

BOARD MEMBERS**Shawn Curry**

Participant Representative
Peoria, IL

Lee Catavu

Participant Representative
Aurora, IL

Paul Swanlund

Participant Representative
Bloomington, IL

Daniel Hopkins

Beneficiary Representative
Collinsville, IL

Mark Poulos

Beneficiary Representative
Rock Island, IL

Elizabeth Holleb

Municipal Representative
Lake Forest, IL

Michael Inman

Municipal Representative
Macomb, IL

Phil Suess

Municipal Representative
Wheaton, IL

Brad Cole

Illinois Municipal League
Representative
Carbondale, IL

Notice is hereby given that the Board of Trustees of the Illinois Police Officers' Pension Investment Fund will conduct a meeting on **Friday, March 11, 2022 at 9:00 a.m.** via the Zoom digital platform in accordance with Executive Order 2022-07 issued by Governor Pritzker and Public Act 101-0640. By entering this meeting, participants agree to be audio and video recorded.

Zoom Invite:

Dial by your location

- +1 312 626 6799 US (Chicago)
- +1 929 205 6099 US (New York)
- +1 301 715 8592 US (Germantown)
- +1 669 900 6833 US (San Jose)
- +1 253 215 8782 US (Tacoma)
- +1 346 248 7799 US (Houston)

Meeting ID: 881 7848 3773

Passcode: 509202

<https://zoom.us/join>

Members of the public that wish to observe this meeting in-person can do so at General Legal Counsel's office: Reimer Dobrovolsky & Labardi PC, 15 Spinning Wheel Road, Suite 310, Hinsdale, IL 60521. Please be advised that all Board Trustees are participating via the Zoom digital platform. A livestream and limited seating will be available.

AGENDA

*Times are
Approximate*

- | | |
|------------|---|
| 9:00 a.m. | 1. Call to Order |
| 9:01 a.m. | 2. Roll Call |
| 9:02 a.m. | 3. Meeting Minutes |
| | <ul style="list-style-type: none"> a. Review/Approve January 14, 2022 Regular Board Meeting Minutes and Closed Session b. Review/Approve February 10, 2022 Regular Board Meeting Minutes c. Review/Approve February 17, 2022 Special Board Meeting Minutes |
| 9:10 a.m. | 4. Governmental Liaison's Monthly Report |
| 9:30 a.m. | 5. Review/Approve Actuarial Assumptions |
| 11:00 a.m. | 6. Investments |
| | <ul style="list-style-type: none"> a. Review/Approve Investment Policy Asset Allocation Glidepath b. Transition Status Report |
| 12:00 p.m. | 7. Board Recess |
| 12:30 p.m. | 8. Treasurer's Report |
| | <ul style="list-style-type: none"> a. Monthly Financial Report – Review/Approve January 2022 Financials b. Summary of Payments – Review/Approve Warrant #38 c. Loan Activity – Review March 2022 Disbursement |

Message from Board Chairperson:

"As Chairperson of the IPOPIF, I find that in person committee and board meetings are not practical or prudent due to the current pandemic. In addition, I find that I do not have to physically be present at the IPOPIF office because it is not feasible due to the Governor's March 4, 2022 disaster proclamation. These findings shall remain in effect until April 2, 2022." – Shawn Curry

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12:45 p.m. 9. Administration and Operations

- a. Financial
 - i. Adopt Resolution 2022-01 Resolution Amending the Budget for the Fiscal Year 2022
 - ii. Approve Illinois Finance Authority Distribution
- b. Executive Director – Status Update Report

1:45 p.m. 10. Legal Counsel's Reports

- a. General Legal Counsel's Report
 - i. Status Update – Illinois Finance Authority Loan Agreement
 - ii. Retirement Plans for IPOPIF Employees
 1. Discussion/Potential Action – 401(a) Money Purchase Plan and 115 Health Care Trust Retirement Plan for Executive Director and Chief Investment Officer
 2. Discussion/Potential Action – 457(b) Defined Contribution Plan for all IPOPIF Employees
 - iii. Semi-Annual Review of Closed Session Meeting Minutes
 1. Closed Session: Review/Discuss Closed Session Minutes
In accordance with 5 ILCS 120/2(c)(21) Exception: Discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the body of the minutes or semi-annual review of the minutes as mandated by Section 2.06.
 2. Open Session: Approve Closed Session Minutes for Release
- b. Fiduciary Legal Counsel's Report
 - i. Discussion/Potential Action – Semi-Annual Review of Closed Session Litigation Committee Meeting Minutes

2:50 p.m. 11. Public Comment (press *6 to unmute)**3:00 p.m. 12. Adjournment**

Message from Board Chairperson:

"As Chairperson of the IPOPIF, I find that in person committee and board meetings are not practical or prudent due to the current pandemic. In addition, I find that I do not have to physically be present at the IPOPIF office because it is not feasible due to the Governor's March 4, 2022 disaster proclamation. These findings shall remain in effect until April 2, 2022." – Shawn Curry

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: 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 Sues
NAYS: None
ABSENT: Trustee Cole

Respectfully submitted by:

Approved by:

Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Shawn Curry, Board Chairperson

Paul Swanlund, Board Secretary

Date Approved by the Board of Trustees: _____

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.

*The February 10, 2022 Regular Board Meeting Minutes
are under review and have been tabled for approval to the next meeting.*

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 SPECIAL MEETING MINUTES**

FEBRUARY 17, 2022 AT 2:30 P.M.

A special 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 2022-05 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 (*joined at 2:36 p.m.*)
Lee Catavu
Phil Suess
Mark Poulos
Daniel Hopkins
Brad Cole

TRUSTEES ABSENT: None

OTHERS PRESENT: Richard White, Executive Director
Kent Custer, Chief Investment Officer
Steve Yoon, Investment Officer (*joined at 3:09 p.m.*)
Shaun Ivey, Administrative Manager
Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC
Joe Burns, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP (*joined at 3:05 p.m.*)
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Kim Moynihan, Custodian, State Street
AJ Weber, Chief Financial Officer, Lauterbach & Amen, LLP
Stephanie Masson, Chief Financial Officer, Lauterbach & Amen, LLP
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Chairperson Curry called the meeting to order at 2:32 p.m.

ROLL CALL: As reflected above.

INVESTMENTS: *Review/Approve Amendments to the Valuation and Cost Rule (AR-2022-01):* CIO Custer provided a memorandum dated February 15, 2022 regarding the "Proposed Revision to the Valuation and Cost Rule" to the Board to review in advance of the meeting. He recommended that several amendments to ensure that all participating police pension funds share equitably in the asset transition costs regardless of their transfer date.

Trustee Inman joined at 2:36 p.m.

The proposed revisions to the Valuation and Cost Rule were reviewed with the Board. CFO Weber provided an update on the loan activity and reviewed future drawdowns. He also reviewed the true-up process with the Board and noted that the true-up would be documented for the transition audit. All questions were answered by CIO Custer, CFO Weber, and Attorneys Muzzy and Burns.

Trustee Cole suggested a revision to the definition for the statutory transition period. He recommended that Section A(7) read as follows: "Statutory Transition Period" means the period ending on June 30, 2022, or such later date as may be established by law. A motion was made by Trustee Cole and seconded by Trustee Holleb to approve the proposed revisions to the Valuation and Cost Rule as amended. The motion failed.

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

Chairperson Curry stated that the revised Valuation and Cost Rule was prepared very quickly, and he does not have enough information to ensure that the transition costs will be equitably allocated to the participating pension funds. He provided an overview of his concerns and stated that some funds may have legitimate reasons why they cannot meet the statutory deadline and wants to ensure those funds are treated equitably. The Board had a robust discussion regarding the proposed Valuation and Cost Rule and asset transition process with fiduciary legal counsel and CIO Custer. CIO Custer stated that Staff worked hard in a short period of time to prepare the revised document and ensured that he is one hundred percent confident with the proposed Valuation and Cost Rule.

Trustee Cole left the meeting at 3:16 p.m.

The Board continued discussing the proposed language and true-up process with CFO Weber. Trustee Holleb inquired if Staff initiated conversations with the Illinois Finance Authority to discuss revising the IPOPIF's loan agreement to provide more flexibility with drawdowns and repayment. Staff indicated that internal discussions were held, but a conversation with the IFA has not been initiated yet. CIO Custer indicated that a discussion regarding loan agreement amendments is forthcoming, and an update will be provided to the Board next month. Trustees Holleb and Suess provided additional feedback and indicated that they are comfortable proceeding with the proposed Valuation and Cost Rule. Chairperson Curry stated that if Staff is confident with the proposed language, he would like the Board to reconsider approving the Valuation and Cost Rule. A motion was made by Trustee Inman and seconded by Trustee Poulos to reconsider the previous vote. Motion carried by roll call vote.

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

A motion was made by Trustee Inman and seconded by Trustee Poulos to approve the proposed revisions to the Valuation and Cost Rule as amended. Motion carried by roll call vote.

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

Review/Approve March 1st Transfer of Investment Assets: CIO Custer reviewed a presentation with the Board regarding the Transfer Status Update. He stated that the Certified Public Accountants completed the

audits for the pension funds participating in the first tranche. The certified asset lists are under review and will be delivered to the participating funds on February 18th, along with letters of direction. He stated that cash management communication would be finalized and provided to the local funds the week of February 21st. The transfer metrics and key issues were reviewed with the Board. CIO Custer recommended the Board proceed with transferring Tranche-1 assets on March 1st which would include approximately twenty-nine participating pension funds. He stated that the IPOPIF is ready to accept assets.

Chairperson Curry noted that Tranche-1 is substantially smaller than Staff originally planned and inquired why so many pension funds are no longer participating in the tranche. Executive Director White stated that he received numerous requests from pension funds to change their originally assigned tranche dates due to various reasons including the timing of pension board meeting dates, upcoming board elections, a request for additional information, and due to the pending litigation.

Trustee Poulos informed the Board that he does not see any harm moving forward with proceeding with Tranche-1 for pension funds that are willing to proceed. Trustee Holleb agreed with Trustee Poulos and encouraged the Board to proceed with the first tranche. She stated that the team has done a lot of work building the infrastructure to prepare for this transition, and Staff indicated that they are ready to accept assets. Trustee Suess echoed Trustee Holleb's comments and stated that the Board should honor the requests of the pension funds that have proactively decided to proceed with their transfer of assets.

A discussion was held regarding State Street's fees for investment account charges and transition management costs. CIO Custer stated that the investment account charges have been resolved, and transition management charges are in process and would be finalized. All questions were answered by CIO Custer, Ms. Moynihan, and Mr. Yoon.

Chairperson Curry expressed his concerns about moving forward and transferring assets without a court ruling on the pending lawsuit. Trustee Hopkins echoed Chairperson Curry's comments and was worried about the potential for substantial investment losses for the local funds if the act is ruled unconstitutional and the assets must be returned. All questions were answered by fiduciary counsel.

With no further discussion, a motion was made by Trustee Hopkins and seconded by Trustee Catavu to stop the March 1st transfer of assets until further direction by the Board. The motion failed.

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

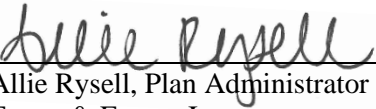
PUBLIC COMMENT: Closed session was not needed.

PUBLIC COMMENT: There were no comments from the public.

ADJOURNMENT: With no further business to discuss, a motion was made by Trustee Inman and seconded by Trustee Holleb to adjourn the meeting at 4:27 p.m. Motion carried by roll call vote.

AYES: Trustees Curry, Hopkins, Swanlund, Catavu, Poulos, Holleb, 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: _____

The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on March 11, 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.

DRAFT



**Illinois Police Officers' Pension Investment Fund
Board of Trustees Meeting
March 11, 2022**

I. DISASTER PROCLAMATION EXPECTED TO BE REISSUED

- a. According to staff within the Governor's Administration, it is safe to expect the disaster proclamation to be reissued by or before the end of the week. Even though the Governor has allowed the indoor mask mandate to expire the pandemic continues to linger. As such, once the disaster proclamation is reissued, entities will be allowed to continue to meet and conduct their meetings remotely.

II. REMOTE NOTARIZATION

- a. I inquired of staff if there were any updates on remote notarization. Remote notarization was originally in Executive Order 2020-14. This specific EO was only extended through June 12, 2020, when the Governor signed SB 2135 into law. Remote witnessing and notarization ins now allowed under 5 ILCS 175/95-20 until 30 days after the expiration of the Governor's COVID-19 disaster declarations.

III.UPDATE ON THE SENATE SPECIAL COMMITTEE ON MINORITY INVESTMENTS

- a. Due to the truncated legislative schedule, Senate staff anticipates that the minority hearings will take place after the Primary, but before the General election. A series of hearings will happen over the summer with a particular new focus on Managers of Emerging Managers.

IV. SPRING 2022 IPOPIF LEGISLATIVE AGENDA

- a. **INVESTMENT DEADLINE EXTENSION – June 30, 2023**
 - i. **SB 3211** Senate Pensions Committee Chairman Robert Martwick
 - 1. **Hearing Date, February 3, 2022 9:30 am**
 - 2. **Status:** SB 3211 passed out of committee on a vote of 5-3
 - a. Sponsor is working on an amendment that will add goals or metrics to the new deadline.
 - b. **Proponents:** Metropolitan Alliance of Police, Association of Professional Police Officers, Illinois Public Pension Fund Association, Police Benevolent and Protection Association

- c. **Opponents:** South Suburban Mayors and Managers Association, Northwest Municipal Conference, Illinois Municipal League
 - i. Brad Cole provided oral testimony as an opponent.
 - d. UPDATE – SB 3211 stalled on 3rd Reading Due to Opposition. Chairman Martwick was in communication with Brad Cole regarding a 6-month extension.
 - i. SB 3211 is dead and has been referred back to the Committee on Assignments after failing to pass the 3rd Reading Substantive Deadline.
- ii. **HB 4622** Personnel and Pensions Committee Chairman Mike Halpin
- 1. **Status:** HB 4622 passed out of committee on a vote of 6-2 w/no conditional promises of an amendment.
 - a. **Proponents:** Metropolitan Alliance of Police, Association of Professional Police Officers, Illinois Public Pension Fund Association, Peoria Police Pension Fund, Peoria Police Benevolent Unit 27
 - b. **Opponents:** Illinois Municipal League
 - i. Brad Cole provided oral testimony as an opponent.
 - c. HB 4622 is currently on 3rd reading but the Sponsor informed me he was contacted by the Governor's Office. Our House Sponsor does not want to move the bill without an amendment shortening the deadline from 12 months to 6-months.

MEMORANDUM

DATE: Friday, March 4, 2022
TO: IPOPIF Board of Trustees
FROM: Kent F. Custer, CFA, Chief Investment Officer
SUBJECT: Actuarial Assumptions Agenda Item

The agenda packet includes an Actuarial Experience Study provided by IPOPIF Actuary Foster and Foster (Foster). The Study discusses their evaluation of the actuarial assumptions and concludes with their specific recommendations. Paul Baugher and Jason Franken from Foster will present their analysis and recommendation at the March 11 Board meeting.

Separately, I have included a staff memo that summarizes information previously provided to the Board to inform the decision regarding the actuarial return assumption. This memo concludes with a recommended assumed rate of return.

Recommended Board Action

Review and approve the actuarial assumptions as presented by IPOPIF Actuary, Foster and Foster.

MEMORANDUM

DATE: March 4, 2022
 TO: IPOPIF Board of Trustees
 FROM: Kent F. Custer, CFA, Chief Investment Officer
 SUBJECT: Actuarial Return Assumption – Perspective and Recommendation

Summary

This memo will highlight information previously provided to the Board to inform the decision regarding the actuarial return assumption and recommend the adoption of an assumed rate of return.

Foster and Foster Experience Study

IPOPIF Actuary Foster and Foster (Foster) conducted an experience study and presented their assessment of the actuarial rate of return to the IPOPIF Board of Trustees on January 11, 2022. While the entire presentation is salient, my summary of key observations follows.

- Slide 7 summarized current actuarial return assumptions provided the Illinois Department of Insurance (IDOI). These assumptions ranged from 5.0% for funds with less than \$2.5 million to 6.5% for funds over \$10 million.
- Slide 11 summarized return expectations using IPOPIF's long-term asset allocation and capital market assumptions from the "Horizon Survey," which represents the assumptions of a broad group of investment advisors. The distribution of 20-year expectations shows a range of 6.62% to 7.33% for the 45th to 55th percentile, respectively, with a median return of 6.97%.
- Slide 12 summarized return expectations using IPOPIF's long-term asset allocation and Verus' capital market assumptions. The distribution of 30-year expectations shows a range of 5.30% to 6.35% for the 45th to 55th percentile, respectively, with a median return of 5.82%.
- Slide 13 provided data from the National Association of State Retirement Administrators (NASRA) survey showing that the most common range of assumptions was 7.00% to 7.50%, with a downward trend noted when comparing January 2021 to November 2021 data.
- Slide 16 provided a historical NASRA perspective showing a downward trend in assumed rates of return over the past 10 – 12 years.
- Slide 17 provide comparative return assumptions for Illinois state plans as well as the IFPIF.
 - Illinois Municipal 7.25%
 - Illinois State Employees 6.75% (recently lowered from 7.00%)
 - Teachers' Retirement 7.00%
 - State University Retirement 6.50% (recently lowered from 6.75%)
 - IL Firefighters' (IFPIF) 7.125%

Verus Presentation

IPOPIF Investment Consultant, Verus, discussed the actuarial return assumption at the February 10 Board meeting. Again, my summary of key observations follows.

- Slide 3 discussed the differences between “expected return” and the “actuarial assumed rate of return,” noting purpose, forecasting error, and time horizon. Following slides explored these issues in more detail.
- Slide 6 showed the potential volatility of expected return, showing that IPOPIF long-term expected return had increased from 5.9% to 6.3% as the Verus capital market assumptions were updated from 2021 to 2022.
- Slide 8 discussed forecasting error and showed that Verus return expectations are lower than averages from peer consultants.
- Slide 9 showed the potential additional return of more than 1% unlocked through consolidation by removing article 3 investment constraints.
- Verus’ detailed 2022 capital market assumptions were attached for reference.

Prior Staff Observations

Large Illinois Public Plans

As detailed above, page 17 of the Foster presentation summarizes return assumptions for large Illinois public retirement investment funds, with a range of 6.5% to 7.25%. As part of the IPOPIF asset allocation process, Verus modeled the return expectations for these funds as detailed below.

9/10/21 Verus 30yr	IPOPIF	TRS	ISBI	SURS	IMRF	IFPIF
Geometric Return	5.9%	6.6%	5.6%	5.4%	5.9%	5.6%
Standard Deviation	13.2%	12.4%	11.5%	11.2%	12.1%	12.1%
Sharpe Ratio	0.46	0.54	0.49	0.49	0.50	0.47
Percent Illiquid	20%	39%	27%	16%	20%	20%

Source: Verus presentation materials, 9/10/21

Asset Allocation and return expectations using Verus Capital Market Assumptions.

These are rough estimates and do not reflect the expectations of these funds.

Article 3 Comparison

A July 2021 report from S&P provided a distribution of discounts rates used by Illinois Police and Fire funds for which S&P had data (#250). The majority of funds appear to be between 6.5% and 7.25% with a bias toward the higher end of that range.

CIO View

Projecting long-term investment performance is an exercise fraught with unknowns and uncertainty. I place significant weight on low interest rates, which I believe will drive lower returns for both fixed income and equity. In my view the Verus capital market assumptions are robust and their long-term return assumption of 6.3% for IPOPIF is reasonable. However, I also agree with their comments that

their specific approach and result do not preclude adoption of a different actuarial return assumption. I believe the range of 6.75% to 7.25% outlined by Foster is reasonable, but I also believe that there could be a set of reasonable views that could lead to an assumption above or below this range. My bias is toward the lower end of this range, at 6.75%.

Final Summary

- Based on comments from Foster during the Board meeting, the data suggests that a rate between 6.75% and 7.25% is within a reasonable range for the investment return assumption.
- When asked by the Board for their specific recommendation, Foster responded that an assumption in the range of 6.75% to 7.00% is most appropriate based on current data and trends.
- Possible support for the upper end of the range:
 - Strong long-term stock and bond returns for the past several decades.
 - The most common range of expected return for large state pension systems is between 7.0% and 7.5%.
 - Verus' analysis indicates that IPOPIF returns (5.9% for ten years), should be similar to IMRF, which has adopted 7.25% as their actuarial return assumption.
 - The Illinois police pension consolidation is expected to generate excess returns of over 1% vs. large Article 3 pension funds, due to removing Article 3 investment constraints.
- Views and data supporting a bias toward lower return expectations:
 - Foster commented that their bias was toward the lower end of their identified range.
 - Verus projects the IPOPIF asset allocation to return 6.3% over the next 30 years, using 2022 capital market assumptions. However, their presentation highlighted several reasons why this does not preclude the adoption of a higher actuarial assumed rate of return.
 - I (CIO Custer) believe low interest rates will moderate future returns. Also, I think the Verus Capital Market Assumptions are robust and that their long-term return expectation of 6.3% for IPOPIF is reasonable.
 - Assumed rates of return for pension plans have been trending down for several years.

Recommendation

That the Board **approve** an assumed rate of return between 6.75% and 7.25%. The Chief Investment Officer's specific recommendation is 6.75%.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

ACTUARIAL EXPERIENCE STUDY

March 4, 2022



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

March 4, 2022

Board of Trustees
Illinois Police Officers' Pension Investment Fund

Re: Actuarial Experience Study

Dear Board of Trustees:

We are pleased to present to the Board of Trustees (Board) this report of the results of an actuarial experience study analyzing the assumptions used for actuarial valuation purposes for valuation reports produced on behalf of the Illinois Police Officers' Pension Investment Fund beginning on and after July 2022. We have compiled plan experience from 2017 through 2020. While we cannot verify the accuracy of all the information provided, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe it has produced appropriate results.

The report includes a review of demographic and economic experience, a comparison of this experience to current actuarial assumptions, our recommendations for consideration regarding changes in assumptions or methods to be effective for actuarial valuations performed on or after July 1, 2022. We believe implementing the recommend changes will assist in achieving the objective of developing costs that are stable, predictable, and represent our best estimate of anticipated experience.

It is important to remember that the ultimate cost of the retirement plan is independent of any actuarial assumptions or methods used throughout the valuation process. This cost will be the sum of the benefits paid from the fund and the administrative expenses incurred, less any net investment gains received. Future actuarial measurements may differ significantly from current measurements due to such factors as: plan experience differing from that anticipated by assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used; changes in plan provisions or applicable law.

Foster & Foster does not provide legal, investment or accounting advice. Thus, the information in this report is not intended to supersede or supplant the advice or the interpretations of the plan or its affiliated legal, investing or accounting partners.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

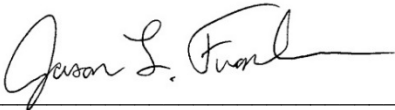
The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Illinois Police Officer's Pension Investment Fund, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Illinois Police Officer's Pension Investment Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

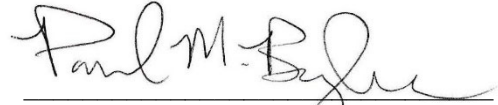
If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 630-320-0200.

Respectfully submitted,

FOSTER & FOSTER INC.



Jason L. Franken, FSA, EA, MAAA



Paul M. Baugher, FSA, EA, MAAA

ACTUARIAL STANDARDS OF PRACTICE

The Actuarial Standards Board (ASB) is responsible for determining which actuarial activities are the best representations of generally accepted actuarial principles and is also responsible for issuing guidance in the form of Actuarial Standards of Practice (ASOPs) to help actuaries in various practice areas deliver results and recommendations that are consistent with those representations. Generally speaking, ASOPs identify what the actuary should consider, document, and disclose when performing actuarial assignments.

The experience study and related measurements of benefit obligations for the plan are subject to the “coordinated guidance” provided in various ASOPs, including but not limited to:

- ❖ ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, which ties together the standards shown below, provides guidance on actuarial cost methods, and addresses overall considerations for measuring pension obligations and determining plan costs or contributions
- ❖ ASOP No. 23, *Data Quality*
- ❖ ASOP No. 25, *Credibility Procedures*
- ❖ ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*
- ❖ ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*
- ❖ ASOP No. 41, *Actuarial Communications*
- ❖ ASOP No. 44, *Selection and Use of Asset Valuation Methods for Pension Valuations*
- ❖ ASOP No. 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*
- ❖ ASOP No. 56, *Modeling*

This report refers to ASOPs by number (e.g. ASOP No. 4) throughout. It is important to keep in mind that this experience study report only reflects the guidance provided in the final releases of the above-mentioned ASOPs issued by the ASB on or before the date of this report. The results provided in this report reflect the requirements of, and are consistent with, the applicable above-mentioned Actuarial Standards of Practice. When applicable, details from the relevant ASOP will be provided in the report section associated with a particular analysis or topic.

RECOMMENDATIONS

Below is a summary of the recommended assumption changes resulting from the study. These changes are in relation to the current assumptions utilized by the Illinois Department of Insurance. A detailed list of recommended assumptions is at the end of the report.

