

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 REGULAR MEETING MINUTES**

FRIDAY, JANUARY 14, 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 2022-01 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
Daniel Hopkins
Brad Cole (*joined at 9:08 a.m.*)

TRUSTEES ABSENT: None

OTHERS PRESENT: Richard White, Executive Director
Kent Custer, Chief Investment Officer
Steve Yoon, Investment Officer
Shaun Ivey, Administrative Manager
Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC
Brian LaBardi, General Counsel, Reimer Dobrovolny & LaBardi PC (*joined at 9:12 a.m.*)
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Bukola Bello, Governmental Liaison, Vision M.A.I. Consulting
AJ Weber, Chief Financial Officer, Lauterbach & Amen, LLP
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP
Scott Whalen, General Investment Consultant, Verus Advisory
Courtney Murray, Asset Transition Project Manager, Ernst and Young LLP
Emile Galatas, Asset Transition Project Manager, Ernst and Young 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 on Vice-Chairperson Hopkins to lead the meeting. Vice-Chairperson Hopkins called the meeting to order at 9:02 a.m.

ROLL CALL: As reflected above.

MOMENT OF SILENCE: Executive Director White reviewed a memorandum dated January 14, 2022 regarding the “Moment of Silence Observance” with the Board. A moment of silence was observed for the following Illinois law enforcement officers killed in the line of duty: Deputy Sheriff Sean Riley, Wayne County Sheriff's Department; and Police Sergeant Marlene Rittmanic, Bradley Police Department.

GOVERNMENT LIAISON'S REPORT: Government Liaison Bello reviewed her January 14th Lobbyist Report with the Board. She reviewed various legislative activities related to COVID-19.

Trustee Cole joined the meeting at 9:08 a.m.

Ms. Bello reviewed a list of three bills that are being tracked that impact downstate police. She stated that a detailed report for House Bills 4209, 4249, and 4353 will be prepared for the Legislative Committee to review at a future meeting. All questions were answered by Ms. Bello.

INVESTMENTS: *Ernst & Young LLP – Transition Status Report:* Ms. Murray and Mr. Galatas presented the IPOPIF Asset Transition Status Update to the Board. She reviewed key accomplishments, success factors, and components that were identified for the overall asset transition. The Asset Transition Third Party Ecosystem was reviewed with the Board detailing the key functions of the Fund's third parties and their respective roles in supporting the asset transition initiative. CIO Custer provided an update on the communication that was issued to the participating pension funds regarding their assigned transfer date and the request for authorized agents. All questions were answered by Ms. Murray and CIO Custer.

Ms. Murray and Mr. Galatas left the meeting at 9:39 a.m.

Review Actuarial Assumed Rate of Return Analysis: CIO Custer reviewed a memorandum dated January 11, 2022 regarding the “Actuarial Return Analysis” with the Board and provided background information on analysis. He stated that Staff requested that the IPOPIF's actuary, Foster & Foster, provide perspective on the investment return assumption for Board discussion and feedback.

Mr. Franken and Mr. Baugher reviewed the “Experience Study: Investment Return Discussion” presentation with the Board. Mr. Franken reviewed the two-step process for the experience study. He provided an overview of the Actuarial Standards of Practice (ASOP) and reviewed the ASOPs that apply to pension valuations. The methodology used in the analysis was reviewed along with the distribution of potential geometric returns. Due to the long-term nature of the pension plan, the 20-year Horizon Study Assumptions was highlighted. The range for the 45th to 50th percentiles was 6.62% to 7.33%, with a medium return of 6.97%. The 10-year and 30-year assumptions provided by the Fund's investment advisor, Verus, were also reviewed with the Board. The trend in investment return assumptions was discussed. Mr. Baugher reviewed interest rates for several Illinois plans that include a range of 6.5% to 7.25%. He noted that the Illinois Firefighters' Pension Investment Fund recently adopted a rate of 7.125%.

The Board discussed the actuarial return analysis and the Fund's short-term and long-term asset allocations. Vice-Chairperson Hopkins requested Foster & Foster's recommended rate for the IPOPIF. Mr. Franken recommended that the Board select an investment return rate between 6.75% to 7%. All questions were answered by Mr. Franken, Mr. Baugher, CIO Custer, and Mr. Whalen. The Board

provided feedback to Staff for consideration. CIO Custer stated that a recommendation on actuarial assumptions will be reviewed at the February or March Board meeting.

Mr. Franken and Mr. Baugher left at 10:50 a.m.

Chief Investment Officer – Status Report: CIO Custer provided a verbal update to the Board regarding the status of the transition. Three tranches are still scheduled to occur on March 1st, April 1st, and May 2nd, with an expectation that there will be a fourth tranche will occur on June 1st. He stated that the agreed-upon procedures have not been finalized, but a lot of progress has been made. RhumbLine's contract agreement was finalized, and State Street's contract is under negotiations with no issues to note. CIO Custer stated that 67 out of the 141 pension funds assigned to the March 1st tranche have submitted contact information and investment details. He anticipates that this number will increase in the coming weeks.

