

Shawn Curry
ChairpersonDaniel Hopkins
Vice-ChairpersonPaul Swanlund
SecretaryElizabeth Holleb
TreasurerLee Catavu
TrusteeMark Poulos
TrusteeMichael Inman
TrusteePhil Suess
TrusteeBrad Cole
Trustee**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
BOARD OF TRUSTEES SPECIAL MEETING MINUTES****MARCH 11, 2022 AT 9:00 A.M.**

A regular meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was held through the Zoom digital platform in accordance with Executive Order 2022-07 issued by Governor Pritzker 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
Paul Swanlund
Elizabeth Holleb
Michael Inman
Lee Catavu
Phil Suess
Mark Poulos (*joined at 9:43 a.m.*)
Daniel Hopkins
Brad Cole

TRUSTEES ABSENT: None

OTHERS PRESENT: Richard White, Executive Director
Kent Custer, Chief Investment Officer
Steve Yoon, Investment Officer (*joined at 3:09 p.m.*)
Shaun Ivey, Administrative Manager
Bukola Bello, Governmental Liaison, Vision M.A.I. Consulting
Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Scott Whalen, General Investment Consultant, Verus Advisory
A.J. Weber, Chief Financial Officer, Lauterbach & Amen, LLP
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP
Jason Franken, Actuary, Foster & Foster, Inc.
Paul Baugher, Actuary, Foster & Foster, Inc.
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Chairperson Curry called the meeting to order at 9:01 a.m.

ROLL CALL: As reflected above.

MEETING MINUTES: *Review/Approve January 14, 2022 Regular Board Meeting Minutes and Closed Session:* The Board reviewed the draft meeting minutes and closed session from the January 14, 2022 board meeting. A motion was made by Trustee Catavu and seconded by Trustee Swanlund to approve the minutes. Motion carried by roll call vote.

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

Review/Approve February 10, 2022 Regular Board Meeting Minutes: The meeting minutes were tabled for review at the next meeting.

Review/Approve February 17, 2022 Special Board Meeting Minutes: The Board reviewed the draft minutes from the February 17, 2022 special board meeting. A motion was made by Trustee Catavu and seconded by Trustee Hopkins to approve the February 17, 2022 special board meeting minutes. Motion carried by roll call vote.

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

GOVERNMENTAL LIAISON'S MONTHLY REPORT: Governmental Liaison Bello presented the March 11th Monthly Report to the Board. She provided a brief overview of the Spring Legislative Session and reviewed upcoming dates. She noted that the disaster proclamation was reissued on March 4th to allow boards to continue to meet and conduct meetings remotely. She also indicated that remote witnessing and notarization is now allowed under 5 ILCS 175/95-20 until 30 days after the expiration of the Governor's COVID-19 disaster declarations. Ms. Bello provided background information on House Bill 4872 that was filed by Minority Leader Durkin and reviewed a current list of prohibited investment transactions. Ms. Bello anticipates that the Senate Special Committee on Minority Investments hearings will take place after the primary election.

Ms. Bello reviewed IPOPIF's Spring 2022 Legislative Agenda and provided an update on Senate Bill 3211. The hearing date for SB3211 to extend the statutory consolidation deadline to June 30, 2023 was held on February 3rd. The bill passed out of the Committee on a vote of 5-3 with an amendment to add goals and metrics to the new deadline. There were four proponents and three opponents of SB3211. Brad Cole, IML Executive Director, provided oral testimony as an opponent of the bill. SB3211 stalled on the third reading due to opposition and was referred back to the Committee on assignments.

Ms. Bello stated that House Bill 4622 passed out of the Committee on a vote of 6-2. There were five proponents and one opponent. Brad Cole, IML Executive Director, provided oral testimony as an opponent of the bill. Ms. Bello stated that the HB4622 is currently on the third reading. However, the Sponsor informed her that he was contacted by the Governor's Office, and he does not want to move the bill without an amendment to shorten the proposed 12-month deadline extension to 6-months. An update would be provided to the Board once available. Trustee Cole stated that his oral testimony was solely in relation to and on behalf of the IML and reviewed two additional opponents of HB4622. Ms. Bello clarified that there were other opponents, but Mr. Cole was the only opponent that provided oral testimony. She advised the Board that based on her conversations with legislators, there appeared to be some confusion regarding Mr. Cole's testimony since he is a sitting member on the IPOPIF Board Trustees. Chairperson Curry inquired if someone else from the IML could testify to prevent any confusion and to avoid any conflicts. Trustee Hopkins agreed with Chairperson Curry's comments.