ECONOMIC ASSUMPTIONS

- Investment Return: Based on our analysis and discussion with staff and the Board's investment consultant, a 6.75% rate is recommended.
- Inflation: We recommend keeping the current 2.50% inflation assumption.
- Salary Increases: We recommend minor adjustments, especially for lower service members, to blend in recent experience.
- Payroll Growth: We recommend decreasing the assumed payroll growth assumption from the current 3.50% assumption to 3.00%.

DEMOGRAPHIC AND OTHER ASSUMPTIONS

- Retirement Rates: We recommend minor adjustments, largely at older ages, to blend in recent experience.
- Withdrawal/Termination Rates: We recommend changing from an age-based table to a service-related table to better capture the experience for Tier 1 versus Tier 2 members.
- Disability Incidence Rates: We recommend adjusting the current rates by a factor of 0.95.
- Mortality Rates: We recommend updating to the Pub-2010 Public Safety mortality tables, with adjustments for the credibility of the fund's actual experience.
- Other Demographic Assumptions: We analyzed the current assumptions for marital status, spousal age difference and the proportion of deaths that are duty-related and recommend no changes.
- Assumed Expenses: We recommend adding a load to normal cost to account for administrative expenses paid from the trust.

IMPACT OF ASSUMPTION CHANGES

As part of the Consolidation legislation, a provision was added to the Illinois Pension Code that requires a change in an actuarial or investment assumption that increases or decreases the actuarially required contribution to be implemented in equal amounts over a 3-year period. This implementation begins in the fiscal year of the pension fund in which the change first occurs. As a result, we will begin the implementation of any changes adopted by the Board in the 2022 fiscal year actuarial valuations.

We have not explicitly measured the impact of these changes but would anticipate that the impact could be mixed across the funds when compared to the prior Department of Insurance calculations. Most of the smaller plans will see a significant decrease in their contribution amount since they were previously using an investment return assumption of less than 6.00%. Larger funds could potentially see an increase to their actuarially required contributions due to the net impact of improved mortality and a lower payroll growth assumption offset by a higher interest rate.

We can work with the Board to isolate a subset of plans to review the impact of the recommended changes, if you so desire.

REVIEW OF ECONOMIC ASSUMPTIONS

ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, provides guidance to actuaries in selecting (including giving advice on selecting) economic assumptions – primarily investment return, discount rate, post-retirement benefit increases, inflation, and compensation increases – for measuring obligations under defined benefit pension plans.

Throughout the remainder of this section, we have used the standards set forth in ASOP No. 27 as a guideline for reviewing and if applicable, selecting recommended changes to the following economic actuarial assumptions and methods:

- ❖ Investment Return
- ❖ Inflation
- ❖ Salary Increases
- ❖ Payroll Growth

Please keep in mind that ASOP No. 27 (and ASOP No. 35) recognizes a range of reasonable assumptions and states “the actuary should recognize the uncertain nature of the items for which assumptions are selected and, as a result, may consider several different assumptions reasonable for a given measurement. The actuary should also recognize that different actuaries will apply different professional judgment and may choose different reasonable assumptions. As a result, a range of reasonable assumptions may develop both for an individual actuary and across actuarial practice.”

INVESTMENT RETURN

The investment return assumption is critical in the actuarial valuation since it determines the portion of assets that will come from investment income rather than contributions from the plan sponsor and its participants. The investment return assumption should be determined based on the long-term rate of return (net of investment-related fees) the plan expects to earn over the life of the plan. The assumed rate of investment return currently being used by the Illinois Department of Insurance (IDOI) for most plans with over \$10 million in assets is 6.50% per year compounded annually, net of both investment-related expenses and administrative expenses. Plans with less than \$10 million use an investment return assumption ranging from 5.00% to 6.25% depending on the asset level of each plan. In addition, these are the highest rates currently in use by funds of these sizes. If the funded ratio or liquidity ratio does not meet a specific threshold, it will result in a lower investment return under the current set of IDOI assumptions. It is important to note that prior restrictions in the Illinois Pension Code on the types of investments available to these funds limited the expected returns. With the elimination of the investment restrictions and movement to a “prudent person” investment philosophy, a higher rate is supportable.

We recognize that there may be a future need to adjust the interest rate for funds with low funded ratios and liquidity ratios due to the greater fraction of cash withholding as a percent of their assets, thereby reducing their potential fund return. At this point, it is too early to collect data on this; however, we believe that it will be prudent to add a data collection point annually that provides information on where each fund stands with respect to this metric.

We believe that the decision to set the investment return assumption shall be made based upon input from your investment professionals, reflecting any significant changes to the asset allocation, and their judgment of capital market returns. Keep in mind, however, that this assumption should reflect the best estimate of investment returns expected to be realized over the next several decades.

ASOP No. 27 provides that in developing a reasonable assumption, the actuary may consider a broad range of data and other inputs, including the judgment of investment professionals. The data that may be considered includes: current yields to maturity of fixed income securities; forecasts of inflation, GDP growth, and total returns for each asset class; historical and current investment data (including real and nominal returns); the inflation and inflation risk components implicit in the yield of inflation-protected securities; dividend yields, earnings yields, and real estate capitalization rates; and historical plan performance.

For purposes of reviewing the investment return assumption, a building block approach is often used, whereby the actuary determines the weighted average expected real rate of return for the plan’s target investment portfolio and then adjusts for inflation and expenses not reflected in the real rates of return. Foster & Foster is an actuarial firm, and we do not have the required expertise to produce our own capital market assumptions. For this reason, ASOP No. 27 addresses that the actuary will often collect capital market assumptions from external sources to determine the forward-looking expected geometric returns. The capital market assumptions can be broadly classified into the following categories: expected returns by asset class; standard deviation by asset class; and correlation coefficients between asset classes.

For this analysis, we relied on data collected as part of the “Survey of Capital Market Assumptions: 2021 Edition” released by Horizon Actuarial Services (Horizon). This survey collects the capital market assumptions from 39 different investment advisors from across the country, including Verus Investments (Verus). The purpose of this survey is to provide a broad range of opinions on future expectations rather than relying on a single source. This survey has been conducted annually since 2012. There has been a trend of declining expectations in most of the asset classes. For example, many of the long-term

expectations (20-year horizon) decreased by more than 40 basis points in 2021 from where they were in 2020. This is driven by the expectation of increased inflation and lower equity returns.

As part of our analysis, we reviewed the short-term and long-term asset allocations adopted by the Board earlier this year. These policies are as follows:

IPOPIF Asset Allocation	Short-term			Long-term Target Allocation
	Target Allocation	Rebalancing Range		
		Lower	Upper	
Growth	50.0%	45.0%	55.0%	65.0%
US Large	18.0%	16.0%	20.0%	23.0%
US Small	5.0%	4.0%	6.0%	5.0%
International Developed	15.0%	13.0%	17.0%	18.0%
International Developed Small	5.0%	4.0%	6.0%	5.0%
Emerging Markets	7.0%	6.0%	8.0%	7.0%
Private Equity (Direct)	0.0%	N/A	N/A	7.0%
Income	16.0%	14.0%	18.0%	14.0%
Bank Loans	0.0%	N/A	N/A	3.0%
High Yield Corp. Credit	10.0%	9.0%	11.0%	3.0%
Emerging Market Debt	6.0%	5.0%	7.0%	3.0%
Private Credit	0.0%	N/A	N/A	5.0%
Inflation Protection	9.0%	7.0%	11.0%	11.0%
US TIPS	3.0%	2.5%	3.5%	3.0%
REITs	4.0%	3.5%	4.5%	0.0%
Real Estate/Infrastructure	2.0%	N/A	N/A	8.0%
Risk Mitigation	25.0%	5.0%	7.0%	10.0%
Cash	3.0%	0.0%	2.0%	1.0%
Short-Term Gov't/Credit	15.0%	14.0%	16.0%	3.0%
US Treasury	0.0%	N/A	N/A	3.0%
Core Fixed Income	7.0%	6.0%	8.0%	0.0%
Core Plus Fixed Income	0.0%	N/A	N/A	3.0%
Total	100.0%			100.0%

While we expect the long-term asset allocation would earn 100+ basis points per year more than the short-term allocation over a 20-year period, the relatively short transition period will not adversely affect the Board's ability to achieve its long-term goals. As a result, we recommend adopting a single investment return rate based on the Board's long-term investment policy. Should the transition period lengthen, the Fund could have difficulty attaining their long-term expectation.

Below, we have calculated various expected returns based on the long-term investment policy and the Horizon assumptions. We believe the 40th to 60th percentiles are a reasonable range for the assumption; however, we prefer the assumption to be within the 45th to 55th percentile range. The 50th percentile is the midpoint, with half of the results expected to exceed and half the results expected to fall short of that level.

Distribution of Geometric Returns - Horizon

	10-Year	20-Year
40 th Percentile	5.32%	6.25%
45 th Percentile	5.84%	6.62%
50 th Percentile	6.34%	6.97%
55 th Percentile	6.85%	7.33%
60 th Percentile	7.36%	7.69%

Verus provided similar returns based on the long-term investment policy and their custom 2021 capital market assumptions. We have not attempted to reconcile the expectations provided by Verus. The table is intended to provide a broad view of current expectations.

Distribution of Geometric Returns - Verus

	10-Year	30-Year
40 th Percentile	4.51%	4.78%
45 th Percentile	5.04%	5.30%
50 th Percentile	5.56%	5.85%
55 th Percentile	6.08%	6.35%
60 th Percentile	6.61%	6.88%

The following table provides the probability of exceeding various assumptions:

Probability of Exceeding Assumption

Investment Return Assumption	Horizon (20-Year)	Verus (30-Year)
5.75%	67%	51%
6.00%	63%	48%
6.25%	60%	46%
6.50%	57%	44%
6.75%	53%	41%
7.00%	50%	39%
7.25%	46%	37%

Finally, we should consider the trend in the investment return assumptions of other similarly situated pension plans across the country. Each year, the National Association of State Retirement Administrators (NASRA) releases a survey of the investment return assumptions used by about 130 of the largest public pension systems in the country. The most recent full survey was as of January 2021. This information is summarized below. Figure 1, taken from NASRA’s website, shows that an assumption of at least 7.00% but less than 7.50% is the most common range of assumptions among the respondents. Figure 2 shows how discount rates are trending down over the last 20 years, with the median assumption falling from 8.00% to 7.23% over that 20-year period.

Figure 1

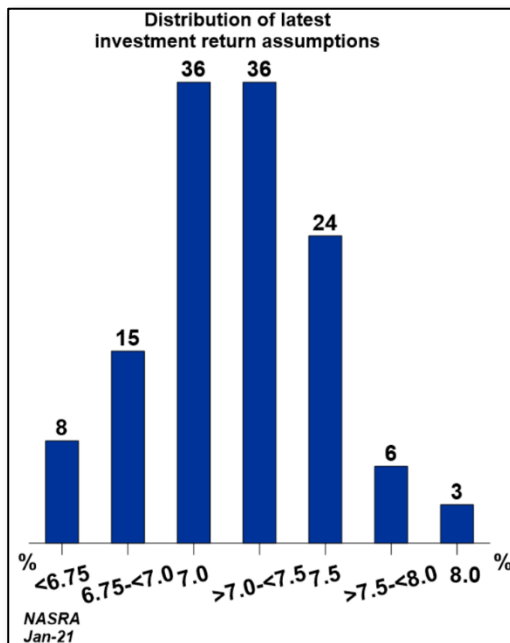
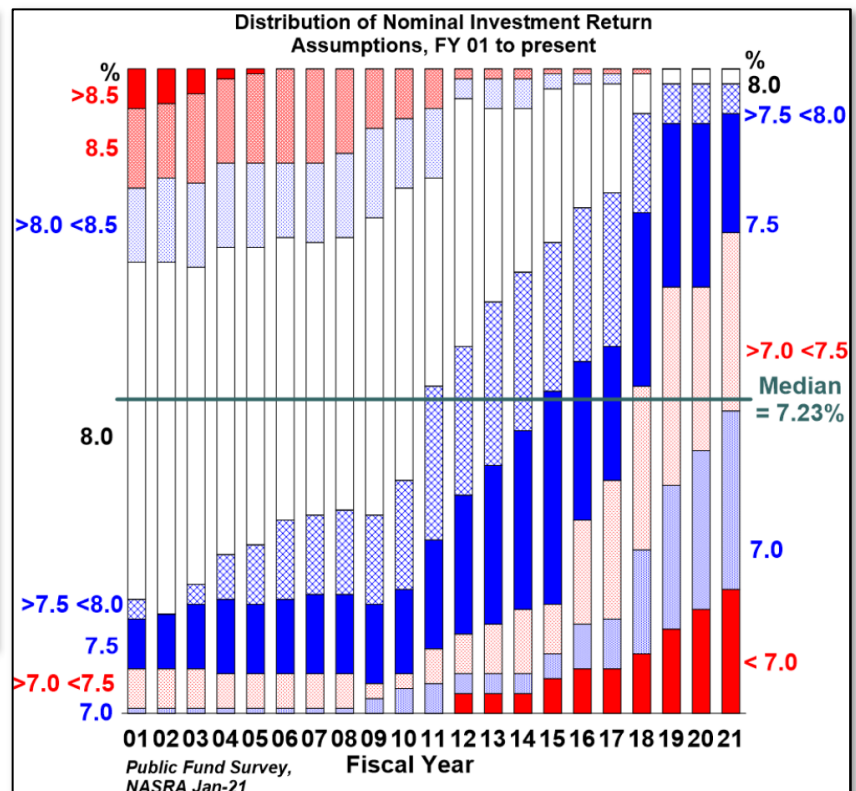


Figure 2



NASRA has updated some survey information on their website to include information as of November 2021. If you compare these tables to the tables above, you can see the continued downward trend in rates. This is consistent with the downward trend observed in the investment advisor expectations by asset class in the “Survey of Capital Market Assumptions: 2021 Edition” performed by Horizon Actuarial Services where they state the following:

“For illustration, this report also constructs an asset allocation for a hypothetical multiemployer pension plan and uses the results from the survey to develop a range of reasonably expected returns for the plan. Driven by lower expectations across most asset classes, the expected returns for this 2021 edition were 46 basis points lower over a 10-year horizon than they were last year, and 104 basis points lower than they were a mere five years ago. Over a 20-year horizon, the expected returns are 41 basis points lower than last year, and 118 basis points lower than they were five years ago in the 2016 edition of the survey.”

Figure 3

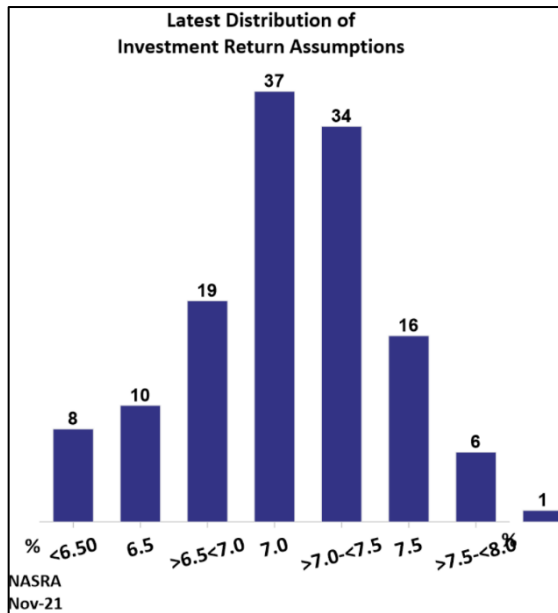
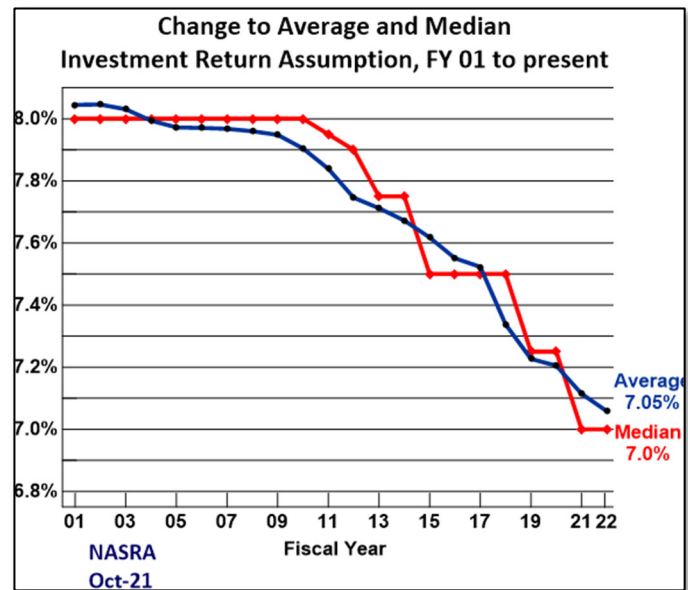


Figure 4



As part of this survey, the following Illinois public pension funds are included. Below is a summary of their recently published interest rate assumptions based on an updated NASRA survey:

- Illinois Municipal Retirement Fund 7.25%
- Illinois State Employees’ Retirement System 6.75% (recently lowered from 7.00%)
- Teachers’ Retirement System of Illinois 7.00%
- State Universities Retirement System 6.50% (recently lowered from 6.75%)

When setting any assumption, it is important to consider the concept of intergenerational equity. If you are too aggressive in your assumption setting, you are giving current taxpayers a break relative to their future counterparts. Similarly, if you are too conservative, you are asking current taxpayers to bear an unreasonable burden of the expense so that future taxpayers pay less. This is why it is so critical to set this assumption based actual expectations, given the data available. You want the burden to be shared equally among current and future taxpayers, and the best way to do this is to set an assumption that is the best expectation of future experience.

Recommendation

Based on the data provided above and discussion with the staff and the Board’s investment consultant, a rate of 6.75% is recommended.

INFLATION

Inflation refers to general economic inflation, defined as price changes over the whole of the economy. The assumed inflation rate is the basis for the other economic assumptions, such as assumed investment returns, the discount rate, and salary increase assumptions.

In order to assess the reasonableness of the inflation assumption, we review historical inflation, applicable inflation forecasts to the extent available, inflation assumptions used by the system's investment consultant and other investment consultants, and assumptions currently used by similar plans.

Following ASOP No. 27, which provides guidance on the selection of economic assumptions, such as inflation, our determination of an appropriate inflation assumption includes a review of recent and long-term historical inflation, without giving undue weight to recent experience. We note that, long-term historical experience, beyond 35 or so years, is less meaningful given that the Federal Reserve Board's monetary policy changed in the 1980's toward more vigilance in preventing high inflation.

Historical Inflation

Inflation has been relatively low over the past 20 years, and particularly over the last five years. The table below shows the average historical change in the annual CPI-U, over various periods. The average increase shown reflects the annual average rates for the year.

Periods Ending 2020	Average Annual Increase in CPI-U
Last 5 years	1.8%
Last 10 years	1.7%
Last 20 years	2.1%
Last 30 years	2.3%
Last 40 years	2.9%

Source: Bureau of Labor Statistics, CPI-U, all items, not seasonally adjusted

The current assumption of 2.50% appears to be high based on recent increases and the average increase over the last 20-30 years. However, inflation took a dramatic upturn in 2021, with an annual increase in December rates of 7.0%. Reflecting 2021 experience in the table above would increase the five-year average to 2.5% and the ten-year average to 1.9%.

Yields on Government Securities of Various Maturities

The spread between the nominal yield on treasury securities and the inflation indexed nominal yield on inflation protected treasury bills (TIPS) of the same maturity is referred to as the "breakeven rate of inflation" and represents the bond market's expectation of inflation over the period to maturity. Current estimates reported at Bloomberg.com on March 1, 2022 are as follows:

Years to Maturity	Bond Nominal Yield	TIPS Nominal Yield	Breakeven Rate of Inflation
10 Years	1.71%	-0.99%	2.70%
30 Years	2.10%	-0.22%	2.32%

The current assumption is in-between the two market data points, which would lend support to the assumption being appropriate.

Forecasts of Inflation

The Federal Reserve Bank of Philadelphia conducts a quarterly survey of the Society of Professional Forecasters and publishes a mid-term expectation. Their most recent forecast (first quarter of 2022) predicts average inflation over the next ten years (2022-2031) will be 2.50%. The Philadelphia Fed's Livingston Survey summarizes the forecasts of economists from industry, government, banking, and academia. The December 2021 report shows an average 10-year inflation expectation of 2.44%. The report does not provide a forecast beyond 10 years.

The Social Security Administration's 2021 Trustees Report includes the Office of the Chief Actuary's projection of ultimate long-term (75 year) average annual inflation. The intermediate cost assumption is 2.40%. The report provides a low-to-high range of 1.80% to 3.00%.

Forecasts from Investment Consulting Firms

Horizon Actuarial Services, LLC, compiles and summarizes expected returns and volatility by asset class for 34 different investment advisors. The results of the survey are provided in a report titled "Survey of Capital Market Assumptions: 2021 Edition." The report defines the short-term horizon as 10 years and the long-term horizon as 20-years. All 39 advisors provided short-term assumptions, while only 24 provided both short-term and long-term assumptions. The average short-term (10-year) inflation assumption for all advisors is 2.12%, with a range of 2.0% to 2.8%. Of the 24 advisors providing both short-term and long-term assumptions, the short-term inflation assumption is 2.14% and the long-term inflation assumption is 2.23%, with a range from 1.8% to 2.9%. It should be noted that this study is based on capital market assumptions that we largely developed before recent significant increases in annual inflation rates.

Verus, who was included in the Horizon study, did provide their 2022 capital market assumptions for our review. Their assumptions included an increase in the inflation assumption from 2.0% to 2.5%.

Recommendation

Based on the information shown above, which either supports the current assumption or was published before recent significant increases in annual inflation rates, we see no compelling factors to change the current assumption of 2.50% at this time. Given the recent increases, this assumption may need to be monitored more closely over the next few years to make sure that the hopefully short-term impacts are properly reflected in our long-term measurements. Based on these determinations, we recommend keeping the long-term inflation assumption at 2.50%.

SALARY AND REAL WAGE GROWTH

The salary increase assumption is used to project a member's annual salary each year from the valuation date through the assumed retirement age. This assumption plays an important role in measuring individual pension costs and obligations. The sum of inflation and the real wage growth components comprise the recommended salary increase assumption. The real rate of wage increase includes increases due to promotion and longevity, often called merit increases, which are generally service related.

We previously addressed the inflation assumption, which we recommend keeping at 2.50%. We address the real wage growth assumption below.

Experience and Recommended Assumptions

To assess the current assumed annual increases and provide a basis for updated assumptions, we reviewed the actual salary experience over the study period. Salary increases across all service levels were slightly lower than expected. It is important to keep in mind that salary increase assumptions are used to project a member's salary from the valuation date until the assumed retirement age. For newly hired members, this projection could be for 40 or more years. Therefore, the recent past should not be considered in isolation. In addition to recent experience, we reviewed the experience from the two prior experience studies and long-term wage growth assumptions used by the Social Security Administration.

Actual Aggregate Salary Increase Experience			
	Actual Inflation	Real	Total
2004-2011	2.53%	3.32%	5.85%
2011-2016	1.32%	2.90%	4.22%
2017-2020	1.83%	2.88%	4.71%

Salary Increase Assumptions – Current and Proposed			
	Assumed Inflation	Real	Total
Current Aggregate Assumed Annual Increase	2.50%	2.69%	5.19%
Proposed Aggregate Assumed Annual Increase	2.50%	2.50%	5.00%

Social Security Administration

The Social Security Administration's (SSA) 2021 Trustees Report includes the Office of the Chief Actuary's projections of real wage inflation, which are used in their 75-year projections. These assumptions are based on data derived predominantly from the private sector and should therefore not be considered in isolation. However, this can provide a basis to help determine the reasonableness of the recommended long-term real increases shown above.

