systems (NRS), a subcontractor for State Street, IPOPIF's custodial bank, performs the unitization and creates the monthly reports. Additional functionality will be added to the NRS portal in the future allowing daily tracking and transaction verification.

### **Spotlight on Staff**

We are pleased to let you know that Amy Zick joined IPOPIF as a senior accountant in the Finance/Accounting group on June 1, 2023.

Amy most recently worked at the Livingston County Mental Health Board as a financial officer, where she managed many finance and accounting responsibilities, including preparation of the budget and monthly financial statements, maintaining, and reconciling the general ledger, and providing financial information to the Mental Health Board. Amy's previous work experience includes being the manager of external reporting for Ulta Beauty, senior general ledger accountant for Navigant Consulting, and a staff accountant at a public accounting firm.

Amy holds a Certified Public Accountant license in the State of Illinois and is a notary public. She is a graduate of the University of Illinois, Urbana-Champaign where she earned a Bachelor of Science in Accountancy.

We are delighted to bring Amy onto the team at this time in the development of the Fund. Amy's vast financial and accounting experience in various environments, technical skills, and expertise with audit readiness, internal controls, annual report preparation, and general ledger management will be a great addition to the team as we fully transition the finance and accounting responsibilities to internal staff. Her arrival on June 1 provides the appropriate resources as Fiscal Year 2023 is closed, the Annual Comprehensive Financial Report is prepared, the audit is conducted, and we commence general ledger management on July 1, 2023, the start of Fiscal Year 2024.

## Looking Ahead

Moving into the third quarter, we hope to begin hosting webinars during which IPOPIF's investment staff and our outside investment consultants from Verus will review quarterly investment reports, asset allocations, etc., and answer questions.

For those interested, [key investment information](#) is posted on the IPOPIF website and is reviewed and discussed at the IPOPIF Board meetings, which are open to the public and available via Zoom. Check for meeting dates and times [here](#). The link to the Zoom call is included in the [meeting agendas](#) which also are posted on our website.

As always, 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](mailto:info@ipopif.org).

## Links to Key Resources

- [Monthly statement overview](#)
- [Monthly financial reports](#)
- [Monthly and quarterly investment reports](#)
- [Meeting Calendar](#)

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