

MEMORANDUM

DATE: October 28, 2022
TO: Certain Article-3 Pension Fund Representatives
FROM: Richard A. White, Jr., Executive Director
SUBJECT: Notice of Certified Public Accountant for Certified Investment Asset List

In accordance with the Transfer of Assets Rule, IPOPIF sent letters to all Article 3 pension funds on December 20, 2021, providing the original Notice of Transfer Date. Subsequently, this memo is being provided to the Article 3 pension funds (pension funds) that are scheduled to transfer assets to the Illinois Police Officers' Pension Investment Fund (IPOPIF) on **December 1, 2022 (the Transfer Date)** in order to provide these funds with the Notice of the Certified Public Accountant that will conduct the audit of the investment assets for each fund.

Background

IPOPIF [Transfer of Assets Rule, AR-2021-02](#), details procedures to ensure that the transfer of assets from transferor pension funds to IPOPIF implements investment asset transition best practices and adheres to the statutory requirements of the Illinois Pension Code.

Key actions requested in those letters included passing Board resolutions appointing [Authorized Agents](#) and directing investment fiduciaries to work with IPOPIF's custodian, State Street Bank and Trust (State Street), to share investment information and plan the transfer of assets. Copies of this letter and related communications, including the Transfer of Assets Rule, are available at <https://www.ipopif.org/resources/communication/>.

This memo will serve as the Notice of the Certified Public Accountant as required by the Transfer of Assets Rule.

Notice of Certified Public Accountants

Certified Public Accountants (CPAs) have been assigned to each Tranche-10 pension fund. These assignments are detailed in the table included with this document.

Process Summary

- CPAs have been assigned to audit the investment assets of Tranche-10 (December 1, 2022) pension funds. The audit process will begin on Friday, November 4, 2022.
- To ensure the audit process can begin as scheduled, investment asset data feeds will need to be established for each transferor pension fund.

- Additionally, IPOPIF will need to be in receipt of the Board Resolution appointing Authorized Agents.
- IPOPIF will send the Certified Investment Asset List (CIAL) to pension fund Authorized Agents on Monday, November 14, 2022. The CIAL will identify transferrable and non-transferrable assets.
- The following assets will generally be considered non-transferrable assets: cash, Money Market Mutual Funds, Certificates of Deposit that do not have a CUSIPS (Bank CD's), annuity contracts, insurance contracts, and assets with invalid identifiers or zero shares. See below for additional discussion regarding non-transferrable assets and exceptions.
- Asset trading should be avoided during the audit process to promote CIAL accuracy and reduce workload for transferor agents and fiduciaries. In accordance with the Transfer of Assets Rule and transition provisions of the pension code ([40 ILCS 5/22B120\(c\)](#)), trading will be prohibited after delivery of the CIAL on November 14, 2022.
- If not previously provided, the CIAL communication will also include a "Letter of Direction" (LOD) prepared by the IPOPIF Custodian (State Street Bank and Trust) with instructions for your local custodian regarding the transfer of assets process. This will need to be signed and forward to your local custodian as soon as possible to ensure timely execution of the transfer. Transferrable investment assets will be transferred to IPOPIF's custodian, State Street, on December 1, 2022.
- IPOPIF will provide a receipt for the transfer to the pension fund within 30 days of the Transfer Date.
- The initial value for each pension fund account will be determined based on the custodian's (State Street) valuation of the assets transferred on the transfer date.
- Transferred assets will be transitioned into the IPOPIF investment pool. Each participating fund's value will reflect their percentage ownership of the IPOPIF investment pool based on the value of assets contributed to the pool.

Non-Transferrable Assets

Non-transferrable assets are those investment assets that cannot or should not be transferred to IPOPIF on the Transfer Date. Non-transferrable assets are categorized as follows.

1. Cash and Money Market Mutual Funds will be considered non-transferrable to prevent taking funds that will be needed to pay benefits and expenses after the transfer date. IPOPIF encourages pension funds to hold back sufficient cash to pay expenses for 90 days following the transfer date. IPOPIF can accept some or all cash and money market funds for transfer, if requested by an Authorized Agent.
2. Certificates of Deposit that do not have CUSIPS (Bank CD's). Brokered CDs, which have CUSIPS and settle through The Depository Trust Company (DTC), are transferable.
3. Insurance contracts and annuities will be considered non-transferrable, except for positions in the Principal U.S. Property Account (USPA), which have been approved for transfer by Principal and the IPOPIF Board of Trustees.
4. Assets with bad or no identifiers and assets with zero shares held by the legacy custodian.

5. Investments involved in securities litigation may be identified by the pension fund to IPOPIF as a nontransferable asset.
6. Please contact IPOPIF as detailed below to discuss or request further evaluation regarding nontransferable assets for your fund.
7. IPOPIF will conduct additional evaluation of non-transferable assets to determine if and when there is a prudent method to transfer these assets to IPOPIF.

Account Access and Cash Management

The IPOPIF [Cash Management Policy](#) establishes guidance and requirements for cash management. IPOPIF and State Street have finalized procedures for pension funds to access to their account information and the cash management portal on State Street's online platform. Additional information, including an Account Access Form, was provided earlier.

Required Actions

1. Complete actions outlined in the [letters of December 20, 2021 and April 1, 2022](#).
 - a. Adopt the Resolution Appointing Authorized Agents and email an executed copy, including the secretary's certificate, to IPOPIF at info@ipopif.org. A new resolution may need to be adopted if Board members have changed due to elections.
 - b. Send the required notice to all custodians and investment managers directing them to provide information in a timely fashion. Please copy IPOPIF via email at info@ipopif.org,
 - c. Assist in the provision of investment data or transfer approvals as needed by your current fiduciaries or IPOPIF's custodian, State Street.
 - d. Provide IPOPIF any investment information regarding assets not held by a custodian. Examples could include mutual funds held directly at the mutual fund company or insurance contracts.
2. Make plans to hold cash sufficient to pay 90 days of benefits and expenses in an account to ensure funds are available to pay benefits during the transition period. Based on your fund's individual cash management needs, you may need to explore account collateralization options with your vendors.

Additional Information

Please refer to the [IPOPIF website](#) for additional information that can be found in the library of [Communications](#) related to the asset transition.

Specific questions can be directed to info@ipopif.org or 331-472-1080.

I speak for all of us involved in the transfer of assets process in thanking you for your cooperation in ensuring that we meet the statutory requirements set for us by the Illinois General Assembly.

While there are many steps to be taken, we adopted best practices to ensure the transition goes smoothly. As always, we are dedicated to safeguarding the assets that are being entrusted to us.

CPA FIRM ASSIGNMENTS: DECEMBER 1, 2022 (TRANCHE 10)

As of October 28, 2022

ARTICLE 3 POLICE PENSION FUND		CPA FIRM
CICERO POLICE PENSION FUND	December 1, 2022	BakerTilly
ELBURN POLICE PENSION FUND	December 1, 2022	KEB
FLORA POLICE PENSION FUND	December 1, 2022	BakerTilly
JOLIET POLICE PENSION FUND	December 1, 2022	KEB
MORRIS POLICE PENSION FUND	December 1, 2022	KEB
PARK RIDGE POLICE PENSION FUND	December 1, 2022	KEB
ROMEOVILLE POLICE PENSION FUND	December 1, 2022	Sikich
SCHAUMBURG POLICE PENSION FUND	December 1, 2022	BakerTilly
UNIVERSITY PARK POLICEMENS PENSION FUND	December 1, 2022	BakerTilly