

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

POLICY AND PROCEDURE

POLICY NUMBER: PP-2022-01
SUBJECT: CASH MANAGEMENT POLICY
EFFECTIVE DATE: January 14, 2022
AMENDED: September 9, 2022

Section A. Definitions

1. "Authorized Agent" means persons identified in accordance with IPOPIF Administrative Rule AR-2021-03 and having the powers and duties to represent the Participating Police Pension Fund as detailed in AR-2021-03.
2. "Account Representative" means an Authorized Agent, the Treasurer of a Participating Police Pension Fund, or a person authorized by a Participating Police Pension Fund Board of Trustees' Resolution to contribute or withdraw cash from the Participating Police Pension Fund Account.
3. "Custodian" means the custodial bank holding all IPOPIF investment assets.
4. "Participating Police Pension Fund" or "Pension Fund" means a pension fund established pursuant to Article 3 of the Illinois Pension Code.
5. "Pension Fund Account" means the specific custody account assigned to each Participating Police Pension Fund.

Section B. Cash Flow Planning

1. Objectives:
 - a. Ensure that cash is available for withdrawal when needed by each Pension Fund to pay expenses, benefits, and other required payments to beneficiaries.
 - b. Minimize the cost and impact associated with raising cash.
 - c. Minimize "cash drag" on investment performance.
 - d. Minimize the risk of fraud and errors.
 - e. Invest contributions quickly.
2. IPOPIF staff will maintain a rolling cash flow forecast including:
 - a. projected Pension Fund cash flows;
 - b. projected administrative and operating expenses; and

- c. projected investment commitments, contributions, and distributions from investments, including private markets.
3. Pension Fund cash flow projection
 - a. Pension Funds are expected to provide monthly cash flow projections annually.
 - b. Each Pension Fund's projection should include the amount expected to be contributed to, and withdrawn from, the Pension Fund Account for each month of the year.
 - c. Pension Funds are expected to submit an updated projection if there are any material changes to any of the monthly projections.
 - d. IPOPIF will provide submission instructions and templates to the Authorized Agents.

Section C. Local Cash

1. Pension Funds are encouraged to maintain an account at a local bank or financial institution to facilitate cash transfers and the payment of expenses and benefits.
2. At the time of the initial transfer of assets to the IPOPIF, the Participating Police Pension Funds are encouraged to hold sufficient cash in their local account to pay an estimated 3 months of expenses and benefits.
3. Following the initial transfer of assets, each Pension Fund is encouraged to hold sufficient cash in its local account to limit cash withdrawals from the Pension Fund Account to once per month.
4. It is the exclusive responsibility of the Pension Fund to ensure that it has enough cash on hand to pay expenses and benefits.

Section D. Cash Management Procedures

1. Method
 - a. Cash contributions and withdrawals shall be initiated by Account Representatives using the cash transaction platform of the Custodian.
 - b. Account Representatives will have the ability to initiate and monitor cash transfers for their account on the Custodian's platform.
 - c. Specific account details and transfer instructions will be provided directly to the Account Representatives as part of the initial user access set-up process and upon request thereafter.
 - d. An alternative manual process may be utilized at the discretion of IPOPIF staff.

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2. Contributions

- a. Cash may be contributed to the Pension Fund account on any day the Custodian is open for business.
- b. Funds received by the Custodian will be invested on the same day if feasible or on the next business day. IPOPIF expects funds received prior to 10:00 AM CT will be invested on the same day.

3. Withdrawals

- a. Cash withdrawal requests shall be submitted at least seven calendar days prior to the requested transfer date to ensure availability and to minimize costs.
- b. IPOPIF may, in its sole discretion and based on the circumstances, process cash withdrawal requests with fewer than seven calendar days before the requested transfer date.
- c. Multiple transactions can be entered up to 13 months in advance.

4. IPOPIF Monitoring and Oversight

- a. The IPOPIF cash allocation (cash on hand) is expected to exceed monthly cash demands.
- b. IPOPIF staff will monitor cash activity and rebalance as necessary to ensure funds are available.