


 IPOPIF

## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

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TrusteeDaniel Hopkins  
TrusteeMichael Inman  
Trustee

## ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

AUDIT AND BUDGET COMMITTEE

## MEETING MINUTES – MAY 19, 2023 AT 10:00 a.m.

A meeting of the Illinois Police Officers' Pension Investment Fund's Audit and Budget Committee was held at the Twin Towers Plaza, Suite 420, located at 456 Fulton Street, Peoria, Illinois 61602. Members of the public were invited to participate remotely or in person pursuant to the meeting notice and agenda.

**TRUSTEES PRESENT:** Phil Suess  
Elizabeth Holleb  
Daniel Hopkins

**TRUSTEES ABSENT:** Paul Swanlund

**STAFF PRESENT:** Rich White, Executive Director  
Kent Custer, Chief Investment Officer  
Gina Tuczak, Finance Director/Assistant Executive Director  
Kate Cobb, Administrative Analyst

**OTHERS PRESENT:** Rick Reimer, General Counsel, Reimer Dobrovlny & LaBardi PC  
Allie Rysell, Plan Administrator, Foster & Foster, Inc.  
Members of the Public (*Zoom*)

**CALL TO ORDER:** Chairperson Suess called the meeting to order at 10:01 a.m.

**ROLL CALL:** As reflected above.

**MEETING MINUTES:** *Approve April 5, 2023, Meeting Minutes and Closed Session:* The Committee reviewed the draft minutes from the April 5, 2023, meeting. A motion was made by Trustee Holleb and seconded by Trustee Hopkins to approve the April 5, 2023, meeting minutes. Motion carried unanimously by roll call vote.

**AYES:** Trustees Suess, Holleb, and Hopkins  
**NAYS:** None  
**ABSENT:** Trustee Swanlund

**OLD BUSINESS:** *Draft Fiscal Year 2024 Budget – Review Proposed Amendments and Incorporate Additional Revisions if needed:* Executive Director White provided introductory remarks regarding the draft Budget for Fiscal Year 2024. Finance Director Tuczak summarized the proposed changes that were incorporated in the revised Budget since the April 14, 2023, meeting of the Board of Trustees. She reviewed various increases and decreases to the revised Budget, and discussed the changes made to the anticipated expenditures for the Board of Trustees and Meetings, Personnel Costs, Professional Services, Dues and Licenses, and Database Subscriptions. The revised proposed Budget totaled

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\$5,999,031 for Fiscal Year 2024, which reflected a slight increase of \$2,388 from the initial FY 2024 Budget presentation. All questions were answered by Finance Director Tuczak, Executive Director White, CIO Custer, and Attorney Reimer.

**Specific Budget Item Discussion Included:**

The Committee discussed the agenda item under “New Business” regarding employee service purchases with the Illinois Municipal Retirement Fund (IMRF) (item taken out of order as it related to budget discussions). Finance Director Tuczak provided background information on the matter. The Pension Code provides for service credit for qualifying employment before the employer, IPOPIF, joined IMRF. Two non-contracted employees of the Fund are eligible to purchase prior service pursuant to IMRF Form 6.07, or the Application for Prior Service Credit.

A calculation of the estimated cost to purchase the service credit and the incremental amount, gross up for taxes, indicates an estimate of approximately \$11,500. This amount has been included in the Fiscal Year 2024 Budget within the Investment Personnel salary and benefits category with the request that IPOPIF would pay the prior service on behalf of these two employees as a professional courtesy given the timing of their employment with IPOPIF in its infancy stage. .

Trustee Holleb requested that the final estimate of expected expenses for FY 2023 be provided with the presentation of the FY 2024 Budget for the Board to review. The Committee discussed other expenditures including 11 offsite meetings as well as furniture purchases for new office hires beginning July 1, 2023.

*Recommendation to the Board of Trustees:* The Committee deferred action.

*Status Update – Valuation and Cost Rule Calculations:* Finance Director Tuczak provided an update on the Valuation and Cost Rule (the Rule) Calculations. CIO Custer developed an alternative model that reflects the full balance of assets in the consolidated pool, transition pool, and member pool and an interest charge based on that month’s investment returns. Discussion with the trustees and staff ensued. Trustee Holleb indicated that the intent of the Rule is that funds who transferred investment assets as required are not financially penalized as compared to those who did not transfer on a timely basis. Staff is working on the calculations associated with practical application of the Rule and holds weekly discussions on the stated issues. Staff will also be consulting with fiduciary counsel to address some of the issues identified in the calculations to ensure consistency with the Rule and equitable treatment.

**NEW BUSINESS:** *Review Service Provider Contracts:* Finance Director Tuczak noted they are working with two service providers, Shepard Communications and Lauterbach and Amen LLP, on new service arrangements effective July 1. Tentative fee arrangements have been discussed; draft agreements are forthcoming and are anticipated to be presented to the Board at the June 9<sup>th</sup>, 2023 meeting. ,

*Discussion and Recommendation to the Board of Trustees – Employee Service Purchases, Illinois Municipal Retirement Fund:*

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Discussed earlier in the meeting under Old Business. Finance Director Tuczak provided an estimate of the cost which is included in the 2024 FY Budget for the Board's consideration. Further discussion ensued between Trustees and Staff with regard to the decision and process of making these payments.

A motion was made by Trustee Hopkins and seconded by Trustee Holleb to recommend the matter be presented to the Board of Trustees at the June 9, 2023 meeting. Motion carried unanimously by roll call vote.