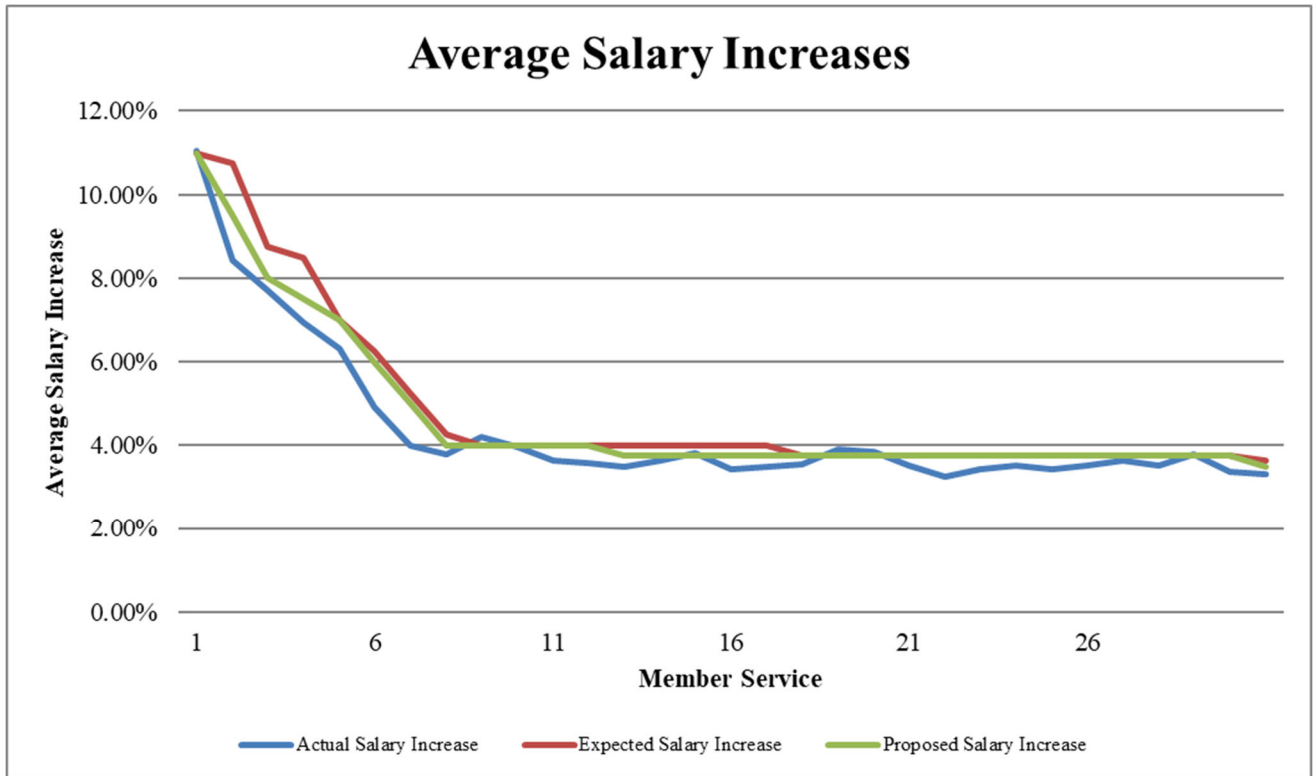
The annual increase in the National Average Wage Index under the intermediate cost assumption (best estimate) was 3.55%, with a range from 2.33% to 4.77%. After netting the SSA's inflation assumptions, the SSA's best estimate of the current long-term real wage inflation is 1.15%, with a range of 0.53% to 1.77% per year.

The proposed salary increase rates by duration of service are provided in the following table. Following the table is a graph which provides a visual representation of the actual and proposed salary increase rates compared to the current assumption.

Illinois Police Officers' Pension Investment Fund 2017 - 2020 Salary Increase Experience							
Service	Eligible Members	Prior Year Salaries ¹	Actual Salaries ¹	Expected Salaries Current Assumption ¹	Actual Salary Increase	Expected Salary Increase	Proposed Salary Increase ²
0	3,280	203,971	226,514	226,408	11.05%	11.00%	11.00%
1	1,806	124,335	134,797	137,701	8.41%	10.75%	9.50%
2	1,620	118,895	128,049	129,298	7.70%	8.75%	8.00%
3	1,576	122,273	130,757	132,666	6.94%	8.50%	7.50%
4	1,444	116,466	123,821	124,619	6.32%	7.00%	7.00%
5	1,177	98,332	103,172	104,478	4.92%	6.25%	6.00%
6	912	77,508	80,607	81,577	4.00%	5.25%	5.00%
7	767	64,185	66,610	66,912	3.78%	4.25%	4.00%
8	972	81,286	84,700	84,537	4.20%	4.00%	4.00%
9	1,322	113,177	117,664	117,705	3.96%	4.00%	4.00%
10	1,557	136,818	141,776	142,290	3.62%	4.00%	4.00%
11	1,596	143,229	148,342	148,958	3.57%	4.00%	4.00%
12	1,460	132,868	137,486	138,183	3.48%	4.00%	3.75%
13	1,381	127,397	132,038	132,493	3.64%	4.00%	3.75%
14	1,326	123,311	128,016	128,243	3.82%	4.00%	3.75%
15	1,404	131,357	135,878	136,611	3.44%	4.00%	3.75%
16	1,522	143,212	148,227	148,941	3.50%	4.00%	3.75%
17	1,555	147,910	153,146	153,456	3.54%	3.75%	3.75%
18	1,464	142,031	147,589	147,357	3.91%	3.75%	3.75%
19	1,296	127,985	132,896	132,784	3.84%	3.75%	3.75%
20	1,172	118,389	122,563	122,829	3.53%	3.75%	3.75%
21	1,114	113,394	117,094	117,646	3.26%	3.75%	3.75%
22	976	101,254	104,720	105,051	3.42%	3.75%	3.75%
23	818	85,805	88,814	89,023	3.51%	3.75%	3.75%
24	644	69,357	71,734	71,958	3.43%	3.75%	3.75%
25	575	61,779	63,954	64,096	3.52%	3.75%	3.75%
26	481	51,454	53,329	53,384	3.64%	3.75%	3.75%
27	384	41,354	42,814	42,905	3.53%	3.75%	3.75%
28	251	27,312	28,345	28,337	3.78%	3.75%	3.75%
29	119	13,060	13,499	13,549	3.36%	3.74%	3.75%
30+	244	29,035	29,995	30,095	3.31%	3.65%	3.50%
Total	36,215	3,188,739	3,338,946	3,354,090	4.71%	5.19%	5.00%

¹ All salary figures are shown as 1,000's.

² Inclusive of 2.50% inflation assumption.



PAYROLL GROWTH

The payroll growth assumption is used as part of the unfunded liability amortization calculation, allowing for the amortization rate to remain level as a percentage of payroll over time, assuming all assumptions are met. This is different from the salary increase assumption, since it is looking at the payroll for the entire membership, rather than any individual member. Total payroll growth includes an inflationary component and an additional increase for productivity gains.

Current Assumption

Currently, the valuation assumes that payroll will increase 3.50% each year.

Experience and Recommendation

We reviewed the payroll increases for each plan over the study period (2017 – 2020). In addition, we considered the payroll increases from the prior experience study period (2012 – 2016). The results of this review are summarized below.

	Total Wage Inflation	Inflation	Productivity
2012-2016	2.46%	1.32%	1.14%
2017-2020	2.45%	1.83%	0.62%
Current Assumption	3.50%	2.50%	1.00%
Proposed Assumption	3.00%	2.50%	0.50%

While we have made the recommendation to use a 3.00% payroll growth assumption, the Board should consider modifying this assumption for each individual fund based on their specific experience. The experience can vary dramatically from one fund to another, so it is difficult to provide a one size fits all payroll growth assumption. While the payroll may grow at 3% or 4% each year in some places, it might remain flat in other locations. If a fund with little or no growth in payroll uses a 3.00% assumption, their contribution will continue to become a much larger percentage of the total future payroll and potentially make it difficult for the municipality to keep up with the growth in future contribution requirements.

An alternate approach would be to use the average growth in payroll over a specified period, for example over 10 years. This approach is used in some other states to help better align the assumption used by each fund with the reality of their situation. Under this approach, the funds with little or no payroll growth would use a smaller payroll growth assumption, resulting in an increase of in their actuarial required contribution. Like every other assumption change, the impact of this change would be implemented over the required 3-year period.

REVIEW OF DEMOGRAPHIC ASSUMPTIONS

ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*, provides guidance to actuaries in selecting (including giving advice on selecting) demographic and other noneconomic assumptions for measuring obligations under defined benefit pension plans.

Over the following pages, the following demographic assumptions will be reviewed:

- Retirement Rates
- Withdrawal/Termination Rates
- Disability Incidence Rates
- Mortality Rates
- Other Demographic Assumptions

Generally, demographic assumptions are based on actual plan experience with additional considerations for current trends. ASOP No. 35 states “the actuary should use professional judgment to estimate possible future outcomes based on past experience and future expectations, and select assumptions based upon application of that professional judgment.” ASOP No. 35 also states that “a reasonable assumption is one that is expected to appropriately model the contingency being measured and is not anticipated to produce significant cumulative actuarial gains or losses...the actuary should not give undue weight to past experience when selecting demographic assumptions.”

Demographic assumptions generally remain consistent over time, absent significant changes in plan provisions or economic conditions. Therefore, the best true indicator of future experience is often past experience. For each assumption, the study compares actual experience for that time period to assumptions used in the valuations.

Note that actuarial assumptions reflect average experience over long periods of time. A change in actuarial assumptions generally results when experience over a period of years indicates a consistent pattern. Proposed changes to the demographic assumptions are made to better reflect actual plan experience over the studied time period. The proposed changes also meet the objective of developing costs that are stable, predictable, and represent the best estimate of anticipated future experience.

RETIREMENT RATES

Retirement rates represent the probability that a member will retire at a given age and/or service level if they have attained the eligibility requirements. Higher rates of retirement at earlier ages generally result in higher costs to the plan but may be offset by the impacts of actuarially equivalent early retirement reductions.

The current retirement eligibility requirements are as follows:

Tier	Normal Retirement	Early Retirement
Tier 1	Age 50 and 20 years of Credited Service	Age 60 and 8 years of Credited Service
Tier 2	Age 55 and 10 years of Credited Service	Age 50 and 10 years of Credited Service

Experience and Proposed Assumptions

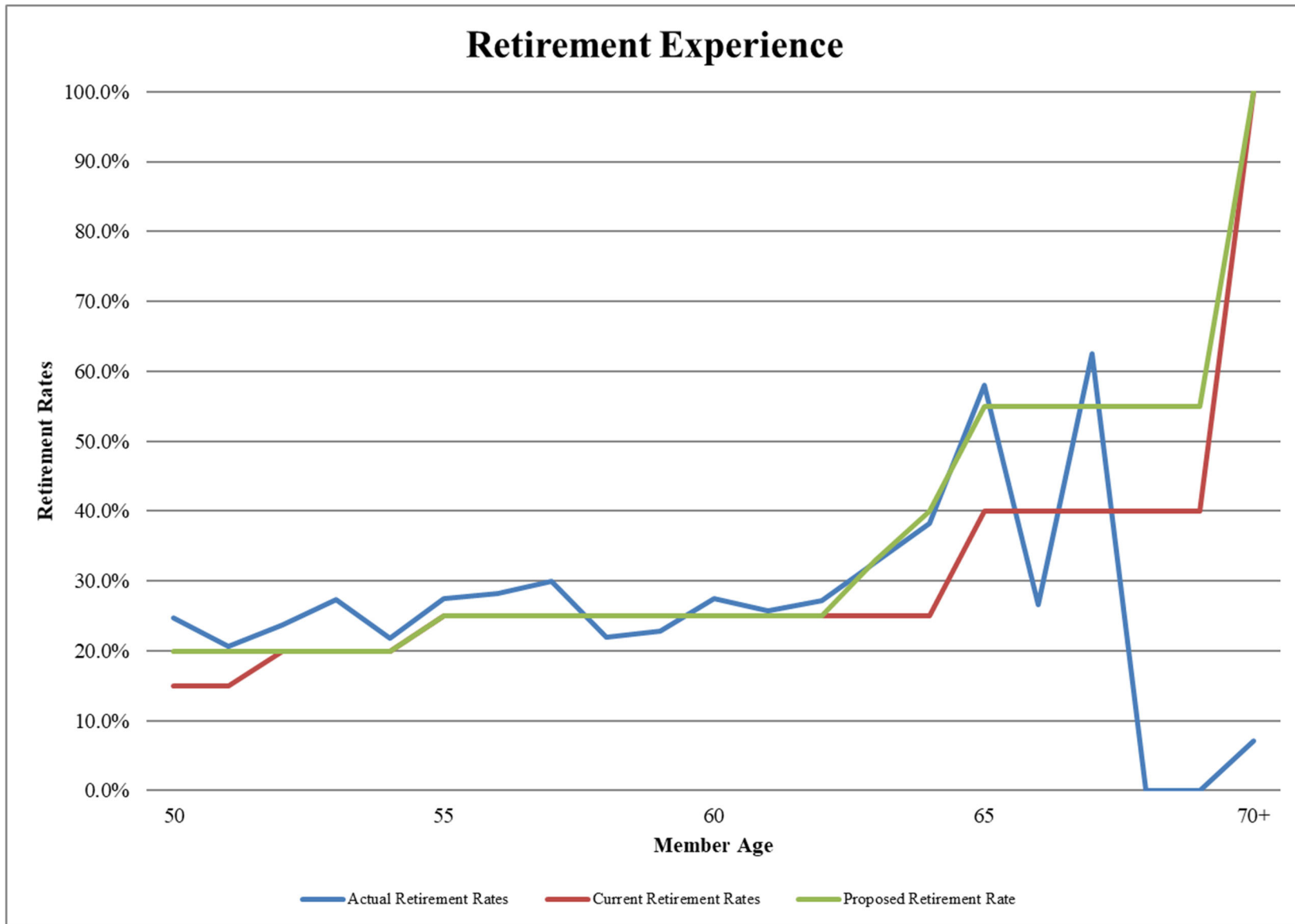
The chart and graph on the following pages illustrate the actual retirement experience over the last three years. The rates illustrated are unisex and represent the probability of retirement, given the member had met the eligibility requirements. If the member did not meet the eligibility requirements at a given age, the member's exposure was excluded for that age. Because the Tier 2 experience for the study period includes only a handful of exposures (members eligible to retire), the experience was not split between Tiers.

The current retirement rate assumption reflects age-related rates that vary by benefit Tier. Given the different benefit structures and retirement eligibilities, it is reasonable to assume that retirement patterns will vary between the two groups. Tier 2 members are assumed to retire at lower rates from age 50 to age 54 because benefits payable at those ages are reduced to reflect earlier payment.

In general, actual retirement rates were heavier than expected. The proposed rates reflect slight increases for ages 50 and 51 and 64 to 69.

The actual, expected, and proposed retirement rates by age are displayed in the following table. Following the table is a graph which provides a visual representation of the actual and proposed retirement rates compared to the current assumptions.

Illinois Police Officers' Pension Investment Fund 2017 - 2020 Retirement Experience										
Age	Eligible Members	Actual Retirements	Expected Retirements Current Rates	Expected Retirements Proposed Rates	Actual Retirement Rates	Expected Current Rates Tier 1	Expected Current Rates Tier 2	Actual / Expected	Proposed Rates Tier 1	Proposed Rates Tier 2
50	1,480	366	222	295	24.7%	15%	5%	1.652	20%	5%
51	765	158	115	153	20.7%	15%	5%	1.379	20%	5%
52	676	160	135	135	23.7%	20%	5%	1.185	20%	5%
53	552	151	110	110	27.4%	20%	5%	1.370	20%	5%
54	455	99	91	91	21.8%	20%	5%	1.090	20%	5%
55	371	102	93	93	27.5%	25%	40%	1.098	25%	40%
56	288	81	72	72	28.1%	25%	25%	1.125	25%	25%
57	200	60	50	50	30.0%	25%	25%	1.200	25%	25%
58	146	32	37	37	21.9%	25%	25%	0.877	25%	25%
59	145	33	36	36	22.8%	25%	25%	0.910	25%	25%
60	131	36	33	33	27.5%	25%	25%	1.099	25%	25%
61	101	26	25	25	25.7%	25%	25%	1.030	25%	25%
62	70	19	18	18	27.1%	25%	25%	1.086	25%	25%
63	52	17	13	17	32.7%	25%	25%	1.308	33%	33%
64	47	18	12	19	38.3%	25%	25%	1.532	40%	40%
65	31	18	12	17	58.1%	40%	40%	1.452	55%	55%
66	15	4	6	8	26.7%	40%	40%	0.667	55%	55%
67	8	5	3	4	62.5%	40%	40%	1.563	55%	55%
68	1	0	0	1	0.0%	40%	40%	0.000	55%	55%
69	1	0	0	1	0.0%	40%	40%	0.000	55%	55%
70+	14	1	14	14	7.1%	100%	100%	0.071	100%	100%
Total	5,549	1,386	1,097	1,228	25.0%	19.8%	16.6%	1.264	22.1%	18.0%



TERMINATION RATES

The termination rate is the probability that a member will separate employment from a cause other than disability, death, or retirement.

Members who terminate before earning 8 years (10 years for Tier 2 members) of service are eligible for a refund of member contributions. Members who terminate after earning 8 (10) years are eligible to receive a deferred vested retirement benefit upon reaching the age-requirements for retirement.

Current Assumption

The current termination assumption is an age-based table with rates starting at 14.00% and grading to 1.50% by age 42.

Experience and Proposed Assumptions

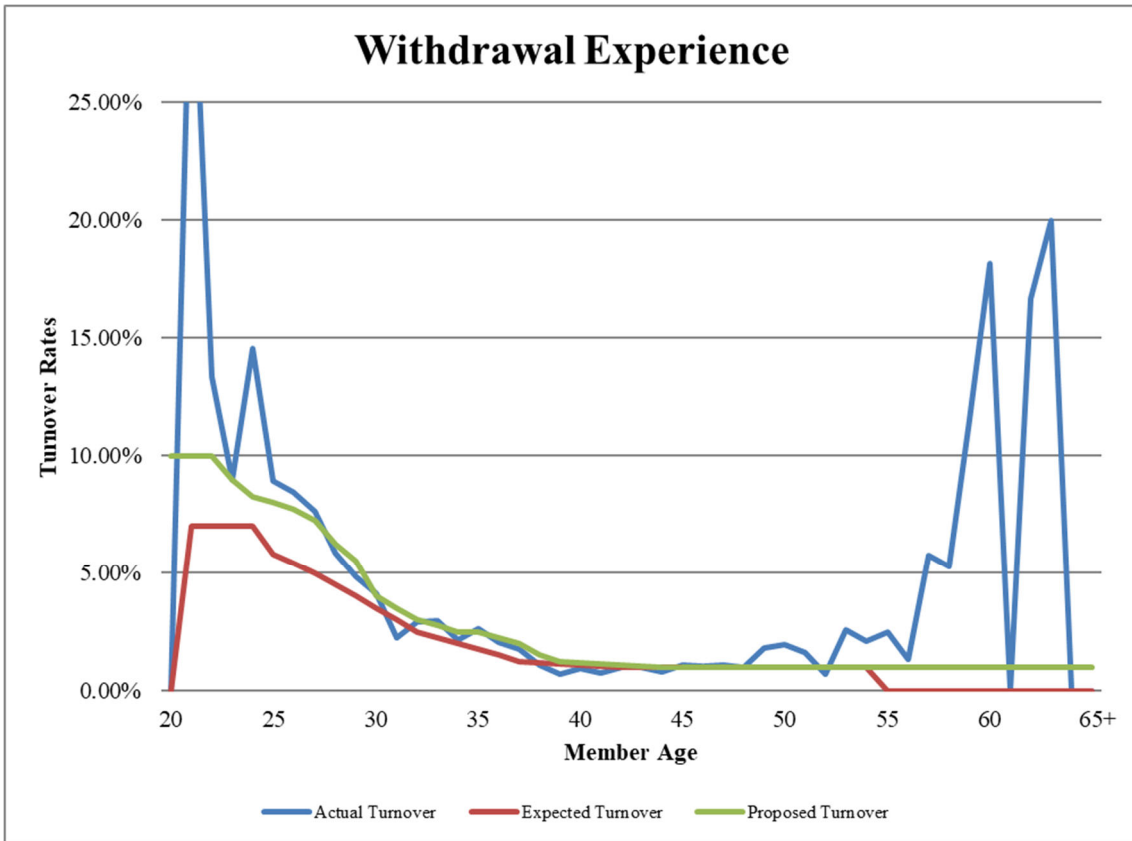
All active members during the observation period were included in the exposures unless the member had met the retirement eligibility requirements. If a member was eligible for retirement at a given age, the member's exposure was excluded for that age.

Actual termination experience was higher than expected in total, with experience differing by age. The funds did experience terminations after age 55. Additionally, experience for younger, lower-service Tier 2 members differed widely from termination experience for older, higher service Tier 1 members. We propose a table with rates that vary by service.

The actual, expected, and proposed termination rates by age are provided on the following page. Following the table is a graph which provides a visual representation of the actual and proposed withdrawal rates compared to the current assumption. The first graph shows experience based on termination experience by age and the second graph shows the experience by service.

Illinois Police Officers' Pension Investment Fund
2017 - 2020 Termination Experience

Service	Eligible Members	Eligible Tier 1	Eligible Tier 2	Actual Terminations	Expected Terminations Current Rates	Expected Terminations Proposed Rates	Actual Termination Rates	Expected Termination Rates	Actual / Expected	Proposed Rates
0	2,595	92	2,503	349	207	337	13.45%	7.99%	1.684	13.00%
1	2,045	54	1,991	152	148	164	7.43%	7.23%	1.028	8.00%
2	1,830	58	1,772	139	115	128	7.60%	6.28%	1.209	7.00%
3	1,711	78	1,633	115	93	103	6.72%	5.43%	1.238	6.00%
4	1,622	87	1,535	62	77	81	3.82%	4.77%	0.801	5.00%
5	1,406	82	1,324	57	60	63	4.05%	4.27%	0.950	4.50%
6	1,076	149	927	40	41	43	3.72%	3.77%	0.986	4.00%
7	837	364	473	39	28	29	4.66%	3.37%	1.382	3.50%
8	835	663	172	22	26	25	2.63%	3.05%	0.863	3.00%
9	1,181	1,173	8	23	33	30	1.95%	2.81%	0.692	2.50%
10	1,484	1,469	15	29	39	33	1.95%	2.60%	0.753	2.25%
11	1,669	1,662	7	32	40	33	1.92%	2.38%	0.806	2.00%
12	1,557	1,551	6	20	34	27	1.28%	2.20%	0.585	1.75%
13	1,453	1,449	4	19	29	22	1.31%	2.01%	0.651	1.50%
14	1,320	1,315	5	17	25	17	1.29%	1.88%	0.684	1.25%
15	1,346	1,342	4	10	24	17	0.74%	1.76%	0.423	1.25%
16	1,445	1,442	3	14	24	18	0.97%	1.67%	0.581	1.25%
17	1,593	1,590	3	13	25	20	0.82%	1.57%	0.520	1.25%
18	1,596	1,593	3	10	24	20	0.63%	1.52%	0.412	1.25%
19	1,135	1,134	1	35	17	14	3.08%	1.52%	2.035	1.25%
20+	3,786	3,780	6	98	57	47	2.59%	1.50%	1.725	1.25%
Total	33,522	21,127	12,395	1,295	1,165	1,272	3.86%	3.48%	1.111	3.79%



DISABILITY INCIDENCE RATES

The disability incidence assumption is the probability that a member will become disabled while actively participating in the plan. A review of past experience compared to the current assumption will provide the basis for examining the assumption.

The overall cost due to disability depends on the plan's disability provisions. For Article 3 members, the benefits for separating due to disability can be more valuable than retirement benefits. It is possible that an active member, who is already eligible to retire, becomes disabled and is entitled to receive a larger immediate benefit than if he or she had retired.

It is also important to note that the level of disability benefits received depends on whether the disability was service-related or non-service-related. To be eligible for non-service-related disability benefits, a member must have earned seven years of service, whereas members are eligible for service-related disability benefits immediately upon disability. Therefore, an additional assumption for the proportion of disablements that are service-related is necessary.

Current Assumption

The current disability incidence assumption is a unisex age-related table. Currently, 60% of disabilities are assumed to be service-related.