Ms. Bello provided an update on House Bill 308 at the request of Trustee Suess, which would amend the Illinois Pension Code for Article 3 and 4 pension funds to provide that the annual employer contribution

shall include an amount specific to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of the municipal fiscal year 2050, instead of 2040. She stated that it is unclear if HB308 would be called for a vote prior to the end of session. Ms. Bello informed the Board that she would look into the bill further at the request of Trustee Suess, and her report would be modified to indicate that HB308 is not moving.

REVIEW/APPROVE ACTUARIAL ASSUMPTIONS: CIO Custer provided opening remarks regarding the approval of actuarial assumptions. He referenced a memorandum that was provided in the agenda packet for the Board to review in advance of the meeting. Trustee Suess requested additional information on the reporting timeline and when the actuarial assumptions need to be approved by the Board. Mr. Franken reviewed the timeline and recommended that the assumptions are set sometime in April. This would provide Foster & Foster with adequate time to prepare the reporting template prior to work commencing on July 1st.

Trustee Poulos joined at 9:43 a.m.

Mr. Franken and Mr. Baugher presented the IPOPIF's 2022 Actuarial Experience Study prepared by Foster & Foster. Mr. Franken provided background information on data that was compiled to prepare the report. Foster & Foster reviewed the Executive Summary table with the Board that included the current IDOI assumptions, proposed IPOPIF assumptions, and the estimated impact. The following assumptions were discussed in detail: inflation, salary increases, payroll growth, retirement rates, termination rates, disability rates, mortality rates, and administrative expenses. Recommended assumption changes resulting from the study were reviewed in detail with the Board. Mr. Baugher reviewed graphs depicting the average salary increases, withdrawal experience, disability experience, retiree and survivor mortality rates, active mortality rates, and inflation. The Board's statutory obligations pertaining to the adoption of actuarial assumptions were reviewed and discussed. A motion was made by Trustee Catavu and seconded by Trustee Hopkins to adopt the assumptions as presented by Foster & Foster. After Board discussion, Trustees Catavu and Hopkins withdrew the motion.

CIO Custer provided introductory remarks regarding the investment return assumption. Foster & Foster recommended that the Board establish a rate between 6.75% to 7.25%. He indicated that Verus' capital market assumptions had increased from 5.9% in 2021 to 6.3% in 2022, which he finds reasonable for a long-term return assumption. CIO Custer stated that the data indicates that a rate between 6.75% to 7.25% is within a reasonable range for the investment return assumption. Based on Verus' capital market assumptions, he recommended an assumed rate of return at the lower end of Foster & Foster's recommended range of 6.75%. The Board discussed the data provided in Verus' projections and Foster & Foster's experience study regarding actuarial assumptions.

A robust discussion was held regarding the investment return assumption. Trustee Cole informed the Board that he was in favor of establishing an investment return assumption range of 6.75% to 7.25%, to establish the rate of return at 7%, and to accept all other assumptions proposed by Foster & Foster. Chairperson Curry was in favor of incorporating Verus' projections to establish a range between 6.3% to 7.25% and to set the rate of return assumption at 6.5%. Trustee Hopkins agreed with Trustee Curry's recommendation. Trustee Poulos stated that he would be in favor of adopting an assumed rate of return at 6.75%, but not any higher. Trustee Holleb informed the Board that her preference would be to set the rate of return at 7% or higher. All questions were answered by Foster & Foster, CIO Custer, Mr. Whalen, and Attorney Reimer. The Board discussed accepting all economic, demographic, and other assumptions except for the investment rate of return assumption. A motion was made by Trustee Catavu and seconded by Trustee Hopkins to accept all

other assumptions proposed by Foster & Foster besides the assumed rate of return investment assumption. Motion carried by roll call vote.

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

A motion was made by Trustee Cole and seconded by Trustee Holleb to set the assumed rate of return assumption at 7.0%. The motion failed. Chairperson Curry stated that this item would be discussed further at the next meeting.

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

BOARD RECESS: The Board took a brief recess at 12:03 p.m. and resumed the meeting at 12:21 p.m. All Trustees were present except for Chairperson Curry, Trustee Hopkins, and Trustee Swanlund. Attorney Reimer recommended that the Board appoint a Chairperson Pro-Tempore since the Chairperson and Vice-Chairperson were not present. A motion was made by Trustee Catavu to appoint Trustee Poulos as Chairperson Pro-Tempore. The motion failed due to a lack of a second. A motion was made by Trustee Poulos and seconded by Trustee Cole to appoint Trustee Catavu as the Chair Pro-tem for the remainder of the meeting. Motion carried by roll call vote.