Review/Approve Cost/Valuation Rule: CIO Custer reviewed a memorandum dated January 10, 2022 regarding the "Valuation and Cost Rule" with the Board. CIO Custer noted that the Board previously reviewed the Valuation and Cost Rule at the October 8, 2021 Board meeting. The revised document was reviewed with the Board. The updated draft combined references to investment pools into a single statement, removed reference to non-transferable assets in the NAV calculation, clarified the calculation of the percentage share of the Illinois Finance Authority (IFA) loan, and included additional refinements recommended by Fiduciary Counsel. CIO Custer stated that discussions were held with CFO Weber and Trustee Holleb prior to the meeting to review the proposed rule. After much consideration, he recommended that the Board table this item for discussion at a special meeting so Staff can incorporate revisions.

Trustee Cole left at 11:12 a.m.

Review/Approve Cash Management Policy: CIO Custer reviewed a memorandum dated January 10, 2022 regarding the "Cash Management Policy" with the Board. He noted that the Board previously reviewed an initial draft of the Cash Management Policy at the October 8, 2021 Board meeting. The revised document was reviewed with the Board. Two definition changes were reviewed, along with an amendment to add the Treasurer of participating pension funds as an Account Representative. A process change was also incorporated from IPOPIF coordination to utilization of the custodian cash transaction platform, and a regular cash withdrawal line item was added. The newly established Section 5 was reviewed that includes documents related to the cash management. All questions were answered by CIO Custer and CFO Weber.

The Board discussed the proposed Cash Management Policy and the development of instructions and training for the participating pension funds. CIO Custer stated that Staff anticipates developing the forms and instructions before the end of the month that will serve as the primary communication for the local funds. Trustees Catavu, Suess, and Hopkins encouraged Staff to work with State Street to develop a webinar to allow for direct interaction with the participating plans to discuss cash management. CIO Custer would like to consider developing a webcast for training but indicated that the time needed for development is less than ideal due to the tight transition timeline. He acknowledged the Board's feedback and will discuss the communication plan with State Street. A motion was made by Trustee Curry and seconded by Trustee Poulos to approve the Cash Management Policy as presented. Motion carried by roll call vote.

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

Review Certified Investment Asset List Process: CIO Custer recommended that this item is discussed later in the meeting.

Review Equity Implementation Glidepath: Mr. Whalen presented the Equity Implementation Glidepath to the Board. He provided an overview of a base case, straight-line implementation “glidepath” from the short-term strategic asset allocation (SAA) to the long-term SAA. The S&P 500 drawdown analysis and sample strategy were reviewed for glidepath acceleration if needed. Mr. Whalen also reviewed considerations for using an options strategy to generate income during the implementation period. All questions were answered by Mr. Whalen. CIO Custer stated that a revision to the Investment Policy Statement to incorporate the equity glidepath will be discussed at a future meeting.

BOARD RECESS: The Board took a brief recess at 12:01 p.m. and resumed open session at 12:30 p.m. All Trustees were present except for Trustee Cole.

MEETING MINUTES: *Review/Approve October 29, 2021 Board Meeting and Closed Session:* The Board reviewed the draft October 29, 2021 meeting minutes and tabled the review of the closed session to the next meeting. A motion was made by Trustee Inman and seconded by Trustee Poulos to approve the meeting minutes from the October 29, 2021 Board meeting. Motion carried by roll call vote.

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

The meeting minutes from the November 12, 2021 and December 17, 2021 Board meetings were tabled for review at the next meeting.

Semi-Annual Review of Closed Session Meeting Minutes: The Board reviewed the closed session meeting minutes log with Attorney Reimer. The Board tabled action for discussion at a future meeting.

ADMINISTRATIONS AND OPERATIONS: *Communications – Review/Approve PTG Pension App:* Executive Director White reviewed a memorandum dated January 14, 2022 regarding the “Communication APP Tool” with the Board. The Pension Technology Group (PTG) App would serve as a communication tool that would include relevant IPOPIF documents and reports for the public to access on their mobile phones. The functionality, sample screen prints, and cost for the PTG App was reviewed with the Board. The proposed one-time initial setup fee was \$5,000. The annual fee would be \$10,000 that includes maintenance, security, and App support. All questions were answered by Executive Director White. Vice-Chairperson Hopkins stated that he is in favor of approving the PTG App. Trustee Holleb stated that she likes the concept but would like the Board to focus on more urgent tasks at this time. A motion was made by Trustee Poulos and seconded by Trustee Catavu to approve the PTG Pension App. Motion carried by roll call vote.

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

Executive Director – Status Update Report: Executive Director White provided an overview of future correspondence that will be issued to participating pension funds. He noted that no further action is needed on the Comprehensive Annual Financial Report, which was provided to the Department of Insurance and published on the IPOPIF's website. Executive Director White informed the Board that the Request for Proposal for auditor services is under development for Board review and consideration at a future meeting. He stated that the draft employee handbook is nearly complete and will be presented at a future meeting, likely after a decision is made on the benefit packages. An update was provided on the buildout of the Peoria office.