Experience and Proposed Assumptions

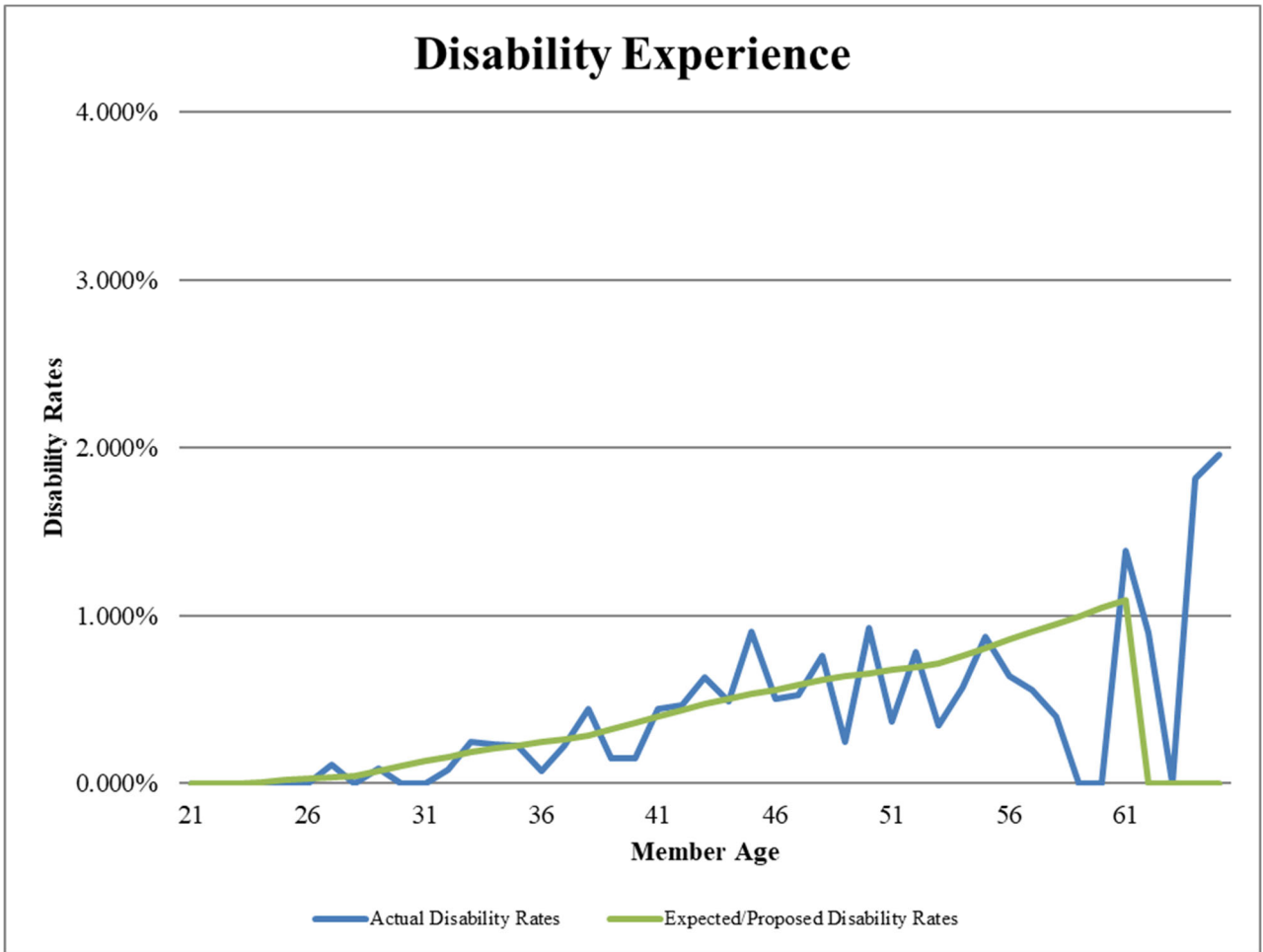
In total, over the studied period, there were fewer disablements than assumed. For some ages, the actual rate was higher than expected and for other ages, the actual rate was lower. We propose adjusting the current table of rates by a factor of 0.95 (reducing rates by 5%).

We also reviewed the incidence of service-related disabilities versus non-service-related disabilities. Approximately 66% of the disabilities were service-related. We propose no change to the current 60% assumption.

The actual, expected, and proposed rates of disability are provided in the following table. Following the table is a graph which provides a visual representation of the actual and proposed disability rates compared to the current assumption.

Illinois Police Officers' Pension Investment Fund
2017 - 2020 Disability Experience

Age	Exposures	Actual Disabilities	Expected Disabilities Current Rates	Actual Disability Rates	Expected Disability Rates	Actual / Expected	Proposed Disability Rates
20	5	0	0.0	0.000%	0.000%	0.000	0.000%
21	10	0	0.0	0.000%	0.000%	0.000	0.000%
22	83	0	0.0	0.000%	0.000%	0.000	0.000%
23	255	0	0.0	0.000%	0.010%	0.000	0.010%
24	506	0	0.1	0.000%	0.020%	0.000	0.019%
25	677	0	0.2	0.000%	0.030%	0.000	0.029%
26	873	1	0.4	0.115%	0.040%	2.863	0.038%
27	974	0	0.5	0.000%	0.050%	0.000	0.048%
28	1,097	1	0.9	0.091%	0.080%	1.140	0.076%
29	1,163	0	1.3	0.000%	0.110%	0.000	0.105%
30	1,143	0	1.6	0.000%	0.140%	0.000	0.133%
31	1,165	1	2.0	0.086%	0.170%	0.505	0.162%
32	1,222	3	2.4	0.246%	0.200%	1.228	0.190%
33	1,271	3	2.8	0.236%	0.220%	1.073	0.209%
34	1,326	3	3.2	0.226%	0.240%	0.943	0.228%
35	1,350	1	3.5	0.074%	0.260%	0.285	0.247%
36	1,338	3	3.8	0.224%	0.280%	0.801	0.266%
37	1,355	6	4.1	0.443%	0.300%	1.476	0.285%
38	1,351	2	4.6	0.148%	0.340%	0.435	0.323%
39	1,358	2	5.2	0.147%	0.380%	0.388	0.361%
40	1,343	6	5.6	0.447%	0.420%	1.064	0.399%
41	1,292	6	5.9	0.464%	0.460%	1.010	0.437%
42	1,259	8	6.3	0.635%	0.500%	1.271	0.475%
43	1,225	6	6.5	0.490%	0.530%	0.924	0.504%
44	1,332	12	7.5	0.901%	0.560%	1.609	0.532%
45	1,378	7	8.1	0.508%	0.590%	0.861	0.561%
46	1,523	8	9.4	0.525%	0.620%	0.847	0.589%
47	1,585	12	10.3	0.757%	0.650%	1.165	0.618%
48	1,634	4	11.0	0.245%	0.670%	0.365	0.637%
49	1,508	14	10.4	0.928%	0.690%	1.346	0.656%
50	1,344	5	9.5	0.372%	0.710%	0.524	0.675%
51	1,025	8	7.5	0.781%	0.730%	1.069	0.694%
52	875	3	6.6	0.343%	0.750%	0.457	0.713%
53	699	4	5.6	0.572%	0.800%	0.715	0.760%
54	571	5	4.9	0.876%	0.850%	1.030	0.808%
55	468	3	4.2	0.641%	0.900%	0.712	0.855%
56	358	2	3.4	0.559%	0.950%	0.588	0.903%
57	251	1	2.5	0.398%	1.000%	0.398	0.950%
58	190	0	2.0	0.000%	1.050%	0.000	0.998%
59	172	0	1.9	0.000%	1.100%	0.000	1.045%
60	144	2	1.7	1.389%	1.150%	1.208	1.093%
61	112	1	0.0	0.893%	0.000%	0.000	0.000%
62	73	0	0.0	0.000%	0.000%	0.000	0.000%
63	55	1	0.0	1.818%	0.000%	0.000	0.000%
64	51	1	0.0	1.961%	0.000%	0.000	0.000%
65+	82	1	0.0	1.220%	0.000%	0.000	0.000%
Total	39,071	146	167.2	0.374%	0.428%	0.873	0.406%



MORTALITY RATES

A plan's normal cost and actuarial accrued liabilities depend in part on how long retirees will live. If retirees live longer than anticipated by the assumptions, benefits will be paid longer than expected and experience losses will develop. If retirees do not live as long as anticipated by the assumptions, experience gains will develop. Mortality rates represent the probability of death at a given age. The choice of mortality rates impacts active member and retiree costs and liabilities and has the greatest impact on the liabilities for retirees.

The actuarial profession has increasingly become more focused on the issue of future mortality improvement. Mortality rates have declined over time as advances in medical care have evolved. The extent of future mortality improvement will impact the magnitude of pension costs and liabilities for future benefit commitments. ASOP No. 35 discusses the importance of actuaries considering mortality improvements when measuring pension obligations. Specifically, an actuary should make and disclose a specific recommendation with respect to future mortality improvement after the measurement date. Mortality improvement can be accounted for with static or generational mortality tables. A static table includes a projection of the base mortality rates to a specific date or equivalently for a specific number of years. The same mortality rates at any given age apply to everyone. A generational table anticipates future improvements in mortality by using a different static mortality table for each year of birth, with the tables for later years of birth assuming lower mortality than the tables of earlier years of birth.

Our analysis employs a credibility procedure which uses a statistical approach to combine actual mortality experience with standard mortality tables to improve the estimate of future mortality.

Current Assumption

Healthy Lives: RP-2014 Blue Collar Total Healthy Annuitant mortality table, sex distinct with generational mortality improvement using scale MP-2016 and a base year of 2013.

Disabled Lives: RP-2014 Blue Collar Total Healthy Annuitant mortality table, sex distinct, with rates increased by 15 percent, and generational mortality improvement using scale MP-2016 and a base year of 2013.

Standard Mortality Tables

In 2019, the Society of Actuaries (SOA) released its report of a comprehensive study of public sector mortality experience. Included in this report are gender-specific mortality tables for public safety employees, including separate tables for active members, retirees, disabled members and contingent survivor tables for beneficiaries. These tables are collectively named the Pub-2010 Mortality Tables.

In preparing this study, we compared the Article 3 funds' actual plan experience to the current assumption and to the applicable Pub-2010 Mortality Tables.

For a plan to develop a mortality table based solely on its own experience, it must have hundreds of thousands of lives and thousands of deaths at each age and gender. However, many plans provide enough fully credible experience to develop a custom mortality table by multiplying the mortality rates in a published table by the ratio of actual to expected deaths. We employed this methodology by first identifying a standard table with mortality rates that are similar to those shown by the actual plan membership. Since the rate at each age in the custom mortality table will be a multiple of the rate at that age from the standard table, close attention was given to the shape of the standard table in making the selection.

Once the appropriate standard table was selected, we determined the multiple using the limited fluctuation approach to credibility, as described in the Society of Actuaries Credibility Educational Resource for Pension Actuaries, issued in August 2017. Using this approach, 1082 deaths are needed to provide full credibility based on a 90% confidence level and a 5% margin of error. If the experience data is fully credible, then the rates from

the standard table are multiplied by the ratio of the actual to expected deaths from the standard table. Where there are fewer than the deaths than needed for full credibility, the limited fluctuations approach allows some of the plan's actual experience to be used to adjust the standard table.

Experience and Recommended Assumptions

Active Members:

The low number of active public safety member deaths results in an insufficient number of deaths needed to provide fully credible experience on which to develop the appropriate mortality rates. With only 29 total active deaths over the studied period, we found that experience was only about 16% credible.

In selecting a standard table, we considered the Pub-2010 Public Safety Employee table for males and females. We found that this table provided a reasonable match to the experience pattern of current active members for both males and females. We used the limited fluctuation approach described above to determine the appropriate adjustment factor for each table. Based on this analysis, we recommend using Pub-2010 Public Safety Employee tables for males and females with no adjustment.

Retirees and Survivors:

Using the credibility approach described above, we found that the mortality experience was 69.7% credible for male retirees and 49.7% credible for female survivors. There was not sufficient experience for female retirees and male survivors to be considered credible. We compared the experience to the Pub-2010 Public Safety Healthy Retiree and the Pub-2010 Public Safety Survivor tables.

These tables provided a reasonable fit to the actual experience. Because the actual experience is somewhat credible, we recommend adjusting the Pub-2010 Public Safety Healthy Retiree and the Pub-2010 Public Safety Survivor tables with some of the actual experience. The recommended adjustment factor is 1.15 for male retirees and for female survivors. We recommend no adjustment for female retirees and male survivors.

Disability Retirees:

Mortality rates for disability retirees are generally higher than for regular retirees.

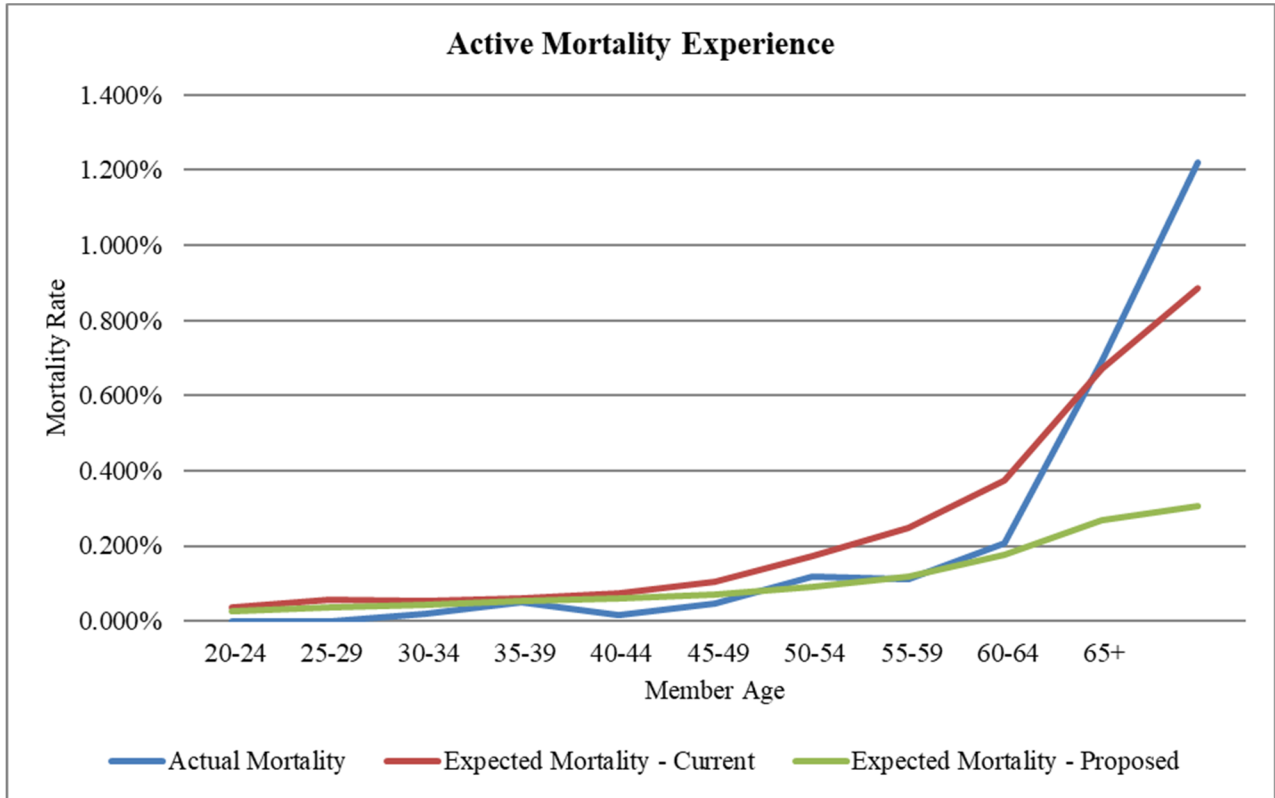
Using the credibility approach identified above, with 57 male deaths and two female deaths, the experience was 23.0% credible for males and 4.3% credible for females. In selecting a standard table, actual mortality experience was heavier than experience suggested by the Pub-2010 table. Based on our analysis using the limited fluctuation approach, we recommend an adjustment factor of 1.08 to male rates and no adjustment to female rates.

Future Mortality Improvement:

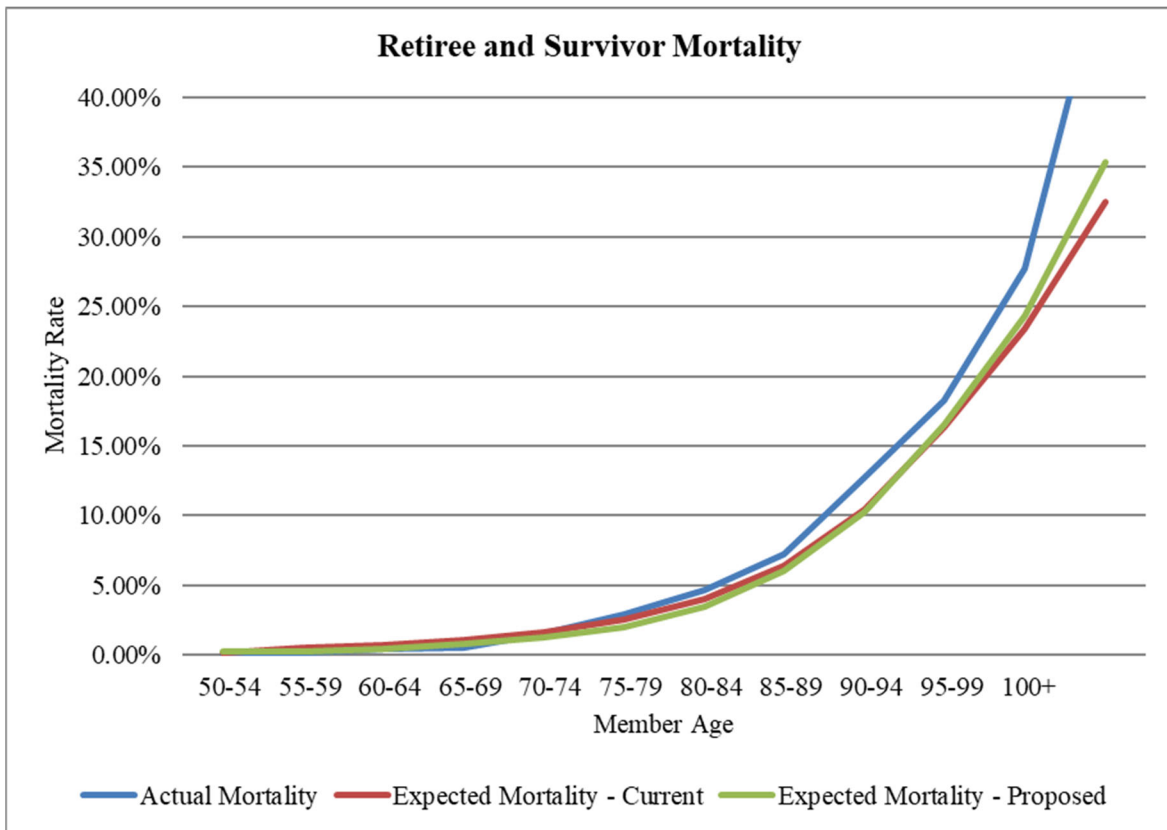
Currently, the mortality tables reflect generational improvements using Scale MP-2016. We continued use of the generational improvements, updated to reflect the most current projection scale available (currently MP-2021). This scale would be updated with each valuation using the projection scale available as of January 1 of the valuation year.

The actual, expected, and proposed mortality rates for active members, healthy retirees and survivors, and disabled members are provided on the following tables. Following the tables are graphs which provide a visual representation of the actual and proposed mortality rates compared to the current assumptions.

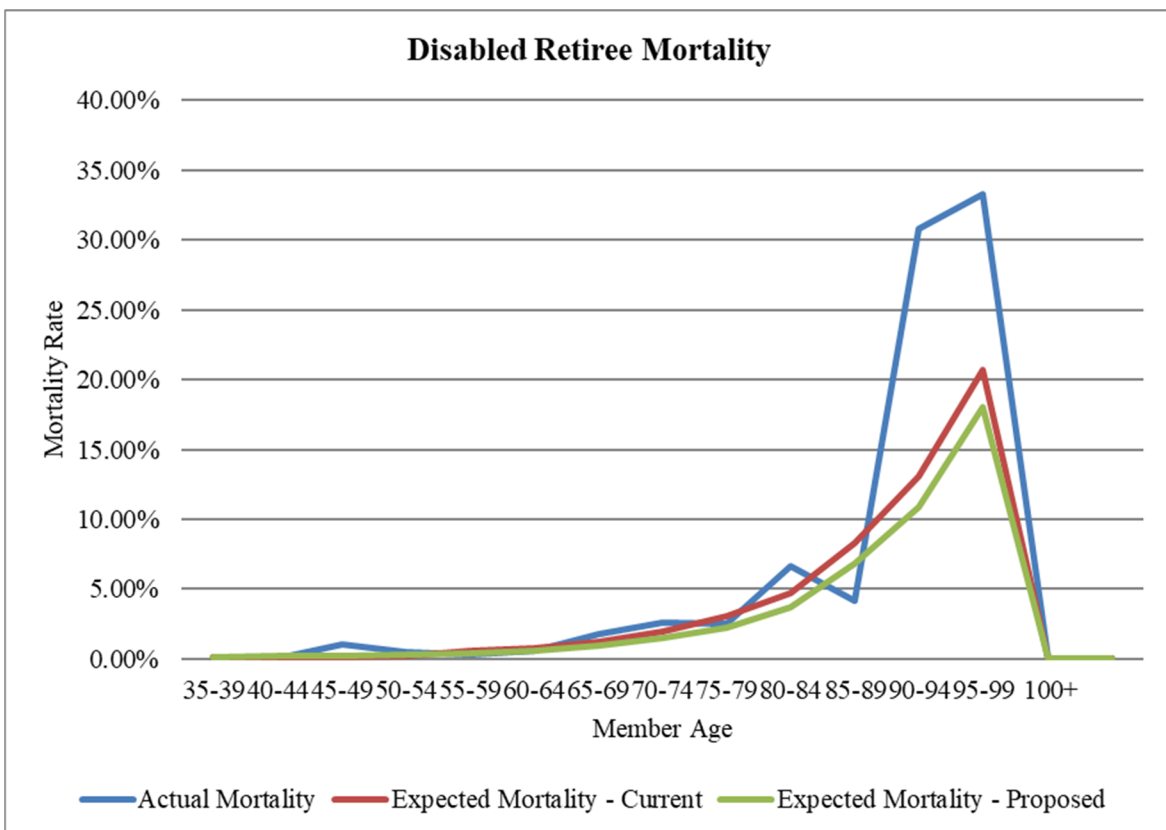
Illinois Police Officers' Pension Investment Fund 2017 - 2020 Mortality Experience Active Members						
Age	Exposures	Actual Deaths	Expected Deaths	Actual Mortality Rates	Expected Mortality Rates	Proposed Mortality Rates
<20	2	0	0	0.000%	0.035%	0.026%
20-24	857	0	0	0.000%	0.056%	0.035%
25-29	4,784	1	2	0.021%	0.052%	0.042%
30-34	6,127	3	4	0.049%	0.059%	0.053%
35-39	6,752	1	5	0.015%	0.075%	0.062%
40-44	6,451	3	7	0.047%	0.106%	0.071%
45-49	7,628	9	13	0.118%	0.172%	0.090%
50-54	4,514	5	11	0.111%	0.248%	0.118%
55-59	1,439	3	5	0.209%	0.375%	0.175%
60-64	435	3	3	0.690%	0.670%	0.270%
65+	82	1	1	1.220%	0.887%	0.307%
Total	39,071	29	52	0.074%	0.133%	0.078%



Illinois Police Officers' Pension Investment Fund 2017 - 2020 Mortality Experience Retirees and Survivors						
Age	Exposures	Actual Deaths	Expected Deaths	Actual Mortality Rates	Expected Mortality Rates	Proposed Mortality Rates
<50	168	0	0	0.00%	0.14%	0.27%
50-54	3,077	6	15	0.19%	0.49%	0.27%
55-59	4,124	17	28	0.41%	0.68%	0.45%
60-64	5,261	30	55	0.57%	1.04%	0.76%
65-69	5,434	82	90	1.51%	1.65%	1.23%
70-74	4,613	135	118	2.93%	2.56%	2.01%
75-79	3,031	141	121	4.65%	4.01%	3.44%
80-84	1,913	138	123	7.21%	6.45%	6.00%
85-89	1,017	130	106	12.78%	10.45%	10.30%
90-94	465	85	76	18.28%	16.32%	16.54%
95-99	83	23	19	27.71%	23.40%	24.35%
100+	8	4	3	50.00%	32.50%	35.38%
Total	29,194	791	755	2.71%	2.59%	2.23%



Illinois Police Officers' Pension Investment Fund 2017 - 2020 Mortality Experience Disabled Retirees						
Age	Exposures	Actual Deaths	Expected Deaths	Actual Mortality Rates	Expected Mortality Rates	Proposed Mortality Rates
<35	36	0	0	0.00%	0.08%	0.17%
35-39	127	0	0	0.00%	0.09%	0.20%
40-44	293	3	0	1.02%	0.12%	0.23%
45-49	601	3	1	0.50%	0.19%	0.29%
50-54	623	2	3	0.32%	0.55%	0.40%
55-59	532	3	4	0.56%	0.77%	0.61%
60-64	569	10	7	1.76%	1.19%	0.97%
65-69	542	14	11	2.58%	1.96%	1.49%
70-74	356	9	11	2.53%	3.04%	2.24%
75-79	120	8	6	6.67%	4.76%	3.72%
80-84	48	2	4	4.17%	8.33%	6.79%
85-89	13	4	2	30.77%	13.08%	10.85%
90-94	3	1	1	33.33%	20.67%	18.00%
95-99	0	0	0	0.00%	0.00%	0.00%
100+	0	0	0	0.00%	0.00%	0.00%
Total	3,863	59	49	1.53%	1.28%	1.03%



OTHER DEMOGRAPHIC ASSUMPTIONS

Dependent/minor children: The funds do provide temporary dependent/minor child benefits. However, because the benefits are immaterial, no assumptions are made with regard to dependent minor children.

Spouse's age: Male spouses are assumed to be 3 years older. Correspondingly, female spouses are assumed to be three years younger. Based on available spousal data for current retirees, male spouses are about 2.3 years older and female spouses are about 3.0 years younger. We recommend no changes to this assumption.

Marital status: The current valuation assumes that 80% of active members are married. This statistic is used to determine the probability that spousal benefits will be payable in the event of an active member's death. Based on the spousal data for current retirees, 79% of male members are married and 52% of female retirees are married. Because the current retiree population has a limited number of female retirees (about 280), we recommend no change to the current 80% assumption for both males and females.

Duty-related deaths: Currently, 20% of active deaths are assumed to be in the line of duty. Given the small incidence of active deaths, we recommend no changes to this assumption.

