

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
BOARD ADMINISTRATIVE RULE

RULE NUMBER: AR -2022-01
SUBJECT: VALUATION AND COST RULE
EFFECTIVE DATE: January 28, 2022
LAST AMENDED: September 15, 2026

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Section A. Definitions

- 1) "Net Asset Value" or "NAV" is the value of each Participating Police Pension Fund's assets.
- 2) "Board" means the IPOPIF Board of Trustees.
- 3) "Costs" means all IPOPIF expenses, except investment management fees.
- 4) "Custodian" means the custodial bank holding all IPOPIF investment assets.
- 5) "Extraordinary Costs" means those Costs that IPOPIF incurs in connection with the transfer of assets of Late-Transferring Participating Police Pension Funds that IPOPIF would not have incurred if the Late-Transferring Participating Police Pension Funds had transferred assets during the Transition Period.
- 6) "Final Transfer" means the final transfer of investment assets from a Participating Police Pension Fund on or about October 1, 2024, but no later than December 31, 2024.
- 7) "Final Transfer Allocation" shall be the value of each Participating Police Pension Fund's assets as calculated on December 31, 2024.
- 8) "General Investment Consultant" means the investment advisory firm engaged by the Board to provide comprehensive general investment consulting advice and services to IPOPIF.
- 9) "IFA Loan" means the loan agreement entered into between IPOPIF and the Illinois Finance Authority (IFA).
- 10) "IPOPIF" means the Illinois Police Officers' Pension Investment Fund.

- 11) "Late-Transferring Participating Police Pension Fund" means a Participating Police Pension Fund that does not transfer assets during the Transition Period.
- 12) "Participating Police Pension Fund" means a pension fund established pursuant to Article 3 of the Illinois Pension Code.
- 13) "Pension Fund Account" means the specific custody account established by the Custodian and assigned to each Participating Police Pension Fund.
- 14) "Transition Period" means the period ending on December 31, 2022, or such later date as may be established by law or by the Board.

Section B. Calculation of Net Asset Value

- 1) The Custodian shall calculate the Net Asset Value for IPOPIF and for each Participating Police Pension Fund on a daily basis using the best information available on the valuation day. This process facilitates daily liquidity and timely reporting for Participating Police Pension Funds. Valuation for investments with lagged reporting shall be incorporated when the reports are received. The General Investment Consultant shall calculate the NAV for IPOPIF on both a monthly and quarterly basis, using consistent processes to incorporate investment reports and statements received on a lagged basis. IPOPIF Staff or the General Investment Consultant shall maintain records showing NAV variance between the Custodian and the General Investment Consultant and identifying or reconciling the key factors contributing to the NAV variance.
- 2) The initial NAV for each Participating Police Pension Fund was determined based on the Custodian's valuation of the assets transferred from the Participating Police Pension Fund to IPOPIF on the Transfer Date, as defined in AR-2021-02. After the Final Transfer and initial NAV determination, each Participating Police Pension Fund's NAV included:
 - a) Cash and securities held in the Pension Fund Account;
 - b) Percentage ownership or units of IPOPIF investment pool(s);
 - c) The Final Transfer Allocation described below.
- 3) The Final Transfer Allocation for each Participating Police Pension Fund included each of the following:
 - a) A pro-rata allocation based on the balance of the sum of amounts under Subsections 2(a) and 2(b) above for each Participating Police Pension Fund as of December 31, 2024, divided by the sum of total amounts under Subsections 2(a) and 2(b) above of all Participating Police Pension Funds as of December 31, 2024. This allocation was applied to:
 - (i) The IFA Loan payment made on January 3, 2023,
 - (ii) The IFA Loan payment made on April 3, 2023.

- (iii) Costs paid using funds from the total consolidated IPOPIF investment portfolio for the period January 1, 2023, through December 31, 2024.
- b) For each Participating Police Pension Fund whose allocation under Subsection 3a) above was greater than the amounts paid by such Participating Police Pension Fund as of December 31, 2024, such amount was deemed a shortfall due and owing to IPOPIF. The shortfall was charged to each such Participating Police Pension Fund on June 24, 2025, and allocated pro-rata to each Participating Police Pension Fund whose allocation under Subsection 3a) above was less than the amounts paid prior to December 31, 2024, which were deemed a reimbursement due and owing to such Participating Police Pension Fund.
- c) The shortfall due and owing to IPOPIF under Subsection 3b) accrued interest at IPOPIF's actual rate of return, calculated monthly and reduced to a daily rate for each month, starting the day after the conclusion of the Transition Period through December 31, 2024. If investment return was negative for the time period described in the preceding sentence, then a credit was given for that time period that reduced their portion of such shortfall (to no less than \$0). The interest allocation was credited on a pro-rata basis to Participating Police Pension Funds with a reimbursement due and owing under Subsection 3b) above. Such interest expense was charged to each Participating Police Pension Fund with a shortfall and credited to each Participating Police Pension Fund with a reimbursement on June 24, 2025.
- d) Extraordinary Costs, if any, attributable to each Late-Transferring Participating Police Pension Fund were (i) equitably allocated to each Late Transferring Participating Police Pension Fund as determined by IPOPIF; and (ii) credited on a pro-rata basis to Participating Police Pension Funds that transferred assets prior to the Final Transfer and paid such Extraordinary Costs.

Section C. Allocation of Income, Costs, IFA Loan Repayment, Investment Management Fees, and Transfers After the Final Transfer

- 1) Income will be allocated based on each Participating Police Pension Fund's percentage share of the total NAV of all Participating Police Pension Funds as of the end of the day prior to the income transaction.
- 2) Costs will be allocated based on each Participating Police Pension Fund's percentage share of the total NAV of all Participating Police Pension Funds as of the end of the day prior to the day the Cost was paid.
- 3) Prior to the Final Transfer: a) Costs were paid first with funds obtained from drawdowns on the IFA Loan and thereafter using funds from the total consolidated IPOPIF investment portfolio; and b) Costs and IFA Loan repayments were allocated based on each Participating Police Pension Fund's percentage share of the total NAV of all Participating Police Pension Funds as of the end of the day prior to the Cost or

IFA Loan repayment transaction. After the Final Transfer, Costs and IFA Loan repayments were allocated to each Participating Police Pension Fund, including Late-Transferring Participating Police Pension Funds, in a manner consistent with Section B of this Rule.

- 4) Investment management fees incurred before and after the Final Transfer will be allocated in a manner consistent with Section B of this Rule on a pro rata basis only for the time that Participating Police Pension Fund assets were invested by IPOPIF.
- 5) After the Final Transfer, IPOPIF shall have the sole discretion to determine whether to accept asset transfers in cash or in kind and to evaluate asset transfers and contributions from Participating Police Pension Funds and to equitably allocate Costs and Extraordinary Expenses in a manner consistent with Section B of this Rule.

Version History

1/28/22	Original
2/17/22	Amendment
9/9/22	Amendment
9/13/24	Amendment
9/15/26	Amendment