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

TREASURER'S REPORT: Treasurer Holleb reviewed her memorandum dated March 3, 2022 regarding the "Treasurer's Report – IPOPIF Board Meeting March 11, 2022" with the Board.

Monthly Financial Report – Review/Approve January 2022 Financials: The Monthly Financial Report for the period ending January 31, 2022 was provided to the Board to review in advance of the meeting. A motion was made by Trustee Inman and seconded by Trustee Holleb to approve the January 2022 Financials. Motion carried by roll call vote.

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

Summary of Payments – Review/Approve Warrant #38: Executive Director White reviewed Warrant #38 with invoices totaling \$135,019.38. A motion was made by Trustee Poulos and seconded by Trustee Holleb to approve the payment of Warrant #38. Motion carried by roll call vote.

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

Budget Amendments: A Resolution amending the Fiscal Year 2022 Budget would be reviewed as a separate agenda item.

Loan Activity – Review February 2022 Disbursement: As of February 28, 2022, the Fund had drawn down \$4.95 million from the IFA loan for operating purposes. A drawdown of \$450,000 occurred in February which is consistent with the Fiscal Year 2022 Budget. A drawdown of \$450,000 is anticipated for March.

ADMINISTRATION AND OPERATIONS: *Approve the Illinois Finance Authority Distribution:* Executive Director White reviewed a memorandum dated March 11, 2022 regarding the “IFA Loan Disbursement Request” with the Board. He recommended Board approval to drawdown the remaining principal in the IFA loan in the amount of \$674,000. The proposed drawdown would bring the loan principal and capitalized interest expense almost to the full amount of \$7,500,000. Executive Director White stated that the additional funding would provide budgetary and financial flexibility for the remainder of the fiscal year and the first few months of FY2023. He indicated that quarterly loan repayments would begin in July 2022 through June 2024. Trustee Holleb requested a status update on potential IFA loan agreement amendments before voting on the proposed drawdown.

GENERAL COUNSEL’S REPORT: *Status Update – Illinois Finance Authority Loan Agreement:* Attorney Reimer informed the Board that he contacted the IFA’s General Counsel to obtain additional information on potential revisions to the Fund’s loan agreement. He informed the Board that it is unlikely that loan agreement revisions would be considered if an extension is not granted by the legislature to extend the transition period deadline. Executive Director White worked with Attorney Reimer to supply additional information and documents to the IFA for review. All questions were answered by Attorney Reimer and Executive Director White.

ADMINISTRATION AND OPERATIONS (continued): *Approve the Illinois Finance Authority Distributions:* Trustee Cole stated that several discussions have been held at previous board meetings to potentially delay or stop the transfer of assets. He informed the Board that he would be comfortable approving the requested drawdown under the recognition that the Fund would attempt to and complete the transition of assets. Chair Pro-tem Catavu noted the Board has been confronted with several issues, like pending litigation, which could affect the transition based on the court’s ruling, which is beyond the Board’s control. Trustee Cole clarified that his comments were absent of either statutory intervention or judicial intervention. Trustee Cole would support the request as long as the drawdown of the additional funds is meant to complete the transition. A motion was made by Trustee Poulos and seconded by Trustee Inman to approve the Illinois Finance Authority Loan Distribution in the amount of \$674,000. Motion carried by roll call vote.

AYES: Trustees Catavu, Poulos, Inman, Suess, and Cole
NAYS: Trustee Holleb
ABSENT: Trustees Curry, Hopkins, and Swanlund

Adopt Resolution 2022-01 Resolution Amending the Budget for the Fiscal Year 2022: Executive Director White reviewed a memorandum dated March 11, 2022 regarding the “FY2022 Budget – Review and Amendments” with the Board. Executive Director White reviewed the details of each amended budget line item with the Board. All questions were answered by Executive Director White, CFO Masson, and CIO Custer. Several Trustees provided feedback to Staff for consideration regarding the proposed amendments. Trustee Cole indicated that he would not feel comfortable approving the proposed budget as presented due to the budget adjustment for trustee education and training expenses, among other issues. Trustee Holleb noted that the cash flow analysis indicates a negative cash balance of (\$21,324) by FY2022. She expected to see a significant surplus of cash at the end of the fiscal year due to assets being transferred to IPOPIF.