Administrative expenses: While pension plans exist to pay benefits to members in retirement, an overlooked liability of the plan is the payment of administrative expenses from the trust. If the expenses are not considered in the development of the annual required contribution, the amount being contributed is insufficient. As a result, we recommend including an estimate of administrative expenses in the development of the annual contribution.

There are a variety of different approaches used by actuaries to build in administrative expenses into the contribution including a load to the normal cost, a reduction to the investment return assumption or the inclusion of an average of prior years' administrative expenses. Based on Foster & Foster's experience with Article 3 funds, the administrative expenses typically are 2-3% of normal cost. For purposes of IPOPIF's actuarial statements, we recommend including a load of 2.0% of the total normal cost. This approach is the simplest and will be consistent from one plan to another.

RECOMMENDED ASSUMPTIONS

Interest Rate	6.75% per year compounded annually, net of investment related expenses.
Mortality Rate	<p>Active Lives: PubS-2010 Employee mortality, unadjusted, with generational improvements with most recent projection scale (currently Scale MP-2021). 10% of active deaths are assumed to be in the line of duty.</p> <p>Inactive Lives: PubS-2010 Healthy Retiree mortality, adjusted by a factor of 1.15 for male retirees and unadjusted for female retirees, with generational improvements with most recent projection scale (currently Scale MP-2021).</p> <p>Beneficiaries: PubS-2010 Survivor mortality, unadjusted for male beneficiaries and adjusted by a factor of 1.15 for female beneficiaries, with generational improvements with most recent projection scale (currently Scale MP-2021).</p> <p>Disabled Lives: PubS-2010 Disabled mortality, adjusted by a factor of 1.08 for male disabled members and unadjusted for female disabled members, with generational improvements with most recent projection scale (currently Scale MP-2021).</p>
Retirement Age	See full tables at end of this section.
Disability Rate	See full tables at end of this section. 60% of the disabilities are assumed to be in the line of duty.
Termination Rate	See full tables at end of this section.
Salary Increases	See table below.

Salary Scale	
Service	Rate
0	11.00%
1	9.50%
2	8.00%
3	7.50%
4	7.00%
5	6.00%
6	5.00%
7 - 11	4.00%
12 - 29	3.75%
30+	3.50%

Inflation	2.50%.
Tier 2 Cost-of-Living Adjustment	1.25% per year after the later of attainment of age 60 or first anniversary of retirement. The increase is the lesser of 3.00% and one-half of the increase in CPI-U.
Marital Status	80% of Members are assumed to be married.
Spouse's Age	Males are assumed to be three years older than females.
Payroll Growth	3.00% per year.
Administrative Expenses	Administrative expenses will be estimated as 2% of the fund's total normal cost.

% Terminating During the Year		% Becoming Disabled During the Year		% Retiring During the Year (Tier 1)		% Retiring During the Year (Tier 2)	
Service	Rate	Age	Rate	Age	Rate	Age	Rate
0	13.00%	<=22	0.000%	50 - 54	20%	50 - 54	5%
1	8.00%	23	0.010%	55 - 62	25%	55	40%
2	7.00%	24	0.019%	63	33%	56 - 62	25%
3	6.00%	25	0.029%	64	40%	63	33%
4	5.00%	26	0.038%	65 - 69	55%	64	40%
5	4.50%	27	0.048%	70+	100%	65 - 69	55%
6	4.00%	28	0.076%			70+	100%
7	3.50%	29	0.105%				
8	3.00%	30	0.133%				
9	2.50%	31	0.162%				
10	2.25%	32	0.190%				
11	2.00%	33	0.209%				
12	1.75%	34	0.228%				
13	1.50%	35	0.247%				
14+	1.25%	36	0.266%				
		37	0.285%				
		38	0.323%				
		39	0.361%				
		40	0.399%				
		41	0.437%				
		42	0.475%				
		43	0.504%				
		44	0.532%				
		45	0.561%				
		46	0.589%				
		47	0.618%				
		48	0.637%				
		49	0.656%				
		50	0.675%				
		51	0.694%				
		52	0.713%				
		53	0.760%				
		54	0.808%				
		55	0.855%				
		56	0.903%				
		57	0.950%				
		58	0.998%				
		59	1.045%				
		60	1.093%				
		61+	0.000%				

Illinois Police Officers' Pension Investment Fund 2022 Experience Study – Executive Summary

Assumption	Current (DOI)	Proposed (IPOPIF)	Estimated Impact
Investment Return	Range from 5.00% to 6.50% depending on asset size	6.75% for all	Smaller funds could see liability decreases in excess of 20%. Larger funds could see decreases of approximately 3%.
Inflation	2.50%	2.50%	None.
Salary Increases	Service-related table with rates grading from 11.0% to 3.5% at 33 years of service	Similar table with minor changes to individual rates	Minor decreases in individual rates will result in a slight decrease in liabilities
Payroll Growth	3.50%	3.00%	No impact on liabilities, but will increase the amortization amounts recognized in the annual contribution requirements, especially for plans with lower funded ratios
Retirement Rates	Age-related rates that vary by tier	Similar table with minor changes to individual rates	At most a slight increase in liabilities
Termination Rates	Age-related rates starting at 14.0% and grading to 1.50% by age 42	Service-related rates starting at 13.0% and grading to 1.25% by 14 years of service	More terminations overall expected with proposed, so liabilities could decrease slightly. Tier 2 liabilities will decrease more than Tier 1 liabilities.
Disability Rates	Age-related table with 60% of disabilities service-related	Similar table with minor changes to all rates; no change to service-related assumption	No material impact is anticipated.
Mortality Rates	RP-2014 tables with adjustments; fixed improvement scale of MP-2016	PubS-2010 tables with adjustments; annual update to latest MP-20xx improvement scale	Anticipate liabilities to generally increase from 0.5% to 1.5%
Administrative Expenses	None	Load of 2.0% added to normal cost	No impact on liabilities but will increase the annual contribution requirements

Note that the assumptions anticipated to have a material impact on annual contribution requirements are investment return, payroll growth, mortality, and administrative expenses.

MEMORANDUM

DATE: Friday, March 4, 2022
TO: IPOPIF Board of Trustees
FROM: Kent F. Custer, CFA, Chief Investment Officer
SUBJECT: Investment Policy Revision to Incorporate Asset Allocation Glidepath

Background

The Investment Policy Statement (IPS) details a short-term and a long-term strategic asset allocation (SAA). Initially, the short-term SAA will have a lower equity allocation due to historically rich valuations. The long-term SAA will gradually increase equity exposure by 15% (from 50% to 65%). At the Board meeting of January 14, 2022, Verus discussed implementing a “glidepath” from the short-term SAA to the long-term SAA. Investment Policy revisions to incorporate an asset allocation glidepath were discussed at the February 10, 2022, Board meeting.

Glidepath Appendix for IPS

Revisions to the IPS are being proposed that will add Appendix A4 – Asset Allocation Glidepath. The glidepath was drafted by Verus and modified following review by investment staff and Fiduciary Counsel. A draft revision to the IPS is attached for reference. Appendix A4 is on page 16. Appendix A2 – Asset Allocation on page 14 was revised to reference the new Appendix.

Adoption of the glidepath will establish a framework for moving to the long-term allocation, while providing flexibility for staff to opportunistically accelerate equity exposure during equity market drawdowns.

Recommendation

That the Board of Trustees **approve** revisions to the Investment Policy Statement as presented.

**ILLINOIS POLICE OFFICERS'
PENSION INVESTMENT FUND**

**INVESTMENT POLICY
STATEMENT**

Adopted: December 17, 2021

Last Revised: March 11, 2022

Policy Number: PP-2021-08

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I. BACKGROUND AND PURPOSE

The Illinois Police Officers' Pension Investment Fund (IPOPIF or the Fund) was created by Illinois Public Act 101-0610 to consolidate the Article 3 police pension funds to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds as defined in 40 ILCS 5/ 22B-105.

This "Investment Policy Statement" (IPS or Policy) provides objectives, guidelines, procedures, and performance standards for the investment of the assets of the Fund. The Policy represents the formal document governing the investment of the Fund's assets.

II. INVESTMENT OBJECTIVES

1. To ensure the assets of the Fund are invested with the care, skill, prudence, and diligence that a prudent person acting in a like capacity would undertake.
2. To earn a long-term, net-of-fees, investment return that meets or exceeds the actuarial assumed rate of return and the return of the Policy Benchmark consistent with the risk level expected from the asset allocation.
3. To ensure the assets of the Fund are invested in a manner that minimizes and controls the costs incurred in administering and managing the assets.

III. INVESTMENT PHILOSOPHY

This section outlines the core beliefs and long-term acknowledgements that will guide the IPOPIF investment program.

1. A well-defined governance structure with clearly delineated responsibilities is critical in achieving consistent, long-term performance objectives.
2. The strategic asset allocation determines the risk-reward profile of the portfolio and is the primary driver of overall portfolio performance and volatility. Key considerations include, but are not limited to, the following:
 - a. Asset allocation has a greater effect on return variability than asset class investment structure or investment manager selection.
 - b. Understanding expected performance variance and being steadfast in the face of negative returns is critical to long-term success.
 - c. Disciplined portfolio rebalancing is a key aspect of prudent long-term asset allocation policy.
3. Risk is multifaceted and will be evaluated holistically, incorporating quantitative measures and qualitative assessments. Risk considerations include, but are not limited to, the following:
 - a. Key pension plan risk factors include mortality, inflation, and investment returns.
 - b. Portfolio diversification increases risk-adjusted return over the long term.
 - c. Diversification across different regions and risk factors reduces risk.

- d. Leverage can be an effective tool to enhance diversification and control risk.
 - e. Uncompensated risk should be minimized.
 - a. Generating positive investment return requires recognizing and accepting non-diversifiable risk. Not taking enough risk is risky; therefore, IPOPIF will accept a prudent level of risk in pursuit of its enterprise objectives.
4. Liquidity is a risk factor and a source of return.
- a. The Fund should possess sufficient liquidity to meet expected cash needs under normal and stress scenarios.
 - b. Illiquid investments should be considered if the expected return provides attractive compensation for the loss of liquidity.
5. The opportunity for active manager risk-adjusted outperformance (alpha) is not uniformly distributed across asset classes or strategies. Active strategies are preferred only when there is strong conviction that they can be expected to add alpha, net of fees. Otherwise, passive strategies are preferred.
6. Investment costs will be monitored and minimized within the context of maximizing net return. The goal is not low fees, but rather maximum returns, net of fees.
- a. Performance-based fee structures with a low base rate and a cap on participation may be appropriate and promote alignment of interests.
 - b. The Fund will negotiate aggressively for the lowest fees and will seek most favored nation clauses where appropriate.

IV. ROLES AND RESPONSIBILITIES

A. FIDUCIARY RESPONSIBILITY

1. A person is a "fiduciary" with respect to the Fund to the extent that the person:
 - a. exercises any discretionary authority or discretionary control respecting management of the Fund, or exercises any authority or control respecting management or disposition of its assets; or
 - b. renders investment advice or renders advice on the selection of fiduciaries for a fee or other compensation, direct or indirect, with respect to any moneys or other property of the Fund or has any authority or responsibility to do so; or
 - c. has any discretionary authority or discretionary responsibility in the administration of the Fund.
2. All fiduciaries to the Fund shall conduct their responsibilities with the care, skill, prudence, and diligence under the circumstances then prevailing which a prudent person familiar with these matters and acting in a like capacity would use in the conduct of an activity of like character and purpose. Fiduciaries, their employees, agents, and designees shall discharge their duties with respect to the Fund solely in the interest of the participants and beneficiaries of the Fund.

B. THE BOARD OF TRUSTEES

The Board of Trustees (the Board) has ultimate responsibility for the success and safety of the investment program. The responsibilities of the Board include, but are not limited to, the following:

1. Determining a prudent level of risk to accept in order to achieve investment objectives.
2. Adopting an asset allocation that prudently diversifies investment risk and maximizes expected return consistent with risk tolerance.
3. Reviewing and adopting the investment policy during the first calendar quarter of each year and as otherwise required.
4. Approving the selection and termination of investment service providers.
5. Monitoring and evaluating the investment performance of the Fund and ensuring the risk profile is consistent with Policy objectives.
6. Monitoring and evaluating investment expenses.
7. Establishing the responsibilities of, and evaluating the performance of, investment staff, advisors, and consultants.

C. CHIEF INVESTMENT OFFICER

The Chief Investment Officer (CIO) is responsible for the day-to-day operation and oversight of Fund investments under policy guidance from the Board. The CIO will work closely with the Executive Director, Investment Consultant, and investment staff to carry out the duties and responsibilities of this role. Specific responsibilities of the CIO include, but are not limited to, the following:

1. Recommending a prudent level of risk to accept in order to achieve investment objectives.
2. Recommending an asset allocation that prudently diversifies investment risk and maximizes expected return consistent with risk tolerance.
3. Recommending an investment policy.
4. Recommending the search, selection, and termination of investment service providers needed to implement the investment program.
5. Monitoring and evaluating the investment performance of the Fund and ensuring the risk profile is consistent with Policy objectives.
6. Monitoring and evaluating investment expenses.
7. Monitoring and evaluating investment service providers.
8. Developing proposals to enhance the investment program.
9. Ensuring the Fund has adequate liquidity to meet cash flow needs and coordinating the investment of cash contributions and distributions.
10. Monitoring investment allocation and coordinating rebalancing in accordance with the Policy.
11. Reporting to the Board at least quarterly regarding investment activity and performance.

12. Managing the IPOPIF investment staff.

D. INVESTMENT CONSULTANT

The Investment Consultant provides information, analysis, and advice to the Board, CIO, and investment staff to assist them in implementing the investment program and monitoring and evaluating Fund investments. The Investment Consultant will work closely with the CIO but is required to provide an independent perspective to the Board. Specific responsibilities of the Investment Consultant include, but are not limited to, the following.

1. Assisting in the development, implementation, and evaluation of the Investment Policy and asset allocation.
2. Assisting in the development, implementation, and evaluation of an investment manager structure that provides appropriate diversification with respect to the number and types of investment managers retained.
3. Making recommendations regarding the identification of appropriate market benchmarks and peer groups against which each investment option should be evaluated.
4. Assisting in the search process for investment service providers.
5. Producing quarterly reports to assist in evaluating the investment plan, risk, and performance. In conjunction with these reports, the Investment Consultant will provide recommendations for action when appropriate or when requested.
6. Monitoring the investment managers and investment products employed by the Fund on an on-going basis and informing the CIO and Board, as appropriate, of any developments that might impact performance of Fund investments.
7. Educating investment staff and the Board, as appropriate, on investment issues that could impact the Fund.

E. CUSTODIAN

The Custodian has three primary responsibilities, namely: (1) safekeeping of assets – custody, pricing, and accounting, and reporting of assets owned by the Fund; (2) trade processing – track and reconcile assets that are acquired and disposed; and (3) asset servicing – maintain all economic benefits of ownership including income collection, corporate actions, and proxy notification issues. Specific responsibilities of the Custodian include, but are not limited to, the following.

1. Safekeeping services for investment securities.
2. Timely settlement of securities transactions.
3. Proper pricing of investment securities.
4. Timely collection of income.
5. Prompt and accurate administration of corporate actions, including proxy notifications.
6. Direct, accurate daily communications with investment managers to ensure trades are correct and confirmed.
7. Proactive reconciliation with investment managers.

8. Value allocation for each Article 3 pension fund account.
9. Monthly and annual reporting for IPOPIF and uniform reporting for all Article 3 pension fund accounts.
10. Immediate communication with the CIO regarding any concerns or issues with respect to services provided by the Custodian.
11. Support for annual and regulatory reporting, including working with IPOPIF auditors.
12. Governance reporting to ensure service level metrics and expectations are being met.

F. INVESTMENT ADVISORS/MANAGERS

In accordance with the Illinois Pension Code, the Board may appoint investment advisors (herein also referred to as “Investment Managers”) to manage (including the power to acquire or dispose of) the assets of the Fund. The specific duties and responsibilities of each Investment Manager include, but are not limited to, the following.

1. The investment advisor(s) must acknowledge in writing that it is a fiduciary with respect to the Fund and must be at least one of the following:
 - a. registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.);
 - b. registered as an investment adviser under the Illinois Securities Law of 1953;
 - c. a bank, as defined in the Investment Advisers Act of 1940; or
 - d. an insurance company authorized to transact business in this State.
2. Managing those assets of the Fund that are under the supervision of the Investment Manager in accordance with the Investment Management Agreement or other governing document between IPOPIF and the Investment Manager.
3. Exercising investment discretion regarding buying, managing, and selling Fund assets under the supervision of the Investment Manager, subject to any limitations contained in the Investment Management Agreement or other governing document between IPOPIF and the Investment Manager.
4. Directing all trading on the portfolio(s) that it manages on a best execution basis. Soft-dollar trades are prohibited, unless expressly authorized under the Investment Management Agreement. (Soft dollar refers to a method of paying brokers for non-trading services, such as research, through trading commissions.)
5. Voting proxies on all securities held. All proxies will be voted exclusively in the best interests of the Fund. Investment managers who vote proxies will maintain written policies for proxy voting and keep a proper record of all proxies to which the Fund is entitled. A written report will be provided annually to the CIO and Investment Consultant.
6. Providing written reports to the CIO and Investment Consultant on at least a quarterly basis, detailing performance for the most recent period, gross and net of all fees.
7. Informing staff and the Investment Consultant, as soon as practical, in writing of any breach of the Investment Manager’s investment guidelines, its Agreement with the Fund, regulatory standards, and ethics policies.

8. Informing staff and the Investment Consultant as soon as practical, in writing, of any significant changes in the ownership, organizational structure, financial condition, personnel staffing, or other material changes at the firm; and
9. Increasing the utilization of Minority/Women/Disabled/Veteran Owned Broker Dealers. Appendix B2 details minority brokerage goals and responsibilities.
10. The Fund may utilize pooled funds (e.g., mutual funds, commingled funds, collective trusts, limited partnerships) that are generally aligned with this Policy when selected. However, pooled funds are controlled by their specific governing documents and are not customizable; therefore, it may not be feasible to require that such pooled funds adhere strictly to this Investment Policy. Any manager of a pooled fund shall inform IPOPIF if the investment policies, objectives, or guidelines of any such fund undergo material changes.

G. SECURITIES LENDING PROVIDER

The Board may authorize the use of a securities lending provider, which refers to any third-party firm (Agent) that lends the assets of the Fund to other parties in exchange for collateral and interest income. Cash collateral received from securities borrowers will be deposited upon receipt in an approved short-term investment vehicle or vehicles. The Agent may lend financial securities and shall have full discretion over the selection of borrowers and shall continually review the creditworthiness of potential borrowers through extensive analysis of publicly available information and any other material available to them. All loans shall be fully collateralized with cash, government securities, or irrevocable bank letters of credit. Initial collateral levels equal to a percentage of the market value of the borrowed securities shall not be less than 102% plus accrued interest. Securities on loan should be marked-to-market on a daily basis to assess adequacy of collateralization. The Agent shall provide periodic performance reports to the Investment Staff and Investment Consultant. The securities lending program should in no way inhibit the portfolio management activities of the Fund's investment managers.

V. INVESTMENT STRUCTURE

A. ASSET CATEGORIES AND CLASSES

IPOPIF investments shall be prudently diversified to optimize expected return and control risks. Assets can generally be categorized into four functional categories of Growth, Income, Inflation Protection, and Risk Mitigation. Each category can include multiple asset classes, representing different types of investments that can provide diversification within each functional category. Asset category and class descriptions are detailed in Appendix A1.

B. ASSET ALLOCATION

The asset allocation establishes target weights for each asset class and is designed to maximize the long-term expected return of the Fund within an acceptable risk tolerance while providing liquidity to meet program liabilities. The asset allocation is a key determinant of investment performance. The Asset Allocation is detailed in Appendix A2.

C. INVESTMENT MANAGER STRUCTURE

The investment manager structure establishes the investment manager roles that will be used to implement the asset allocation. The investment manager structure will employ the minimum number of managers necessary to assure appropriate diversification. The following guidelines will limit active manager concentration unless an exception is specifically authorized by the Board.

1. The maximum allocation to a single active manager is 12% of the Plan.
2. The maximum allocation to a single active management product is 8% of the Plan.
3. No investment with any single investment strategy may exceed 10% of that manager's total assets under management for that strategy.
4. There is no specified limitation for passive managers or products but diversifying alternatives should be considered when adding passive exposure.

D. REBALANCING POLICY

1. Rebalancing is the process of realigning investment weights toward targets to maintain the desired asset allocation.
2. Rebalancing ranges are detailed in Appendix A2, Asset Allocation.
3. The CIO has the responsibility and authority to rebalance the Fund in accordance with this Policy.
4. The CIO and the Investment Consultant shall review asset allocations at least quarterly or as appropriate during periods of significant market volatility.
5. Cash contributions to and withdrawals from the Fund may be used to move investment weights towards targets.
6. When asset allocations exceed the prescribed limits, or when deemed prudent by the CIO, with the advice of the Investment Consultant, Fund assets may be rebalanced to the target levels or to some point within the target range. No rebalancing action is automatically required if an asset class weight reaches a rebalancing limit. However, the CIO shall document the rationale for not acting if an allocation falls outside of the rebalancing range.
7. Rebalancing to targets will be considered at least annually by the CIO, with the advice of the Investment Consultant.
8. Rebalancing activity shall be reported at the next meeting of the Board.

E. TRANSITION MANAGEMENT

1. Transition management is the process of managing changes to an investment fund's portfolio of assets with an objective of reducing unnecessary costs and unrewarded risks.
2. IPOPIF shall maintain a pool of qualified transition management firms, which may be utilized to minimize the costs of asset transfers. Transition manager utilization should be considered for asset transfers but is not required if the CIO, with advice from the Consultant, believes the transition can be more effectively implemented using approved investment managers.

3. A transition plan shall be developed by the transition manager or investment manager and reviewed with investment staff prior to the transition.
4. A post-trade analysis shall be documented by the transition manager or investment manager and reviewed with investment staff.
5. Transition activity and costs shall be reported at the next meeting of the Board.

F. PERFORMANCE BENCHMARKS

Fund performance will be evaluated against a “Broad Benchmark” of global stocks and bonds and a “Policy Benchmark” reflecting a market index or equivalent for each asset class, weighted in accordance with the current target allocations. Over a full market cycle (typically three-to-five-years), the Fund is expected to generate returns, after payment of all fees and expenses, which exceed the Broad Benchmark and the Policy Benchmark. Performance Benchmarks are detailed in Appendix A3.

VI. INVESTMENT MANAGER SELECTION, MONITORING, AND EVALUATION

A. INVESTMENT MANAGER SELECTION

1. Investment Manager selection shall be governed by the Procurement of Investment Services Policy, IPOPIF Policy number PP-2021-07.
2. Pursuant to Sections 1-113.6 and 1-113.17 of the Illinois Pension Code, decision-useful sustainability factors will be considered within the bounds of financial and fiduciary prudence, including, but not limited to: (i) corporate governance and leadership factors; (ii) environmental factors; (iii) social capital factors; (iv) human capital factors; and (v) business model and innovation factors, as provided for under the Illinois Sustainable Investing Act, 30 ILCS 238/1, et seq.
3. Pursuant to 40 ILCS 5/1A-108, the Fund recognizes that it is the public policy of the State of Illinois to promote the economy of Illinois through the use of economic opportunity investments to the greatest extent feasible within the bounds of financial and fiduciary prudence.

B. MANAGER MONITORING AND EVALUATION

Investment Staff and the Investment Consultant will evaluate each Investment Manager from a qualitative and quantitative standpoint on a quarterly basis.

1. Qualitative factors include, but are not limited to, the following.
 - a. Ownership changes or departure of key personnel.
 - b. Assets under management at the firm and product level.
 - c. Conflicts of interest.
 - d. Changes in investment strategy.
 - e. Material litigation or regulatory challenges involving the Investment Manager.
 - f. Material client-servicing problems.

- g. Minority brokerage utilization.
2. Quantitative Review.
 - a. Long-term performance standards should measure an Investment Manager's performance using rolling returns across multiple trailing time periods (e.g., 1-year, 3-year, and 5-year) in relation to the mutually agreed upon performance index.
 - b. Shorter-term performance will be measured in relation to an appropriate style index and "Peer Group." Each Investment Manager is to be measured against the median return of a peer group of investment managers with similar investment styles.
 - c. Managers are expected to maintain their stated investment style and philosophy. Quantitative measures of investment style and philosophy include style mapping, style attribution analysis, and tracking error relative to the benchmark.
 3. Investment Staff and the Investment Consultant will review Investment Manager performance with the Board on a quarterly basis.
 - a. Investment staff shall identify investment managers of concern, report the material issues, and provide an analysis supporting the CIO's recommendation.
 - b. While past performance is not a reliable predictor of future results, the following criteria shall warrant review by the Board of Trustees:
 - i. Four consecutive quarters in which the manager underperforms its benchmark index for the trailing three-year and five-year periods.
 - ii. Two consecutive quarters in which the manager underperforms its Peer Group for the trailing three-year and five-year periods.