Treasurer's Report: Treasurer Holleb provided a memorandum dated January 10, 2022 regarding the "Treasurer's Report – IPOPIF Board Meeting, January 14, 2022" to the Board for review in advance of the meeting.

Monthly Financial Report – Review/Approve December 2021 Financial Statement: CFO Weber reviewed the financial statements for the period ending December 31, 2021. A motion was made by Trustee Catavu and seconded by Trustee Curry to approve the December Financial Report. Motion carried by roll call vote.

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

Review/Approve Warrant #36, Summary of Payments: The Board reviewed the Summary of Payments and corresponding invoices for Warrant #36 totaling \$244,007.84. A motion was made by Trustee Catavu and seconded by Trustee Swanlund to approve Warrant #36. Motion carried by roll call vote.

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

Trustee Cole contacted Executive Director White in advance of the meeting to request that the record reflects that he would have voted no on the approval of Warrant #36. Vice-Chairperson Hopkins acknowledged Trustee Cole's comment.

Review Loan Activity – January 2022 Disbursement: As of December 31, 2021, the Fund had drawn down \$4.0 million from the IFA loan for operating purposes. Executive Director White stated that a drawdown of \$500,000 occurred in January, which is consistent with the Fiscal Year 2022 Budget.

Other: There were no other items to report to the Board.

SPECIAL ORDERS: *Discussion/Approval – Appointment of Committees, in accordance with the Bylaws, Section 309:* Executive Director White provided a memorandum dated January 14, 2022 regarding the "Appointment of Committees and the Designation of the FOIA Officer and OMA Designee" to the Board for review in advance of the meeting. Chairperson Curry proposed the following appointments to the IPOPIF's Committees for the calendar year 2022:

Committee	Committee Members	Committee Chairperson
Audit and Budget Committee	Paul Swanlund, Daniel Hopkins, and Phil Suess	Paul Swanlund
Contract Committee	Daniel Hopkins, Mark Poulos, and Elizabeth Holleb	Elizabeth Holleb
Election Committee	Shawn Curry, Mark Poulos, and Michael Inman	Mark Poulos
Governance Committee	Lee Catavu, Shawn Curry, and Phil Suess	Phil Suess
Legislative Committee	Lee Catavu, Paul Swanlund, and Brad Cole	Lee Catavu
Litigation Committee	Brad Cole, Shawn Curry, Elizabeth Holleb, Daniel Hopkins, Michael Inman, Mark Poulos, Phil Suess, and Paul Swanlund	Shawn Curry

A motion was made by Trustee Swanlund and seconded by Trustee Catavu to approve Chairperson Curry's recommended appointments. Motion carried by roll call vote.

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

Designation of FOIA Officer and OMA Designee: Chairperson Curry recommended that the Board designate Trustee Swanlund as the Freedom of Information Act (FOIA) Officer and Open Meetings Act (OMA) Designee. A motion was made by Trustee Catavu and seconded by Trustee Inman to designate Trustee Swanlund as the FOIA Officer and OMA Designee. Motion carried by roll call vote.

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

LEGAL COUNSEL'S REPORT: *General Legal Counsel's Report:* There was nothing new to report.

Fiduciary Counsel's Report – Litigation Committee Update: Attorney Burns recommended that the Litigation Committee enter closed session to discuss the pending lawsuit.

CLOSED SESSION: A motion was made by Trustee Poulos and seconded by Trustee Holleb to enter closed session at 1:12 p.m. in accordance with the 5 ILCS 120/2(c)(11) exception for the purposes of discussing pending litigation. Motion carried by roll call vote.

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

The Board resumed open session at 1:24 p.m. All Trustees were present except for Trustee Cole.

Attorney Burns stated that the Litigation Committee met in closed session pursuant to the 5 ILCS 120/2(c)(11) exception, and no action was taken.

PUBLIC COMMENT: There were no comments from the public.

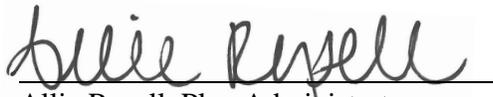
INVESTMENTS (CONTINUED): *Review Certified Investment Asset List Process:* CFO Weber provided an overview of the Certified Investment Asset List (CAL) Process. He discussed the data feeds and reviewed the CAL preparation timelines for the March 1st, April 1st, and May 2nd tranches.

He also reviewed the process of documenting pension funds that the IPOPIF believes to have zero transferrable assets. All answered by CIO Custer and CFO Weber.

ADJOURNMENT: Prior to adjourning, Executive Director White informed the Board that Lee Catavu was recently promoted to the rank of Sergeant for the Aurora Police Department. The Board congratulated Trustee Catavu on his accomplishment. A motion was made by Trustee Inman and seconded by Trustee Catavu to adjourn the meeting at 1:36 p.m. Motion carried by roll call vote.

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

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: March 11, 2022

The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on February 10, 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.