She stated that she could not support the proposed budget amendments as presented. Trustee Cole agreed with Trustee Holleb's comments. No Board action was taken.

INVESTMENTS (continued): *Review/Approve Investment Policy Asset Allocation Glidepath:* Chair Protem Catavu requested that the agenda item be tabled to provide Trustees with additional time to submit feedback to CIO Custer. He stated that the social investing issue still needs to be addressed as far as investing with anti-union, anti-pension companies, and pension companies that support defunding the police. Trustee Cole informed the Board that he would be in favor of tabling the agenda item and noted that language regarding global issues may need to be addressed as well. Trustee Poulos agreed with Chair Protem Catavu and Trustee Cole's comments. A motion was made by Trustee Poulos and seconded by Trustee Inman to table the Investment Policy Statement. Motion carried by roll call vote.

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

GENERAL COUNSEL'S REPORT (continued): *Retirement Plans for IPOPIF Employees and Semi-Annual Review of Closed Session Meeting Minutes:* Trustee Cole recommended the Board enter closed session to discuss the retirement plans for IPOPIF employees and the semi-annual review of closed session meeting minutes.

CLOSED SESSION: A motion was made by Trustee Poulos and seconded by Trustee Cole to enter closed session at 1:34 p.m. pursuant to 5 ILCS 120/2(c)(1) exception for the purpose of discussing specific IPOPIF employees and 5 ILCS 120/2(c)(21) to discuss the semi-annual review of closed session meeting minutes.

The Board resumed open session at 2:50 p.m. All Trustees were present except for Chairperson Curry and Trustee Hopkins. Trustee Swanlund joined during closed session.

Attorney Reimer noted that the Board met in closed session pursuant to 5 ILCS 120/2(c)(1) and 5 ILCS 120/2(c)(21) and no final action was taken.

GENERAL COUNSEL'S REPORT (continued): *Discussion/Potential Action – 457(b) Defined Contribution Plan for all IPOPIF Employees:* A motion was made by Trustee Cole and seconded by Trustee Holleb to affirm the 457(b) Defined Contribution Plan as a benefit option for all Fund employees and to authorize the execution of the necessary documents by the Executive Director or Legal Counsel. Motion carried by roll call vote.

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

Discussion/Potential Action – 401(a) Money Purchase Plan and 115 Health Care Trust Retirement Plan for Executive Director and Chief Investment Officer: No action was taken.

Semi-Annual Review of Closed Session Meeting Minutes: A motion was made by Trustee Inman and seconded by Trustee Poulos to keep the closed session meeting minutes confidential. Motion carried by roll call vote.

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

INVESTMENTS (continued): *Transition Status Report:* CIO Custer presented the Transition Status Report to the Board. He stated that 14 local funds transferred assets to the IPOPIF totaling \$220 million on March 1st. He briefly reviewed transfer metrics, the Tranche 2 transfer timeline, and previous and upcoming communication to the local funds. He discussed key workstreams and future tranche planning. All questions were answered by CIO Custer.

ADMINISTRATION AND OPERATIONS (continued): *Executive Director – Status Update Report:* Executive Director White provided a brief update regarding various administrative and operations updates. The deadline for Request for Proposal responses is March 11th and further discussion regarding the RFP would be discussed at next month's meeting. Executive Director White stated that the draft handbook was provided to the Board for review and requested that questions and feedback are provided prior to the April 8th meeting.

FIDUCIARY LEGAL COUNSEL'S REPORT: *Discussion/Potential Action – Semi-Annual Review of Closed Session Litigation Committee Meeting Minutes:* This item was not discussed.

PUBLIC COMMENT: There were no comments from the public.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Inman and seconded by Trustee Swanlund to adjourn the meeting at 3:13 p.m. Motion carried by roll call vote.

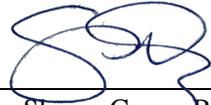
AYES: Trustees Catavu, Poulos, Holleb, Inman, Suess, and Cole
NAYS: None
ABSENT: Trustees Curry and Hopkins

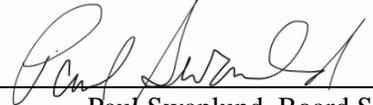
Respectfully submitted by:



Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Approved by:



Shawn Curry, Board Chairperson


Paul Swanlund, Board Secretary

Date Approved by the Board of Trustees: May 13, 2022

The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on April 8, 2022 at 9:00 a.m. via the Zoom digital platform in accordance with Governor Pritzker's Executive Order in effect on the date and time of the meeting and Public Act 101-0640.