VII. PROXY VOTING POLICY

Proxies refers to the process of voting as a shareholder on corporate issues without being physically present at the meeting. Shareholders may also vote on corporate issues in person. The Board recognizes that the right to vote on corporate issues is a Fund asset and affirms its fiduciary responsibility to ensure that the Fund's shareholder votes and proxies are voted in the best interests of the Fund. The Board delegates this responsibility to its fiduciary investment managers, who are best positioned to understand the voting issues. Investment managers shall report proxy voting activity annually to the CIO and the Investment Consultant. In the absence of an assigned investment manager, the Chief Investment Officer shall vote proxies in the best interest of the Fund and will use their professional judgement regarding when to seek Board guidance.

VIII. POLICIES INCORPORATED BY REFERENCE

The following IPOPIF Policies are incorporated into the Investment Policy Statement by reference:

PP-2021-07, Procurement of Investment Services Policy

AR-2021-02 Transfer of Assets Rule

Cost and Valuation Rule (when adopted)

Cash Management Policy (when adopted)

IX. POLICY ADOPTION

The Investment Policy was originally adopted by the IPOPIF Board of Trustees on December 17, 2021. The dates of subsequent revisions shall be recorded below.

March 11, 2022

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Appendix A1 – ASSET CLASS DESCRIPTIONS

A. Growth Assets

1. Role: Capital appreciation, primary driver of long-term total return
2. Investment Approach: Growth assets generally represent equity or equity-like interests in current and future income streams and capture long-term economic growth trends throughout the world.
3. Risk Factors
 - a. The cost of the high expected long-term returns is higher expected volatility.
 - b. Growth assets are highly sensitive to economic conditions and are subject to potential loss during economic downturns, rising/unexpected inflation, and rising interest rates.
 - c. Foreign currency volatility can be a source of risk and return for non-US exposure.
 - d. Liquidity is a key benefit as stocks can be traded daily.
4. Representative Asset Classes
 - a. **US Equity** represents publicly traded stock holdings of companies located in the United States.
 - b. **Non-US Equity** represents publicly traded stock holdings of companies located outside of the United States. Non-US equity provides diversification through exposure to international economies and currencies. Non-US equity can be segregated by **developed** and **emerging markets** (economies). Emerging markets equity is expected to capture the higher economic growth of emerging economies and provide higher long-term returns than global equity coupled with higher volatility.
 - c. **Global Equity** removes regional constraints allowing investment in US and non-US companies.
 - d. Public equities may also be categorized by company capitalization (size) with **smaller companies** historically experiencing higher returns and volatility. Active management has fared better in the small company environment, where information is typically evaluated by fewer analysts.
 - e. **Private Equity** refers to investments in private companies (direct investments) or funds that hold investments in private companies or securities that are not typically traded in the public markets. Frequently these investments need “patient” capital to allow time for growth potential to be realized through a combination of capital investment, management initiatives, or market development. Private equity is expected to provide higher long-term returns than public equity, but illiquidity is a key risk due to contractual commitments to fund capital on demand and term structures that allow holding that capital for several years to allow time for value creation.

B. Income Assets

1. Role: Current income and moderate long-term appreciation
2. Investment Approach: Income assets are generally fixed claims on assets or income streams of an issuer (e.g., government, corporation, asset-backed securities).
3. Risk Factors: The primary risk for Income assets is the failure of the borrower to make timely payments of interest and principal (credit risk) and the price volatility related to credit risk. Bonds with greater credit risk (i.e., bonds with lower credit ratings) are typically less liquid than higher quality bonds. Income assets may also be susceptible to interest rate (duration) risk where higher market interest rates reduce their value. Longer maturities have relatively higher interest rate risk.
4. Representative Asset Classes
 - a. **Bank Loans** are similar to high yield bonds in that both represent debt issuers with higher credit risk. Compared to high-yield bonds, bank loans typically have higher seniority in the capital structure, which has historically resulted in much higher recovery following default.
 - b. **High Yield Debt** refers to bonds with higher credit risk and lower credit ratings than investment-grade corporate bonds, Treasury bonds, and municipal bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.
 - c. **Emerging Markets Debt (EMD)** refers to bonds issued by developing countries or corporations based in developing countries. EMD bonds can be denominated in U.S. Dollars or local currency. The primary risk factor is credit quality, but interest rates and foreign currency fluctuations are also factors.
 - d. **Private Debt** refers to non-bank direct lending arrangements. Features are similar to bank loans with somewhat higher credit risk and yields. Investments are typically structured in a private market vehicle with limited liquidity. Private debt may be included within the private equity asset class in the strategic asset allocation.

C. Inflation Protection (Real Assets)

1. Role: Current income, inflation protection, diversification
2. Investment Approach: Generally, ownership in physical assets
3. Risk Factors: Real Assets may not provide the desired inflation protection. Loss of principal is also a risk. Real Estate, Natural Resources, and Infrastructure are typically accessed through private investment vehicles with constrained liquidity similar to that discussed for Private Equity.
4. Representative Asset Classes
 - a. **Real Estate** includes investments in office buildings, apartments, hotels, industrial warehouses, retail, raw land, and development projects.
 - b. **Natural Resources** broadly refers to anything mined or collected in raw form but may include assets subject to further processing. Typical assets include

agriculture, timber, minerals, and metals.

- c. **Infrastructure** refers to investments in physical systems that support world economies. Typical investments include transportation, communication, and utilities (electricity, gas, water, sewage).
- d. **REITs** or Real Estate Investment Trusts are publicly traded companies that own Real Estate. REITs benefit from the daily liquidity consistent with a publicly traded stock, but also suffer from relatively high volatility and higher correlation to publicly traded equity.
- e. **TIPS** refers to United States Treasury Inflation-Protected Securities which provide protection against inflation. The principal of a TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index. At maturity TIPS pay the adjusted principal or original principal, whichever is greater.

D. Risk Mitigation

- 1. **Role:** Liquidity to fund benefit payments and other cash flow needs, capital preservation, modest current income, diversification to growth assets
- 2. **Investment Approach:** Cash equivalents or high-quality domestic bonds
- 3. **Risk Factors:** Risks are substantially lower for risk mitigation assets but may include modest exposure to credit or interest rates (duration).
- 4. **Representative Asset Classes**
 - a. **Cash Equivalents** are the safest possible investment with no volatility and minimal return.
 - b. **Short Term Investment Grade Bonds** have moderate interest rate risk.
 - c. **Investment Grade Bonds** including bonds and notes issued by the **U.S Treasury**, U.S. Government Agencies, state and local municipalities, corporations, or other issuers with similar conservative risk profiles. Risk factors include duration and credit. **Core Fixed Income** refers to a combination of government and corporate bonds and other fixed income instruments reflective of the U.S. fixed income opportunity set. **Core Plus Fixed Income** refers is similar to core but adds somewhat riskier investments, such as high-yield debt and asset-backed securities to boost yield. However, the overall risk profile of Core Plus remains relatively benign.

Appendix A2 – ASSET ALLOCATION

The IPOPIF has adopted short-term and long-term asset allocation targets. Short-term targets are necessary to accommodate the initial IPOPIF transition and the subsequent buildout of diversified strategies, including private market investments. Short-term targets and rebalancing ranges will be updated periodically, ~~consistent with the Asset Allocation Glidepath detailed in Appendix A4. with Board approval, as new investments move the allocation toward the long-term targets.~~ Rebalancing and the Policy Benchmark will be based on short-term targets. Rebalancing ranges are not included where liquidity constraints prevent rebalancing.

IPOPIF Asset Allocation	Short-term			Long-term Target Allocation
	Target Allocation	Rebalancing Range		
		Lower	Upper	
Asset Classes				
Growth	50.0%	45.0%	55.0%	65.0%
US Large	18.0%	16.0%	20.0%	23.0%
US Small	5.0%	4.0%	6.0%	5.0%
International Developed	15.0%	13.0%	17.0%	18.0%
International Developed Small	5.0%	4.0%	6.0%	5.0%
Emerging Markets	7.0%	6.0%	8.0%	7.0%
Private Equity (Direct)	0.0%	N/A	N/A	7.0%
Income	16.0%	14.0%	18.0%	14.0%
Bank Loans	0.0%	N/A	N/A	3.0%
High Yield Corp. Credit	10.0%	9.0%	11.0%	3.0%
Emerging Market Debt	6.0%	5.0%	7.0%	3.0%
Private Credit	0.0%	N/A	N/A	5.0%
Inflation Protection	9.0%	7.0%	11.0%	11.0%
US TIPS	3.0%	2.5%	3.5%	3.0%
REITs	4.0%	3.5%	4.5%	0.0%
Real Estate/Infrastructure	2.0%	N/A	N/A	8.0%
Risk Mitigation	25.0%	5.0%	7.0%	10.0%
Cash	3.0%	0.0%	2.0%	1.0%
Short-Term Gov't/Credit	15.0%	14.0%	16.0%	3.0%
US Treasury	0.0%	N/A	N/A	3.0%
Core Fixed Income	7.0%	6.0%	8.0%	0.0%
Core Plus Fixed Income	0.0%	N/A	N/A	3.0%
Total	100.0%			100.0%

Appendix A3 – PERFORMANCE BENCHMARKS

Fund investment performance will be evaluated against a "Broad Benchmark " of global stocks and bonds and a "Policy Benchmark" reflecting a market index or equivalent for each asset class, weighted in accordance with the current target allocation. Over a full market cycle (typically three-to-five-years), the Fund is expected to generate returns, after payment of all fees and expenses, which exceed the Broad Benchmark and the Policy Benchmark. Performance Benchmarks are detailed below.

Broad Benchmark

	Index	Weight
Global Equity	MSCI All Country World Index, Investible Market Index, USD (ACWI IMI)	70%
Fixed Income	Bloomberg Multiverse Total Return Index, Unhedged, USD	30%

Policy Benchmark

Asset Class	Policy Benchmark	Weight
Cash	91 Day T-Bills	3.0%
Short-Term Bonds	Bloomberg 1-3 year Gov/Credit	15.0%
Core Bonds	Bloomberg US Aggregate	7.0%
US TIPS	Bloomberg US TIPS 0-5 Years	3.0%
US Treasury	Bloomberg US Treasury 7-10 Years ⁴	0.0%
Bank Loans	Credit Suisse Leveraged Loan ⁴	0.0%
High Yield Debt and Private Credit	Bloomberg US Corporate High Yield	10.0%
Emerging Markets Debt	50% GBI-EM/50% EMBI ³	6.0%
US Equity and Private Equity	Russell 3000	23.0%
International Equity	MSCI ACWI ex USA IMI Net ^{1, 2}	20.0%
Emerging Markets Equity	MSCI Emerging Markets IMI Net ^{1, 2}	7.0%
REITs	Wilshire US REIT	4.0%
Private Real Estate	NCREIF Property Index	2.0%
Total		100.0%

¹ IMI: Investible Market Universe includes Large, Mid, and Small Capitalization Companies

² Net: Total Net Return including dividends and net of withholding taxes

³ 50% J.P Morgan Emerging Markets Bond Index (EMBI) Global Diversified and 50% J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified.

⁴ US Treasury and Bank Loans each have long-term allocations of 3% and are included in the Policy Benchmark table for reference.

Appendix A4 is new in its entirety. Annotated changes are compared to the draft version presented at the February 10 Board meeting.

Appendix A4 – ASSET ALLOCATION GLIDEPATH

1. The Fund will initially implement a short-term strategic asset allocation (SAA) that will have a lower equity allocation (Growth) relative to the long-term SAA due to historically rich valuations.
2. The Fund will implement a baseline glidepath strategy to move from the short-term to the long-term SAA. The short-term SAA has an underweight to equities and overweight to Risk Mitigation assets relative to the long-term SAA. The equity allocation will start at 50% in the short-term SAA and increase to 65% in the long-term SAA, while reducing the overall allocation to risk mitigation assets by an equal amount.
3. The effective date of the baseline glidepath implementation will begin on July 1, 2022, (unless otherwise approved by the Board) and will occur over a two (2)-year time horizon with quarterly reallocation as detailed below.

Baseline Glidepath Implementation Schedule

<u>Top row revised to show dates.</u>	6/30 2022	9/30 2022	12/31 2022	3/31 2023	6/30 2023	9/30 2023	12/31 2023	3/31 2023	6/30 2023	Qtrly. Adj.
Growth	50.0%	51.9%	53.8%	55.6%	57.5%	59.4%	61.3%	63.1%	65.0%	1.9%
US Large	18.0%	18.6%	19.3%	19.9%	20.5%	21.1%	21.8%	22.4%	23.0%	0.6%
US Small	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	0.0%
Int'l Developed	15.0%	15.4%	15.8%	16.1%	16.5%	16.9%	17.3%	17.6%	18.0%	0.4%
Int'l Small	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	0.0%
Emerging Market Equity	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	0.0%
Private Equity*	0.0%	0.9%	1.8%	2.6%	3.5%	4.4%	5.3%	6.1%	7.0%	0.9%
Risk Mitigation	25.0%	23.1%	21.3%	19.4%	17.5%	15.6%	13.8%	11.9%	10.0%	-1.9%
Cash	3.0%	2.8%	2.5%	2.3%	2.0%	1.8%	1.5%	1.3%	1.0%	-0.3%
Short-Term Gov't/Credit	15.0%	13.5%	12.0%	10.5%	9.0%	7.5%	6.0%	4.5%	3.0%	-1.5%
US Treasury**	0.0%	0.4%	0.8%	1.1%	1.5%	1.9%	2.3%	2.6%	3.0%	0.4%
Core Fixed	7.0%	6.1%	5.3%	4.4%	3.5%	2.6%	1.8%	0.9%	0.0%	-0.9%
Core Plus Fixed Income**	0.0%	0.4%	0.8%	1.1%	1.5%	1.9%	2.3%	2.6%	3.0%	0.4%

*Private market assets will be held in public market equivalents as the private markets program is build-built out.

** US Treasury and Core Plus Fixed Income allocations will be subject to manager selection. These allocations may be held as Core Fixed Income.

4. Rebalancing ranges will be updated to be consistent with the target allocations.
5. The Fund may accelerate the transition from the short-term to the long-term SAA equity allocation relative to the baseline glide path schedule, depending on significant market movements. The IPOPIF ~~investment team~~ Chief Investment Officer shall have discretion to accelerate the equity transition in accordance with this Policy when appropriate. The authorized acceleration is that the Baseline Schedule can be accelerated by one calendar quarter for each incremental decline of 5% in the S&P 500 Index but no more than two quarters without Board approval.
6. IPOPIF Staff will report the status and results of glidepath implementation on a quarterly basis until the implementation is complete.

Appendix B1 – MWDBE INVESTMENT MANAGER UTILIZATION POLICY

A. Definitions

1. “Emerging Investment Manager,” as defined in Section 1-109.1(4) of the Illinois Pension Code, means a qualified Investment Adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a MWDBE.
2. MWDBE means a Minority-Owned Business, Women-Owned Business, or Business Owned by Person with a Disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2, as amended.
3. “MWDBE Investment Manager” means a qualified Investment Adviser that manages an investment portfolio and is a MWDBE.

B. Emerging Manager Goals

It is the policy of the IPOPIF to utilize Emerging Investment Managers to the greatest extent feasible within the bounds of financial and fiduciary prudence. In accordance with 40 ILCS 5/1-109.1(4), the Board has set forth the following quantifiable goals for percentage of total assets under management to be managed by Emerging Investment Managers:

		Ownership			
		Minority	Women	Disabled	Total
Asset Classes	Equity	9%	9%	2%	20%
	Fixed Income	9%	9%	2%	20%
	Alternatives	9%	9%	2%	20%
	Total	9%	9%	2%	20%

C. MWDBE Manager Goals

It is the policy of the IPOPIF to utilize MWDBE Investment Managers to the greatest extent feasible within the bounds of financial and fiduciary prudence. In accordance with 40 ILCS 5/1-109.1(9), the Board has set forth the following quantifiable goals for percentage of total assets under management managed by MWDBE Investment Managers:

Ownership			
Minority	Women	Disabled	Total
9%	9%	2%	20%

In accordance with 40 ILCS 5/1-109.1(10), it is the aspirational goal for the IPOPIF use MWDBE Investment Managers for not less than 20% of the total assets under management. It is also IPOPIF’s aspirational goal that not less than 20% of Investment Managers be minorities, women, and persons with disabilities, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

D. Certification

Emerging or MWDBE Investment Advisers shall provide documentation establishing their status as an MWDBE. Preference shall be given to the appropriate certification from the State of Illinois

as acceptable documentation. If such a certification is not available, the IPOPIF may consider another state's or a city's certification.

E. Reporting

The Fund shall submit a report to the Governor and the General Assembly by January 1 of each year that includes this IPS and the following: (i) the names and addresses of the Emerging Investment Managers used, the percentage of the assets under the investment control of Emerging Investment Managers, and the actions the Fund has undertaken to increase the use of Emerging Investment Managers, including encouraging other Investment Managers to use Emerging Investment Managers as subcontractors when the opportunity arises and (ii) the specific actions undertaken to increase the use of Minority Broker-Dealers.

F. Review Requirement

The Board of Trustees shall review this Policy and associated goals annually.

DRAFT

Appendix B2 – MINORITY BROKER-DEALER POLICY

This Policy addresses the requirement of Section 1-109.1(7) of the Illinois Pension Code.

A. Definitions

1. "Minority Broker-Dealer" means a qualified broker-dealer who meets the definition of "minority-owned business", "women-owned business", or "business owned by a person with a disability", as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act., 30 ILCS 575/2, as amended.
2. "Best Execution" means the best possible result taking into account all relevant considerations such as price, costs, speed, and likelihood of execution and settlement.

B. Goal

It is the goal of the IPOPIF that Investment Managers utilize Minority Broker-Dealers for **20%** of trades.

C. Best Execution Required

Investment Managers are always required to seek Best Execution.

D. Manager Reporting

1. Each Investment Manager shall report minority brokerage on a quarterly basis.
2. Equity manager reports are expected to include the following information:
 - a. Total shares traded and total commission dollars.
 - b. Minority brokerage shares traded and commission dollars.
 - c. Percentage of minority brokerage by shares and dollars.
3. Fixed income manager reports are expected to include the following information:
 - a. Total par value traded and average bid/ask spread.
 - b. Minority par value traded and average bid/ask spread.
 - c. Percentage of minority brokerage by par value traded.
4. All Investment Managers are encouraged to include a discussion of minority brokerage trends, obstacles, and initiatives to increase minority brokerage.

E. Review Requirement

The Board of Trustees shall review this Policy and associated goals annually.

Appendix B3 – FIDUCIARY DIVERSITY POLICY

This Policy addresses the requirement of Section 1-109.1(5) of the Illinois Pension Code.

It is the policy goal of the IPOPIF to increase the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff. IPOPIF shall make its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership.

When procuring investment services, the IPOPIF shall encourage participation of businesses owned by minorities, women, and persons with disabilities to respond to requests for proposals and will also work to encourage majority firms acting as fiduciaries to hire and promote minorities, women, or persons with disabilities in senior staff and ownership positions.

Investment Managers shall be procured in the manner prescribed by the Procurement of Investment Services Policy, PP-2021-07. Policy goals to increase the utilization of investment management firms owned by minorities, women or persons with disabilities are addressed in Appendix B1 of this Investment Policy.

The Board of Trustees shall review this Policy and associated goals annually.

Appendix B4 – BUSINESSES DIVERSITY POLICY

This Policy addresses the requirement of Section 1-109.1(6) of the Illinois Pension Code.

It is IPOPIF's policy to utilize businesses owned by minorities, women, and persons with disabilities for all contracts and services, including investment-related contracts and services.

The Board of Trustees shall review this Policy annually.

Appendix B5 – ECONOMIC OPPORTUNITY

Pursuant to 40 ILCS 5/1A-108.5, the Fund recognizes that it is the public policy of the State of Illinois to promote the economy of Illinois through the use of economic opportunity investments to the greatest extent feasible within the bounds of financial and fiduciary prudence.

The Fund shall submit a report to the Governor and the General Assembly by September 1 of each year that identifies the economic opportunity investments made by the Fund, the primary location of the business or project, the percentage of the Fund's assets in economic opportunity investments, and the actions that the Fund has undertaken to increase the use of economic opportunity investments.

The Board of Trustees shall review this Policy annually.

BOARD MEMBERS**Shawn Curry**

*Participant Representative
Peoria, IL*

Lee Catavu

*Participant Representative
Aurora, IL*

Paul Swanlund

*Participant Representative
Bloomington, IL*

Daniel Hopkins

*Beneficiary Representative
Collinsville, IL*

Mark Poulos

*Beneficiary Representative
Rock Island, IL*

Elizabeth Holleb

*Municipal Representative
Lake Forest, IL*

Michael Inman

*Municipal Representative
Macomb, IL*

Phil Suess

*Municipal Representative
Wheaton, IL*

Brad Cole

*Illinois Municipal League
Representative
Carbondale, IL*

MEMORANDUM

TO: IPOPIF BOARD
FROM: ELIZABETH HOLLEB, BOARD TREASURER
DATE: MARCH 3, 2022
RE: TREASURERS REPORT – IPOPIF BOARD MEETING MARCH 11, 2022

Monthly Financial Report

Each month, the Board will receive a Budget to Actual financial report prepared by the CFO/Accountant for review and approval. As discussed at the February 2022 meeting, these reports will be provided on a one month lag to ensure the completeness and accuracy of the financial information. The January financial statements are included in the meeting packet for your review and approval. Director White and CFO Weber will address any questions from the Board.

- Action Requested – Approval of January 2022 Financials

Warrants Summary

Attached for the Board's review and approval is Warrant List #38 prepared by Foster & Foster (not yet available but will be included in the final meeting packet). Director White and CFO Weber will address any questions from the Board.

- Action Requested – Approval of Warrant #38

Budget Amendments

The Board may consider budget amendments as the need arises. A Resolution amending the FY22 Budget is included as a separate agenda item on March 11.

Loan Activity

As of February 28, the Fund has drawn down \$4.95 million from the IFA loan for operating purposes. A February draw of \$450,000 was made consistent with the FY22 Budget. Director White anticipates a loan draw of \$450,000 in March pursuant to a modified Loan Agreement Disbursement Schedule reflective of the FY22 Budget. A Cash Reserve Policy was approved by the Board on November 12. I continue to recommend that future loan draws be reduced to comply with the Cash Reserve Policy to ensure the Fund draws only the amounts necessary to meet actual expenses. The January 31 cash balance of \$2.14 million significantly exceeds the Cash Reserve Policy minimum level of cash reserve. It would also be prudent to explore potential revisions to the IFA Loan agreement to extend the drawdown and repayment periods.