AYES: Trustees Suess, Holleb, and Hopkins  
NAYS: None  
ABSENT: Trustee Swanlund

*Status Update – Post-Transition Audit:* Finance Director Tuczak provided an update on the progress of the Post-Transition Audit. She informed the Committee that she hopes to have a draft report of the Agreed-Upon Procedures to present at the June 9<sup>th</sup> Board meeting. Any significant testing exceptions noted will be brought to the attention of the Committee prior to presentation to the Board. All questions were answered by Finance Director Tuczak. The final report, once completed, will be submitted to the IDOI and posted on the IPOPIF's website.

*Status Update – Recruitment and Staffing:* Finance Director Tuczak provided an update on the recruitment of the two investment officers, information technologist, two senior accountants, administrative analyst and communications specialist. With regard to the senior accountant, a conditional offer letter was provided to a candidate to begin June 1, 2023. The search for the second senior accountant position has paused while various initiatives of the Finance and Accounting department are completed, and the needs of the Fund are further evaluated. Recruiting is underway for other positions.

*Status Update – Software Purchases for Accounting, Board Management, and Freedom of Information Act Support:* Executive Director White reviewed a May 19, 2023, memorandum regarding the "Software Purchases" for Thomson Reuters Accounting CS Software and Diligent. The annual cost for Thomson Reuters Accounting CS Software is \$11,685, and the cost for the Diligent software package is \$19,500 (includes onboard training and ongoing support). Staff believed that both software products qualify as sole source purchases and Executive Director White discussed some of the salient features of the offerings.

Executive Director White also provided background information on the Freedom of Information Act support product – NextRequest – an integrated, robust software package to manage FOIA requests. Executive Director White discussed some of the salient features of the software program. The cost for the FOIA product is \$10,788 per year with a one-time setup fee of \$1,500.

Trustee Holleb accepted the presentation as an informational item with no Board action required. The Committee concurred.

*Establish Additional Meeting if needed:* Executive Director White reviewed a memorandum dated May 19, 2023, regarding the "Meeting Schedule Information" with the Committee. Notably, the Governor's Disaster Declaration expired May 11, 2023, so the Fund is now operating under the Open Meetings

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Act Statute which requires an in-person quorum to conduct a meeting. The upcoming meetings are as follows:

- Regular Meeting: June 9, 2023 at 10:00 a.m.
  - Special Meeting: July 21, 2023 at 8:30 a.m.
  - Regular Meeting: July 21, 2023 at 1:00 p.m.
  - Regular Meeting: September 15, 2023 at 8:30 a.m.
  - Committee Meetings: September 15, 2023
    - Audit and Budget at 1:00 p.m.
    - Contract at 2:30 p.m.
    - Governance at 4:00 p.m.
    - Legislative at 5:30 p.m.
- Possible Election Meeting also to be held on September 15, 2023

Committee members provided feedback on the tentative meeting schedule. Further discussion to occur at the June 9<sup>th</sup> Board meeting.

**CLOSED SESSION:** A motion was made by Trustee Hopkins and seconded by Trustee Holleb to enter closed session at 11:22 a.m. in accordance with 5 ILCS 120/2(c)(1) to discuss the compensation for specific employees. Motion carried unanimously by roll call vote.

AYES: Trustees Suess, Holleb, and Hopkins  
NAYS: None  
ABSENT: Trustee Swanlund

**RETURN TO OPEN SESSION:** A motion was made by Trustee Holleb and seconded by Trustee Hopkins to return to open session at 12:43 p.m. Motion carried unanimously by roll call vote.

AYES: Trustees Suess, Holleb, and Hopkins  
NAYS: None  
ABSENT: Trustee Swanlund

Attorney Reimer stated that the Committee met in closed session under 5 ILCS 120/2(c)(1) for the purposes of discussing the salary increases for non-contractual employees for budget purposes. The matter was audio recorded as required by law, and no final action was taken.

**NEW BUSINESS (CONTINUED):** *Draft Fiscal Year 2024 Budget (continued):* A motion was made by Trustee Hopkins and seconded by Trustee Holleb to recommend to the full Board, for Fiscal Year 2024 Budget purposes, to build in a not-to-exceed 5% salary increase for current employees, not to be construed as an automatic 5%, and to amend the salary range for the position of Assistant Executive Director/Finance Director, and to have staff prepare a pay plan as to when and how the not-to-exceed 5% pay increases will be awarded. Motion carried unanimously by roll call vote.

AYES: Trustees Suess, Holleb, and Hopkins  
NAYS: None  
ABSENT: Trustee Swanlund

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A motion was made by Trustee Hopkins and seconded by Trustee Holleb to recommend approval of the Fiscal Year 2024 Budget and inclusion of the materials for the Trustees at the June 9, 2023, Board meeting. Motion carried unanimously by roll call vote.

AYES: Trustees Suess, Holleb, and Hopkins  
NAYS: None  
ABSENT: Trustee Swanlund

**PUBLIC COMMENT:** There were no comments from the public.

**ADJOURNMENT:** With no further business to discuss, a motion was made by Trustee Hopkins and seconded by Trustee Holleb to adjourn the meeting at 12:46 p.m. Motion carried unanimously by roll call vote.

AYES: Trustees Suess, Holleb, and Hopkins  
NAYS: None  
ABSENT: Trustee Swanlund

Respectfully Submitted by:



Allie Rysell, Plan Administrator  
Foster & Foster, Inc.

Approved by:



Phil Suess, Chairperson

Date Approved: 9.14.23