Other

Additional items that are financial related will be provided to the Board: N/A

Please feel free to reach out if you have any questions.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



MONTHLY FINANCIAL REPORT

FOR THE MONTH ENDED JANUARY 31, 2022

PREPARED BY:



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Illinois Police Officers' Pension Investment Fund
Statement of Fiduciary Net Position
As of January 31, 2022

Assets	
Cash and Investments	\$ 2,139,768.68
Receivables and Prepaid Expenses	_____
Total Receivables and Prepaid Expenses	-
Capital Assets	_____
Total Capital Assets	-
Total Assets	2,139,768.68

Liabilities	
Payables	
Illinois Finance Authority Loan	1,400,000.00
Capitalized Interest	11,175.59
Benefit Withholding	-
Federal Withholding	-
State Withholding	-
Other Withholding	1,832.45
Total Payables	1,413,008.04
Accrued Expenses	
Payroll & Related	-
Professional	-
Administrative	-
General	-
Total Accrued Expenses	-
Total Liabilities	1,413,008.04

Net Position Restricted	726,760.64
--------------------------------	-------------------

Illinois Police Officers' Pension Investment Fund
Statement of Changes in Fiduciary Net Position
As of January 31, 2022

Additions	
Proceeds	
Illinois Finance Authority Loan Proceeds	3,100,000.00
Total Proceeds	3,100,000.00
Investment Income	
From Investing Activities	
Lake Forest Bank & Trust - Checking #9736	405.18
Lake Forest Bank & Trust - Max Safe	82.25
Investment Activity Gain (Loss)	487.43
Net Investment Activity Gain (Loss)	487.43
Other Income	-
Total Additions	3,100,487.43
Deductions	
Board of Trustees & Meetings	(28,194.50)
Administrative Operations	(471,287.10)
Investment Operations	(749,063.25)
Total Deductions	(1,248,544.85)
Net Increase (Decrease)	1,851,942.58
Net Position Restricted	
Beginning of the Year	(1,125,181.94)
End of the Period	726,760.64

Illinois Police Officers' Pension Investment Fund Revenue Report as of January 31, 2022

	<u>Received this Month</u>	<u>Budgeted* this Month</u>	<u>Received this Year</u>	<u>Budgeted* this Year</u>
Revenue				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	-	-	-	-
Investments Received from Local Funds	-	-	-	-
	-	-	-	-
<u>Investments & Related</u>				
Interest	147.98	-	487.43	-
	147.98	-	487.43	-
<u>Loans</u>				
IFA Loan Proceeds	500,000.00	500,000.00	3,100,000.00	5,550,000.00
	500,000.00	500,000.00	3,100,000.00	5,550,000.00
Total Revenues	500,147.98	500,000.00	3,100,487.43	5,550,000.00

Illinois Police Officers' Pension Investment Fund

Expense Report as of January 31, 2022

	<u>Expended</u> <u>this Month</u>	<u>Budgeted*</u> <u>this Month</u>	<u>Expended</u> <u>this Year</u>	<u>Budgeted*</u> <u>this Year</u>
Expenditures				
Board of Trustees and Meetings				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	-	5,400.00	13,912.50	64,800.00
<i>Election Services</i>	14,282.00	-	14,282.00	26,000.00
Education and Training	-	1,500.00	-	18,000.00
Meeting Expenses	-	1,000.00	-	12,000.00
Board Member Reimbursements	-	1,000.00	-	12,000.00
	14,282.00	8,900.00	28,194.50	132,800.00
Administrative Operations				
<u>Personnel</u>				
Administrative Personnel	27,333.34	37,666.66	145,233.33	329,000.00
Employment Expenses				
<i>FICA/Medicare</i>	2,857.96	2,882.00	9,662.11	23,416.00
<i>Medical/Dental Benefits</i>	-	4,418.00	2,500.02	38,016.00
<i>Unemployment</i>	-	3,000.00	-	4,000.00
<i>Retirement Benefits</i>	-	5,754.00	12,500.03	55,397.00
	30,191.30	53,720.66	169,895.49	449,829.00
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	4,000.00	2,000.00	12,000.00	24,000.00
<i>Audit - Financial</i>	3,000.00	-	12,000.00	12,000.00
<i>Audit - Certified Asset List</i>	-	16,667.00	-	150,003.00
<i>Audit - Transition</i>	-	-	-	125,001.00
<i>Chief Financial Officer</i>	14,400.00	14,450.00	43,300.00	93,900.00
Administrative Services	-	-	22,725.00	9,000.00
Government Liaison	11,400.00	6,000.00	34,200.00	72,000.00
Actuarial Services	-	16,666.66	-	200,000.00
Outsourced Human Resources	6,087.50	5,000.00	6,087.50	60,000.00
Legal Services				
<i>Legal Services - General</i>	23,331.55	10,000.00	46,605.40	120,000.00
<i>Legal Services - Fiduciary</i>	47,692.10	15,000.00	122,988.71	180,000.00
Technology Services	810.00	8,333.00	1,485.00	99,996.00
	110,721.15	94,116.66	301,391.61	1,145,900.00

Illinois Police Officers' Pension Investment Fund

Expense Report as of January 31, 2022

	<u>Expended this Month</u>	<u>Budgeted* this Month</u>	<u>Expended this Year</u>	<u>Budgeted* this Year</u>
Expenditures				
Investment Operations				
<u>Personnel</u>				
Investment Operations Personnel	37,500.00	50,000.00	225,000.00	600,000.00
Employment Expenses				
<i>Relocation Expense</i>	-	-	7,779.50	27,989.00
<i>FICA/Medicare</i>	3,808.22	3,825.00	17,039.40	43,575.00
<i>Medical/Dental Benefits</i>	(231.97)	3,312.50	18,815.06	39,750.00
<i>Unemployment</i>	42.00	2,725.00	84.00	3,000.00
<i>Retirement Benefits</i>	2,656.25	5,000.00	17,343.75	60,000.00
	43,774.50	64,862.50	286,061.71	774,314.00
<u>Investment & Banking</u>				
General Investment Consultant	195,612.50	52,125.00	351,987.50	625,500.00
Database Subscription(s)	-	3,750.00	-	45,000.00
Transition Management	8,000.00	22,222.00	13,000.00	200,000.00
Custodial Services	-	66,667.00	-	733,337.00
	203,612.50	144,764.00	364,987.50	1,603,837.00
<u>Professional Services</u>				
Project Architect	-	5,833.33	16,975.00	70,000.00
Transition Consultant/Services	-	12,500.00	-	150,000.00
	-	18,333.33	16,975.00	220,000.00
<u>Bank Services and Fees</u>	255.61	416.66	1,612.38	5,000.00
<u>Office Expense</u>				
Assets under \$5,000	2,993.69	5,000.00	11,231.21	60,000.00
Insurance	250.00	10,000.00	61,329.00	120,000.00
Office Lease/Rent	-	8,333.33	-	100,000.00
Printing & Postage	86.63	3,000.00	351.76	36,000.00
Supplies & Maintenance	700.69	1,666.66	847.20	20,000.00
Telecommunication	801.68	833.33	2,222.13	10,000.00
Contingency	-	1,000.00	-	12,000.00
Dues / Licenses	306.75	458.33	306.75	5,500.00
Training & Education	111.00	2,000.00	386.00	24,000.00
Travel & Transportation	1,382.48	2,000.00	1,382.48	24,000.00
Utilities	-	833.33	-	10,000.00
Website	730.89	500.00	1,370.13	6,000.00
	7,363.81	35,624.98	79,426.66	427,500.00
Total Expenditures	410,200.87	420,738.79	1,248,544.85	4,759,180.00

*Including All Budget Amendments as of January 31, 2022

SUMMARY OF PAYMENTS
Illinois Police Officers' Pension Investment Fund
February 12, 2022 -March 11, 2022

INVOICES AND CHECK REQUESTS

WARRANT #	SENT FOR PAYMENT	FOR PERIOD	DESCRIPTION	TOTAL DUE
38	3/11/2022	January 2022	The Cleaning Source, invoice #IPO122	\$90.00
38	3/11/2022	January 2022	Levi, Ray & Shoup, invoice #263109, computer service and support	\$877.50
38	3/11/2022	January 2022	Levi, Ray & Shoup, invoice #263110, computer service and support	\$498.75
38	3/11/2022	January 2022	Levi, Ray & Shoup, invoice #263111, computer service and support	\$164.88
38	3/11/2022	January 2022	Jacobs Burns Orlove & Hernandez, invoice #'s 105437, 105438, 105439, 105436, legal services	\$16,216.50
38	3/11/2022	December 2021	Lauterbach & Amen, invoice #63932, accounting and CFO services	\$9,200.00
38	3/11/2022	February 18, 2022	Shaun Ivey, reimburse office supplies	\$109.52
38	3/11/2022	January 2022	Levi, Ray & Shoup, invoice #263649, computer service and support	\$660.00
38	3/11/2022	February 5 - March 2, 2022	Ernst & Young, invoice #USO1U000898682, Asset Transition Project Management	\$59,450.00
38	3/11/2022	February 2022	The Cleaning Source, invoice #IPO222	\$90.00
38	3/11/2022	December 2021	Reimer Dobrovolny & LaBardi, invoice #2851-27822, legal services	\$10,913.05
38	3/11/2022	February 2022	Vision M.A.I. Consulting, invoice #2	\$5,700.00
38	3/11/2022	January 1 - February 28, 2022	Adirondack Investment Advisors, invoice #6 IPOPIF	\$13,212.50
38	3/11/2022	March 5, 2022	Richard White, reimburse telecommunication	\$285.45
38	3/11/2022	January 2022	Foster & Foster, invoice #23004, plan administration	\$17,551.23
Total Invoices and Check Requests				\$135,019.38
BANK REGISTERS - AUTO DEDUCTIONS (PENDING APPROVAL)				
Total Auto Deductions Pending Approval				\$0.00
<p>**Highlighted items are pending approval and have not yet been paid**</p>				

The Cleaning Source Peoria LLC
4503 S. Entec Dr
Bartonville, IL 61607

Invoice

Date	Invoice #
1/31/2022	IP0122

Bill To
IPOPIF 456 Fulton St Suite 420B Peoria, IL 61602

P.O. No.	Terms	Due Date
	Net 30	3/2/2022

Item	Quan...	Description	Rate	Amount
IPOPIF		Weekly cleaning service, January 2022	90.00	90.00

Invoices not paid within contract terms will result
in suspension of services

309/697-6270

Fax: 309/697-6064

Total

\$90.00



INVOICE NUMBER	263109
INVOICE DATE	02/08/2022
DUE DATE	03/10/2022
ACCOUNT NUMBER	18675
PO NUMBER	
INVOICE TOTAL(USD)	877.50

Richard White
 Illinois Police Officers Pension Investment Fund
 184 Shuman Boulevard
 Suite 305
 Naperville, IL 60563

INVOICE

COMMENTS OR SPECIAL INSTRUCTIONS:

Timesheet detail included

LRS SKU - DESCRIPTION	TAX	QTY	UNIT PRICE	TOTAL
Network Support - Network Consult - Arron Gass Services from 01/01/2022 through 01/31/2022	N	6.50	135.00	877.50

PAYMENT INSTRUCTIONS (US Dollars Only)

Please include your account and invoice numbers with your payment.

SUBMIT PAYMENT TO:

Levi, Ray & Shoup, Inc.
 2401 W. Monroe Street
 Springfield, IL 62704
 ATTN: Accounts Receivable

FEIN: 37-1073724
 Illinois National Bank

SUBTOTAL	TAX	TOTAL(USD)
877.50	0.00	877.50
Less Payments		0.00
Credits/Adjustments		0.00
Balance Due		877.50

Notwithstanding anything to the contrary in the Purchase Order, the terms and conditions contained in or incorporated in the Purchase Order shall not apply. Rather, the concluded agreement related to the subject matter of the Purchase Order, shall represent the entire agreement between the parties.

If you have any questions concerning this invoice, contact Bridgette Oza at (217) 793-3800.

To receive invoices via email, please send your Account Number and contact information to LRSaccounting@lrs.com

Continued on next page.

Thank you for your business!



INVOICE NUMBER	263110
INVOICE DATE	02/08/2022
DUE DATE	03/10/2022
ACCOUNT NUMBER	18675
PO NUMBER	
INVOICE TOTAL(USD)	498.75

Richard White
 Illinois Police Officers Pension Investment Fund
 184 Shuman Boulevard
 Suite 305
 Naperville, IL 60563

INVOICE

COMMENTS OR SPECIAL INSTRUCTIONS:

Timesheet detail included

LRS SKU - DESCRIPTION	TAX	QTY	UNIT PRICE	TOTAL
Website Maintenance - B - Web Maintenance - Rebecca Eilering Services from 01/01/2022 through 01/31/2022	N	2.25	105.00	236.25
Website Maintenance - B - Web Maintenance - Karen Carlson Services from 01/01/2022 through 01/31/2022	N	1.50	105.00	157.50
Website Maintenance - B - Web Maintenance - Dillon Harding Services from 01/01/2022 through 01/31/2022	N	1.00	105.00	105.00

PAYMENT INSTRUCTIONS (US Dollars Only)

Please include your account and invoice numbers with your payment.

SUBMIT PAYMENT TO:

Levi, Ray & Shoup, Inc.
 2401 W. Monroe Street
 Springfield, IL 62704
 ATTN: Accounts Receivable

FEIN: 37-1073724
 Illinois National Bank

SUBTOTAL	TAX	TOTAL(USD)
498.75	0.00	498.75
Less Payments		0.00
Credits/Adjustments		0.00
Balance Due		498.75

Notwithstanding anything to the contrary in the Purchase Order, the terms and conditions contained in or incorporated in the Purchase Order shall not apply. Rather, the concluded agreement related to the subject matter of the Purchase Order, shall represent the entire agreement between the parties.

If you have any questions concerning this invoice, contact Jeff Enlow at (217) 793-3800.

To receive invoices via email, please send your Account Number and contact information to LRSaccounting@lrs.com

Continued on next page.

Thank you for your business!



INVOICE NUMBER	263111
INVOICE DATE	02/08/2022
DUE DATE	03/10/2022
ACCOUNT NUMBER	18675
PO NUMBER	
INVOICE TOTAL(USD)	164.88

Richard White
 Illinois Police Officers Pension Investment Fund
 184 Shuman Boulevard
 Suite 305
 Naperville, IL 60563

INVOICE

COMMENTS OR SPECIAL INSTRUCTIONS:

All Taxable Items Taxed at the Following Rate(s):
 ILLINOIS IL Retailers Tax (6.25000%)
 ILLINOIS IL County Tax (1.00000%)
 ILLINOIS IL Municipal Home Rule Tax (2.50000%)

LRS SKU - DESCRIPTION	TAX	QTY	UNIT PRICE	TOTAL
Web Hosting	N	1.00	100.00	100.00
Antilles Support	Y	1.00	50.00	50.00
DNS Hosting	N	1.00	10.00	10.00

PAYMENT INSTRUCTIONS (US Dollars Only)

Please include your account and invoice numbers with your payment.

SUBMIT PAYMENT TO:

Levi, Ray & Shoup, Inc.
 2401 W. Monroe Street
 Springfield, IL 62704
 ATTN: Accounts Receivable

FEIN: 37-1073724
 Illinois National Bank

SUBTOTAL	TAX	TOTAL(USD)
160.00	4.88	164.88
Less Payments		0.00
Credits/Adjustments		0.00
Balance Due		164.88

Notwithstanding anything to the contrary in the Purchase Order, the terms and conditions contained in or incorporated in the Purchase Order shall not apply. Rather, the concluded agreement related to the subject matter of the Purchase Order, shall represent the entire agreement between the parties.

If you have any questions concerning this invoice, contact Jeff Enlow at (217) 793-3800.

To receive invoices via email, please send your Account Number and contact information to LRSaccounting@lrs.com

Thank you for your business!

JACOBS BURNS ORLOVE & HERNANDEZ LLP
150 NORTH MICHIGAN AVENUE
SUITE 1000
CHICAGO, ILLINOIS 60601

Invoice Submitted to:

February 11, 2022

ILLINOIS POLICE OFFICERS PENSION INVESTMENT FUND

C/O RICHARD WHITE, EXECUTIVE DIRECTOR
184 SHURMAN BLVD.
SUITE 305
NAPERVILLE, IL 60563

For legal services rendered for 01/01/2022 through 01/31/2022 in connection with the following:

MATTER STATUS

			Current Charges
POIF-12147	LITIGATION - CONSTITUTIONALITY OF PA 101-610	invoice #105437	\$ 2,365.50
POIF-12258	STATE STREET CUSTODY AGREEMENT & TRANSITION	invoice #105438	\$ 4,902.00
POIF-12298	PRINCIPAL US PROPERTY SEPARATE ACCOUNT	invoice #105439	\$ 399.00
POIF-GEN	GENERAL	invoice #105436	\$ 8,550.00

ACCOUNT SUMMARY

Total Hours	56.90
Total Hours No Charge	15.10
Total Amount No Charge	\$4,303.50
Total Fees	\$16,216.50
Total Costs	0.00
Total Due for January:	<u>\$16,216.50</u>

JACOBS, BURNS, ORLOVE & HERNANDEZ LLP
150 NORTH MICHIGAN AVENUE
SUITE 1000
CHICAGO, ILLINOIS 60601

Invoice Submitted To:
ILLINOIS POLICE OFFICERS PENSION INVESTMENT FUND
C/O RICHARD WHITE, EXECUTIVE DIRECTOR
184 SHURMAN BLVD. SUITE 305
NAPERVILLE, IL 60563

February 11, 2022

In Reference To: LITIGATION - CONSTITUTIONALITY OF PA 101-610
POPIF-12147

Invoice # 105437

Professional Services

			<u>Hours</u>	<u>Amount</u>
1/07/2022	DHG	REVIEW PLAINTIFFS' RENEWED MOTION FOR PRELIMINARY INJUNCTION	0.20	\$57.00
1/09/2022	JMB	REVIEW RENEWED MOTION FOR TRO	0.40	\$114.00
1/11/2022	JMB	EMAILS WITH AG AND ATTORNEYS RE CONF CALL	0.10	\$28.50
1/14/2022	DHG	JOINT DEFENSE CONFERENCE CALL	0.30	\$85.50
1/18/2022	DHG	ATTEND CT. FOR VIRTUAL MOTION HEARING (1.0); E/M(S) W/ JMB, RICH RE: SAME & DRAFT SUMMARY FOR LITIGATION COMMITTEE (1.6)	2.60	\$741.00
1/18/2022	JMB	WORK ON MEMO TO COMMITTEE ON OUTCOME OF COURT HEARING AND TEXT OF EMAIL TO RW	0.50	\$142.50
1/19/2022	JMB	EMAILS WITH RICH RE SENDING OUT MEMO AND GETTING FEEDBACK ON RECOMMENDATION; REVIEW RESPONSES	0.30	\$85.50
1/20/2022	DHG	T/C W/ JMB RE: RESPONSE TO TRUSTEE QUESTIONS, UPCOMING CONFERENCE CALL W/ AG (.4); E/M(S) W/ RICH RE: SCHEDULE FOR NAMED PLAINTIFF, E/M(S) W/ AG'S OFFICE	0.70	No Charge
1/20/2022	JMB	EMAILS RELATING TO AG'S POSITION IN COURT (.2); TC WITH DHG RE AG'S ASK FOR A CONF CALL AND OUR STRATEGY (.4); EMAILS RE CALL WITH AG AND TRANCHE SET-UP (.2)	0.80	\$228.00
1/21/2022	JMB	REVIEW EMAIL FROM EAST PEORIA ATTORNEY AND EMAIL RICH (.1); PORTION OF TC WITH AG AND DEFENSE COUNSEL AND FOLLOW-UP WITH TEM (.5); DRAFT EMAIL UPDATE TO COMMITTEE (.4)	1.00	No Charge
1/21/2022	TEM	ATTEND CONFERENCE CALL W/ AG AND FPIF COUNSEL, RESEARCH DOI'S AUTHORITY RE: NON-COMPLIANCE, AND EMAIL JMB RE: SAME	1.10	\$313.50
1/24/2022	JMB	REVIEW DRAFT LETTER FROM DOI	0.20	\$57.00
1/25/2022	JMB	EMAILS AND TC WITH AG AND WITH SHAWN AND RICH RE PLAINTIFFS BACKING AWAY FROM AGREEMENT ON TRO/PI; REVIEW EMAILS WITH	0.70	\$199.50

JACOBS, BURNS, ORLOVE & HERNANDEZ LLP
150 NORTH MICHIGAN AVENUE
SUITE 1000
CHICAGO, ILLINOIS 60601

PLAINTIFFS' COUNSEL

1/25/2022	TEM	ATTEND STATUS HEARING ON PLAINTIFFS' MOTION FOR TRO/PI AND EMAIL UPDATE RE: SAME	0.40	\$114.00
1/26/2022	JMB	TC WITH AG AND FPIF COUNSEL; EDIT DRAFTS TO PLAINTIFFS	0.70	\$199.50
1/26/2022	TEM	CONFERENCE CALL W/ DEFENSE COUNSEL RE: TERMS OF AGREED ORDER ON RENEWED MOTION FOR TRO	0.70	No Charge
1/27/2022	JMB	MISC RE: TEXT OF DRAFT COURT ORDER	0.20	No Charge
			<hr/>	<hr/>
			10.90	\$2,365.50
				<hr/>
		TOTAL DUE		\$2,365.50

JACOBS, BURNS, ORLOVE & HERNANDEZ LLP
150 NORTH MICHIGAN AVENUE
SUITE 1000
CHICAGO, ILLINOIS 60601

Invoice Submitted To:
 ILLINOIS POLICE OFFICERS PENSION INVESTMENT FUND
 C/O RICHARD WHITE, EXECUTIVE DIRECTOR
 184 SHURMAN BLVD. SUITE 305
 NAPERVILLE, IL 60563

February 11, 2022

In Reference To: STATE STREET CUSTODY AGREEMENT & TRANSITION MANAGER AGREEMENT
 POPIF-12258

Invoice # 105438

Professional Services

			<u>Hours</u>	<u>Amount</u>
1/12/2022	TEM	REVIEW STATE STREET REVISIONS TO PASSIVE IMA (1.5); T/C W/ STEVE RE: SAME (.7)	2.20	\$627.00
1/13/2022	TEM	REVIEW PASSIVE IMA OPEN ISSUES (.9); CONFERENCE CALL W/ STATE STREET RE: SAME (1.0)	1.90	\$541.50
1/17/2022	TEM	REVIEW AND REVISE SSGA PASSIVE IMA	2.60	\$741.00
1/18/2022	MDL	REVIEW INVESTMENT MGMT AGREEMENT FOR POPIF AND STATE STREET RE: REPRESENTATION MEMO	2.00	No Charge
1/18/2022	TEM	WORK ON SSGA PASSIVE IMA	1.60	\$456.00
1/27/2022	MDL	REVIEW INVESTMENT MGMT AGREEMENT FOR POPIF AND STATE STREET RE: REPRESENTATIONS (.2); O/C W/ TEM RE: STATE STREET CONFIRMATIONS (.5)	0.70	No Charge
1/27/2022	TEM	REVIEW SSGA REVISIONS TO PASSIVE MANAGEMENT AGREEMENT AND REVISE SAME (3.4); O/C W/ MDL RE: SAME (.5)	3.90	\$1,111.50
1/28/2022	MDL	REVIEW AND RESEARCH INVESTMENT MGMT AGREEMENT FOR POPIF AND STATE STREET RE: REPRESENTATIONS	2.50	\$712.50
1/28/2022	TEM	REVISE SSGA PASSIVE IMA AND EMAIL TO STEVE	1.10	\$313.50
1/28/2022	TEM	T/C W/ STEVE RE: SSGA REVISIONS TO IMA	0.50	No Charge
1/31/2022	TEM	REVIEW AND RESEARCH ELIGIBILITY REQUIREMENTS IN SSGA PARTICIPATION AND TRUST AGREEMENTS	1.40	\$399.00
			<hr/>	
			20.40	\$4,902.00
				<hr/>
TOTAL DUE				\$4,902.00

JACOBS, BURNS, ORLOVE & HERNANDEZ LLP
150 NORTH MICHIGAN AVENUE
SUITE 1000
CHICAGO, ILLINOIS 60601

Invoice Submitted To:
ILLINOIS POLICE OFFICERS PENSION INVESTMENT FUND
C/O RICHARD WHITE, EXECUTIVE DIRECTOR
184 SHURMAN BLVD. SUITE 305
NAPERVILLE, IL 60563

February 11, 2022

In Reference To: PRINCIPAL US PROPERTY SEPARATE ACCOUNT
POPIF-12298

Invoice # 105439

Professional Services

			<u>Hours</u>	<u>Amount</u>
1/28/2022	TEM	REVIEW PRINCIPAL REVISIONS TO SIDE LETTER AND REVISE SAME	1.40	\$399.00
			<u>1.40</u>	<u>\$399.00</u>
TOTAL DUE				<u>\$399.00</u>

JACOBS, BURNS, ORLOVE & HERNANDEZ LLP
150 NORTH MICHIGAN AVENUE
SUITE 1000
CHICAGO, ILLINOIS 60601

Invoice Submitted To:
ILLINOIS POLICE OFFICERS PENSION INVESTMENT FUND
C/O RICHARD WHITE, EXECUTIVE DIRECTOR
184 SHURMAN BLVD. SUITE 305
NAPERVILLE, IL 60563

February 11, 2022

In Reference To: GENERAL
POPIF-GEN

Invoice # 105436

Professional Services

			<u>Hours</u>	<u>Amount</u>
1/03/2022	JMB	EMAIL WITH KENT; REVIEW ADOPTED ASSET TRANSFER RULE; EMAILS WITH TEM RE STEVE'S ASK ABOUT LEI STATUS	0.30	No Charge
1/03/2022	JMB	TC WITH KENT RE FIDUCIARY ROLE BEING DROPPED (PORTION)	0.40	\$114.00
1/03/2022	TEM	REVIEW LEGAL ENTITY IDENTIFIER CATEGORIES AND EMAIL STEVE RE: SAME	0.70	\$199.50
1/04/2022	TEM	REVIEW AND REVISE DATA LICENSING AGREEMENT (.7); DRAFT SIDE LETTER FOR PRINCIPAL USPA CONTRACT (3.9)	4.60	\$1,311.00
1/05/2022	JMB	WORK ON ASSET TRANSFER RULES AND EMAIL KENT (1.4); WORK ON CASH MANAGEMENT AND ASSET VALUATION RULES (1.6)	3.00	\$855.00
1/05/2022	TEM	REVIEW AND REVISE MSC I LICENSING AGREEMENTS; REVIEW AND REVISE CASH MANAGEMENT POLICY; REVIEW AND REVISE COST VALUATION RULE	1.40	\$399.00
1/07/2022	JMB	PORTION OF CONF. CALL WITH KENT AND TEM	0.30	No Charge
1/07/2022	JMB	REVIEW EDITED DRAFTS OF 3 DOCS IN PREP FOR CALL WITH KENT (.3); CONF CALL WITH KENT (.5)	0.80	\$228.00
1/07/2022	TEM	REVIEW AND REVISE CASH MANAGEMENT POLICY AND NAV RULE (.4); CONFERENCE CALL W/ JMB AND KENT RE: AUP AND STOP TRADING DEADLINES (.5); T/C W/ KENT RE: CASH MANAGEMENT POLICY AND NAV RULE (.4)	1.30	No Charge
1/07/2022	TEM	REVISIONS TO CASH MANAGEMENT POLICY/NAV RULE AND EMAILS W/ KENT RE: SAME	0.70	\$199.50
1/10/2022	TEM	REVIEW EXECUTION DRAFT OF MSC I INDEX AGREEMENTS (.2); RESEARCH ASSUMED RATE OF RETURN AND FIDUCIARY DUTIES (1.2)	1.40	\$399.00
1/13/2022	JMB	REVIEW TRUSTEES' MEETING AGENDA AND PACKET (.5); RESEARCH USDC COMPLAINT	2.40	\$684.00

JACOBS, BURNS, ORLOVE & HERNANDEZ LLP
150 NORTH MICHIGAN AVENUE
SUITE 1000
CHICAGO, ILLINOIS 60601

CHALLENGING ASSUMED RATE OF RETURN (.7); TC WITH TEM RE ASSUMED RATE OF RETURN AND LEGAL RISKS AND RE RUSSELL TMA (1.2)

1/13/2022	TEM	REVIEW MEMO ON ASSUMED RATE OF RETURN (.5); T/C W/ JMB RE: SAME AND ISSUES FOR BOARD MEETING (1.2)	1.70	No Charge
1/14/2022	JMB	EMAILS WITH RICH (.3); BOARD MEETING (4.1); TC FROM KENT RE ASSUMED RATE OF RETURN AND ADDITIONAL POINTS OF REFERENCE FROM VERUS AND FOSTER ETC. IN ESTABLISHING A REASONABLE RATE (.6)	5.00	\$1,425.00
1/14/2022	JMB	T/C W/ TEM	0.30	No Charge
1/14/2022	TEM	ATTEND BOARD MEETING (4.1); T/C W/ JMB RE: SAME (.3)	4.40	No Charge
1/19/2022	JMB	WORK ON AUP TEXT AND PROCEDURES AND EMAIL KENT (.9); EDIT REPORT TEMPLATE AND EMAIL KC (.2); EMAILS WITH KENT RE VARIOUS ADDITIONAL EDITS (.2)	1.30	\$370.50
1/20/2022	JMB	REVIEW BAKER REVISED ENGAGEMENT LETTER AND EMAIL RW	0.50	\$142.50
1/21/2022	JMB	REVIEW REVISED AUP DOCS AND TC WITH KENT	0.30	No Charge
1/21/2022	TEM	WORK ON RUSSELL TMA (.5); REVIEW AND REVISE CHANGES TO COST VALUATION RULE (.6)	1.10	\$313.50
1/21/2022	TEM	T/C W/ KENT	0.30	No Charge
1/23/2022	TEM	REVIEW AND REVISE COST ALLOCATION RULE	0.40	\$114.00
1/24/2022	JMB	REVIEW REVISED BT LETTER AND EMAILS WITH RICH (.3); REVIEW EMAILS WITH LOCAL FUND COUNSEL (.1)	0.40	\$114.00
1/24/2022	TEM	T/C W/ KENT ON COST/NAV RULE	0.20	No Charge
1/24/2022	TEM	REVIEW AND REVISIONS TO RUSSELL TMA	3.70	\$1,054.50
1/26/2022	JMB	REVIEW KENT'S DRAFT OF LETTER TO FUNDS RE CPAS	0.50	\$142.50
1/26/2022	TEM	REVIEW AND REVISE LETTER TO ART. 3 FUNDS RE: CPAs AND CALs	0.60	\$171.00
1/26/2022	TEM	T/C W/ KENT AND AJ RE: COST/VALUATION RULE	0.20	No Charge
1/27/2022	TEM	REVIEW AND COMMENT ON ADDITIONAL REVISIONS TO LETTER TO TRANCHE 1 PENSION FUNDS	0.20	\$57.00
1/28/2022	TEM	ATTEND SPECIAL BOARD MEETING	0.90	\$256.50
			39.30	\$8,550.00



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Illinois Police Officers Pension Investment Fund

184 Shuman Boulevard

Suite 305

Naperville, IL 60563

Invoice No: 63932

Date: 02/15/2022

Client No: IPOPIF

SERVICE

AMOUNT

For professional services rendered in connection with:

Chief Financial Officer Services (Tier 2) - December 2021

7,200.00

Monthly Accounting & Payroll - December 2021

2,000.00

Current Amount Due \$

9,200.00

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
REIMBURSEMENT CLAIM FORM

Name: **Shaun Ivey**

Mailing Address: [REDACTED]

City: [REDACTED] State: IL Zip: [REDACTED]

Please give full details of expenses along with attached documents and receipts.

Date	Event Description/Service Provider	Category:	Rate (if applicable)	Quantity (if applicable)	Total
		Lodging/Mileage/Registration/Other			
02/14/2022	Office Ink Black	Office Supplies	\$30.99		\$30.99
02/14/2022	Office Ink Color	Office Supplies	\$69.95		\$69.95

Total Amount Requested: **\$109.52**

Please return this form and supporting documents to Allie Rysell (Allie.Rysell@foster-foster.com) for approval of reimbursement.

Requestor Signature: Shaun Ivey

Date: 2-18-2022

APPROVAL:
Approval Signature: Richard Whitey

Date: 2-18-2022

Refer to the
Il POPIF Accounts Payable Policy and Procedures
 for approved expenses, necessary documentation and required signatures.



INVOICE NUMBER	263649
INVOICE DATE	03/01/2022
DUE DATE	03/31/2022
ACCOUNT NUMBER	18675
PO NUMBER	B220203B
INVOICE TOTAL(USD)	724.35

Accounts Payable
 Illinois Police Officers Pension Investment Fund
 184 Shuman Boulevard
 Suite 305
 Naperville, IL 60563

INVOICE

COMMENTS OR SPECIAL INSTRUCTIONS:

Order# ORD-536899-K1B1F9
 Ship To:
 Illinois Police Officers Pension Investment Fund
 Richard White
 184 Shuman Boulevard
 Naperville, IL 60563

 Microsoft Office 365

All Taxable Items Taxed at the Following Rate(s):
 ILLINOIS IL Retailers Tax (6.25000%)
 ILLINOIS IL County Tax (1.00000%)
 ILLINOIS IL Municipal Home Rule Tax (2.50000%)

LRS SKU - DESCRIPTION	TAX	QTY	UNIT PRICE	TOTAL
Microsoft Office 365 Web Services Add On Product	Y	11.00	60.00	660.00

PAYMENT INSTRUCTIONS (US Dollars Only)

Please include your account and invoice numbers with your payment.

SUBMIT PAYMENT TO:

Levi, Ray & Shoup, Inc. FEIN: 37-1073724
 2401 W. Monroe Street Illinois National Bank
 Springfield, IL 62704
 ATTN: Accounts Receivable

SUBTOTAL	TAX	TOTAL(USD)
660.00	64.35	724.35
Less Payments		0.00
Credits/Adjustments		0.00
Balance Due		724.35

Notwithstanding anything to the contrary in the Purchase Order, the terms and conditions contained in or incorporated in the Purchase Order shall not apply. Rather, the concluded agreement related to the subject matter of the Purchase Order, shall represent the entire agreement between the parties.

If you have any questions concerning this invoice, contact Bridgette Oza at (217) 793-3800.
 To receive invoices via email, please send your Account Number and contact information to LRSaccounting@lrs.com

Thank you for your business!



Ernst & Young LLP

200 Plaza Drive
Secaucus NJ 07094
USA

Invoice

**Illinois Police Officers' Pension
Investment Fund**

184 Shuman Blvd Ste 305
Naperville IL 60563
USA

Invoice No.: US01U000898682



Please reference this number on remittance.

Invoice Date: March 03, 2022
Due Date: Upon Receipt
Client No.: 0012606657
Engagement No.: E-66373727
PO Ref No:

Remit To:
Ernst & Young US LLP
PNC Bank c/o Ernst & Young US LLP
3712 Solutions Center
Chicago, IL 60677-3007
EIN: 34-6565596

For professional services rendered: February 05, 2022 to March 02, 2022
Billing professional services rendered in connection with EY's Asset Transition Project Mangement Office services for the period February 5, 2022 to March 2, 2022.

	<u>USD</u>		
	<u>Amount</u>		
Fee			59,450.00
Professional Services			59,450.00
Total Fees & Expenses	Amount	Tax Amount	Total Amount
Taxable			
Total Exempt	59,450.00		59,450.00
Total Invoice amount	59,450.00	0.00	59,450.00

International Wire Transfer: 	Domestic Wire and ACH Transfer: (US based banks) 
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To ensure proper application of your electronic payment,
please provide client and invoice number details directly to:
gss.accountsreceivable@xe02.ey.com or fax to 1-866-423-5274

The Cleaning Source Peoria LLC
 4503 S. Entec Dr
 Bartonville, IL 61607

Invoice

Date	Invoice #
2/28/2022	IPO222

Bill To
IPOPIF 456 Fulton St Suite 420B Peoria, IL 61602

P.O. No.	Terms	Due Date
	Net 30	3/30/2022

Item	Quan...	Description	Rate	Amount
IPOPIF		Weekly cleaning service, February 2022	90.00	90.00

Invoices not paid within contract terms will result
 in suspension of services

309/697-6270 Fax: 309/697-6064

Total	\$90.00
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REIMER DOBROVOLNY & LABARDI PC

A Public Safety Law Firm

15 Spinning Wheel Road, Suite 310
Hinsdale, IL 60521

(630) 654-9547

Mar 4, 2022

Richard A. White, Executive Director

Illinois Police Officers' Pension Investment Fund
billing@foster-foster.com

PLEASE INDICATE CLIENT #

2851

27822

Payments Received: \$0.00

RE: LEGAL SERVICES RENDERED

DUE UPON RECEIPT

<u>DATE</u>	<u>ATY</u>	<u>DESCRIPTION</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
12/03/21	BJL	Receipt and review of draft letter for transition date. Review statute/rules for transfer and possible resolutions.	3.00	\$300.00	\$900.00
12/07/21	RJR	Attend remote Audit and Budget Committee Meeting. Review agenda and prepare for meeting.	0.50	\$300.00	\$150.00
	RJR	Attend remote Legislative Committee Meeting. Review agenda and prepare for meeting	0.50	\$300.00	\$150.00
12/08/21	RJR	Review Ernst & Young proposal engagement letter and general terms and conditions. Email CIO Custer regarding recommended changes.	1.50	\$300.00	\$450.00
	BJL	Draft Resolution Appointing Authorized Agents. Email with Kent Custer regarding Transfer Rules. Review transfer rules. Edit and revise same.	3.00	\$300.00	\$900.00
12/09/21	RJR	Telephone conference with CIO Custer regarding Ernst & Young Agreement changes	0.25	\$300.00	\$75.00
	RJR	Telephone conference with CIO Custer, Executive Director White, and Brian LaBardi regarding transfer of asset rule modification	1.00	\$300.00	\$300.00
	BJL	Edit and revise rules for transfer of assets. Edit and revise resolution appointing authorized agents. Draft rule for appointment of authorized agents. Attend Zoom meeting regarding same.	8.00	\$300.00	\$2,400.00
12/10/21	RJR	Review draft memo to Board regarding Ernst & Young retention. Email to CIO Custer regarding approval of same.	0.25	\$300.00	\$75.00
	VCM	Review and edit proposed rules related to asset transfer.	0.50	\$300.00	\$150.00
	BJL	Final edit and revisions to rules for transfer of assets. Email regarding same. Edit and revise letter #3. Draft Exhibit B-Notice to Custodians. Telephone conference with Kent Custer. Review of rules and statutes for same. Email regarding same.	4.25	\$300.00	\$1,275.00

12/13/21	BJL	Emails regarding revisions to transfer of assets rule, authorized agent rule, and resolution for authorized agent. Edit and revise same.	0.75	\$300.00	\$225.00
12/14/21	RJR	Review E&Y Agreement with changes. Email to CIO Custer regarding approval of same.	0.75	\$300.00	\$225.00
12/15/21	BJL	Receipt and review of revisions to Letter #3. Revise and email regarding same	0.75	\$300.00	\$225.00
12/16/21	RJR	Review 12/17/21 meeting packet and prepare for meeting.	1.00	\$300.00	\$300.00
12/17/21	RJR	Attend remote meeting	6.00	\$300.00	\$1,800.00
	BJL	Review meeting materials. Limited attendance at regular meeting for issues relating to transition rules.	2.50	\$300.00	\$750.00
12/23/21	RJR	Review SBS Election Proposal and addendum. Email Rich White regarding recommended changes	0.75	\$300.00	\$225.00
12/28/21	RJR	Review email from Joel Babbit regarding amendment to plan documents. Emails to Director White and Trustee Cole regarding status of same.	0.75	\$300.00	\$225.00

DISBURSEMENTS

AMOUNT

Photocopy	113.05
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TOTAL FEES	\$10,800.00
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TOTAL DISBURSEMENTS	\$113.05
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AMOUNT DUE THIS BILL	\$10,913.05
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PREVIOUS BALANCE

RETAINER AMOUNT APPLIED

TOTAL AMOUNT DUE

RETAINER BALANCE \$0.00



“Where your VISION is our priority!”

VISION M.A.I. CONSULTING 728 W. 15 th St. Chicago, IL 60607 P: 773.644.1714 F: 312.291.9899		INVOICE #2			
BILL TO	Illinois Police Officers' Pension Investment Fund Attn: Richard White Executive Director 184 Shuman Boulevard, Suite 305 Naperville, Illinois 60563			COMMENTS: Thank you for allowing us to make your vision our priority. We look forward to continuing our partnership in the future.	
Date	Description			Balance	Amount
2/1/2022	Professional services rendered for the month of February 2022			\$5,700	\$5,700
Subtotal					\$5,700
Total Services					
Current	1-30 days past due	31-60 days past due	61-90 days past due	over 90 days past due	amount due
\$5,700	0	0	0	0	\$5,700

Adirondack Investment Advisors

Invoice

Invoice #6 - IPOPIF

Period: January 1 to February 28, 2022

Issue date:

3/3/2022

Date	Time	Notes	
			37.75 Hours
01-06-22	2.00	EY mtg; weekly SSBT meeting	350.00 Rate
01-11-22	2.50	Weekly Mtg + TBA discussions	\$13,212.50 Invoice Amount
01-12-22	2.75	TM calls (3) + spreadsheet	
01-13-22	2.00	Risk call (1.25) + SSBT call (.75)	
01-14-22	1.00	Kim call	
01-18-22	2.50	Weekly Mtg	
01-19-22	2.00	MF transition scheme	
01-20-22	1.25	Kent chat; SSBT mtg	
01-24-22	1.00	Mitchell + Alt 3	
01-25-22	2.25	Weekly Mtg + Kent	
01-26-22	2.00	TM call; Maria; Asset list email	
01-27-22	1.25	SSBT/EY call	
02-01-22	2.50	Weekly Mtg + Steve fee review	
02-02-22	1.25	TM Call + Kent call	
02-03-22	0.75	SSBT/EY call	
02-07-22	0.75	Cash Mgmt procedures	
02-08-22	1.75	Weekly SC Mtg	
02-10-22	2.50	Board meeting; SSBT call; Trustee Sues call	
02-15-22	1.75	Weekly SC Mtg	
02-17-22	1.00	SSBT call	
02-22-22	1.75	Weekly SC Mtg	
02-24-22	1.00	SSBT call; Marie follow-up	
02-28-22	0.25	Daily check-in	
	37.75	Total hours	

Please remit payment to:

PAUL G. SACHS

or

PAUL G. SACHS



Via mutually agreed electronic delivery

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
REIMBURSEMENT CLAIM FORM

Name: **Richard White**

Mailing Address: 456 Fulton Street, Suite 420-B

City: Peoria State: IL Zip: 61602

Please give full details of expenses along with attached documents and receipts.

Date	Event Description/Service Provider	Category: Lodging/Mileage/Registration/Other	Rate (if applicable)	Quantity (if applicable)	Total
03/052022	AT&T	Telecommunication			\$285.45

Total Amount Requested: **\$285.45**

Please return this form and supporting documents to Allie Rysell (Allie.Rysell@foster-foster.com) for approval of reimbursement.

Requestor Signature: Richard White Date: March 5, 2022

APPROVAL:

Approval Signature: _____ Date: _____

Refer to the
IPOPIF Accounts Payable Policy and Procedures
for approved expenses, necessary documentation and required signatures.



Invoice

Date	Invoice #
3/8/2022	23004

Plan Administration Division
Phone: (239) 333-4872
Fax: (239) 481-0634
billing@foster-foster.com
www.foster-foster.com
Federal EIN: 59-1921114

Bill To
Illinois Police Officers' Pension Investment Fund c/o Foster & Foster, Inc. 184 Shuman Blvd. Suite 305 Naperville, IL 60563

Terms	Due Date
Net 30	4/7/2022

Description	Amount
Plan Administration services for the month of January 2022 and the January 14, 2022 Meeting.	3,200.00
Services for January 4, 2022 Weekly Transition Planning Team Meeting, 2 hours x \$150.00.	300.00
Services for January 10, 2022 Finance Group Meeting, 0.5 hours x \$150.00.	75.00
Services for January 11, 2022 Weekly Transition Planning Team Meeting, 2 hours x \$150.00.	300.00
Services for January 18, 2022 Weekly Transition Planning Team Meeting, 2 hours x \$150.00.	300.00
Services for January 25, 2022 Weekly Transition Planning Team Meeting, 1.75 hours x \$150.00.	262.50
Services for January 26, 2022 Election Committee Meeting, 4.25 hours x \$150.00.	637.50
Services for January 28, 2022 Audit and Budget Committee Meeting, 5 hours x \$150.00.	750.00
Services for January 28, 2022 Special Board Meeting, 4.50 hours x \$150.00.	675.00
Reimbursement for FPCO payment, Invoice #109362 for December IPOPIF Mailing.	3,683.83

Thank you for your business!

Balance Due



Invoice

Date	Invoice #
3/8/2022	23004

Plan Administration Division
Phone: (239) 333-4872
Fax: (239) 481-0634
billing@foster-foster.com
www.foster-foster.com
Federal EIN: 59-1921114

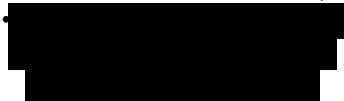
Bill To
Illinois Police Officers' Pension Investment Fund c/o Foster & Foster, Inc. 184 Shuman Blvd. Suite 305 Naperville, IL 60563

Terms	Due Date
Net 30	4/7/2022

Description	Amount
Administrative Support to Executive Director/CIO for the month of January 2022 48.25 hours x \$150.00.	7,237.50
Reimbursement for CML payment, Invoice #708552 for 1,000 certified mail envelopes for the IPOPIF Plan.	129.90

Thank you for your business!

Most preferred method of payment is a bank transfer.
 Please reference Plan name & Invoice # above:
 • Account Title: Foster & Foster, Inc.



Balance Due \$17,551.23

For payment via a mailed check, please remit to:
 Foster & Foster, Inc.
 13420 Parker Commons Blvd, Ste 104, Fort Myers, FL 33912

MEMORANDUM

TO: Board of Trustees
FROM: Richard White, Executive Director
RE: FY 2022 Budget – Review and Amendments
DATE: March 11, 2022

Recommended Action(s):

- Motion to adopt Resolution 2022-01: Amending the Budget for Fiscal Year 2022
-

Summary:

The requests for this budget amendment include personnel and professional services that have been added to our operations after the original budget was adopted last year or revisions to the original budget that are based on projected amounts for the remaining fiscal year using actual expenses (as of January 31, 2022) as the reference point.

The Audit and Budget Committee reviewed and recommended that the Board of Trustees adopt these proposed budget amendments.

The following are the recommended changes in the budget, along with the rationale for the increase/decrease in the budget line item:

Revenues:

- 1. Interest:**
 - a. Adjustment to projected interest received.

2. Illinois Finance Authority Loan Proceeds:

- a. The proposed budget amendment exceeds the approved budget disbursement of the IFA loan proceeds scheduled for this fiscal year. The approval of an additional \$674,000 in loan disbursements will provide additional funding for the remainder of the fiscal year period. (Note: that the requested amendment is for an amount of \$474,000 which accounts for the July disbursement that was received in Fiscal Year 2021).

The revised disbursement request will fully drawdown the loan (including the principal amount and the capitalized interest). This drawdown will provide the Fund with the cash to pay the majority of expenses incurred during the transition of assets period with loan proceeds.

As a reminder, under the current loan agreement, the Fund is able to draw disbursements from the IFA loan through June 30, 2022. Repayment of the loan will begin afterwards with quarterly payments scheduled through June 2024.

Expenses:

These amendments include adjustments for actual incurred expenses or revisions to the approved contracted amounts that differ from the original budget and to add contracted engagements not included in the original budget.

1. Board of Trustees and Meeting Expenses

- a. Education and Training; Meeting Expenses; Board Member Reimbursements: Adjustments to these line items were made to align with anticipated use of these expenses by the Board of Trustees for the remainder of this fiscal year period.

2. Administrative Operations: Personnel

Note: Please refer to the "Total Personnel Salary" line for the actual year-to-date amounts which aggregates all positions into a single expense report item.

- a. Executive Director: This line item is changed to reflect the approved employment agreement for the full fiscal year period.
- b. Chief Finance & Administrative Officer: Hiring delay adjustment.
- c. Administrative Manager: This line item adjusts for the salary compensation, and corresponding benefits and insurance costs for the administrative position and is adjusted to reflect the timing of the employment period.
- d. Administrative Coordinator: Hiring delay adjustment.
- e. Employment Expenses: This line item reflects employment expenses that incorporates the aforementioned adjustments to personnel and adds the IMRF defined benefit employer expense (anticipating the approval of this item during this fiscal year).

3. Administrative Operations: Professional Services

- a. Audit -CPA-Certified Asset List Firms. This line item reflects the anticipated fees for the three retained CPA firms, approved by the Board of Trustees in October, to complete the Certified Asset List procedures for the 358 Article 3 police pension funds, as required by statute, for the asset transfer procedures. The amount represents the fees that will be paid based on the tranche assignments made recently by the Fund.
- b. Chief Finance Officer: Add projected service level increases due to hiring delay of the Chief Finance & Administrative Officer.
- c. Administrative Services: : Add projected service level increases due to increased workload with Executive Director and Chief Investment Officer and the hiring delay of the Administrative Coordinator.
- d. Technology: Adjustments to these line items to align with projected expenses.

4. Investment Operations: Personnel

Note: Please refer to the "Total Personnel Salary" line for the actual year-to-date amounts which aggregates all positions into a single expense report item.

- a. Investment Officer: The line item is adjusted to reflect the hiring of investment officer and the partial year employment period.
- b. Investment Analyst: Hiring delay adjustment.
- c. Employment Expenses: This line item reflects employment expenses that incorporates the aforementioned adjustments to personnel and adds the IMRF defined benefit employer expense (anticipating the approval of this item during this fiscal year).

5. Investment Operations: Investment & Banking

- a. Transition Management: This item has been zeroed out based on classification changes that had been assigned to this category.
- b. Investment Management: This category adds State Street Global Advisors and Rhumblin investment managers with the projected fees due to these managers during the transition period.
- c. Custodial Services: This item is adjusted to the contractual agreement amount with State Street Bank and Trust Company that was approved by the Board of Trustees and executed in November.

6. Investment Operations: Professional Services

- a. Transition Management: This item is amended to reflect the addition of State Street Bank and Trust Company that was retained for the transition role by the Board of Trustees in November. These fees represent the 'maximum' fee level based on projected asset levels with the transition.
- b. Transition Consultant/Services: This item is an addition to reflect Ernst & Young as a service provider recently retained by the Board of Trustees and reclassifying other service providers to this category, including Shepherd Communications, approved by the Board of Trustees in November.

7. Office Expense: Office Lease/Rent

- a. Insurance: This item is adjusted downward to reflect the actual premium amounts paid in this fiscal period.
- b. Office Lease: This item reflects the actual executed lease agreement with the City of Peoria for the Twin Tower Plaza office space.
- c. Supplies & Maintenance: This item is adjusted to reflect projected use of these funds.
- d. Training & Education: This item is adjusted to reflect projected use of these funds.
- e. Travel & Transportation: This item is adjusted to reflect projected use of these funds.
- f. Utilities: This item is adjusted to reflect projected use of these funds.

Summary:

Proposed amended operations budget for Fiscal Year 2022:

• Total Budgeted Revenues	\$6,025,169
• Total Budgeted Expenses	\$6,334,319
• Total Over/(Under)	(\$309,151)

Cash Flow Analysis:

The cash flow analysis shows a **negative** projected cash balance of \$21,324 at the end of the fiscal year (June 30, 2022).

Attachments:

- Fiscal Year 2022 Operations Budget (Amended 2/10/2022)
- Cash Flow and IFA Loan Reconciliation Worksheet

RESOLUTION NO. 2022-01

FOR THE FISCAL YEAR 2022

March 11, 2022

WHEREAS 522B-118(e) of the Illinois Pension Code requires the Illinois Police Officers' Pension Investment Fund (hereinafter the "Board") to annually adopt a budget to support its operations and administration.

WHEREAS, the Board of Trustees has determined that it is necessary, desirable and in the public interest to amend your fiscal budget as provided herein.

BE IT RESOLVED by the Board:

1. The Board find as facts the recitals hereinabove set forth. The Board further finds that the Budget amendments approved hereby are appropriate for the operation and administration of the Fund.

2. The Board hereby approves and adopts the amended Budget for fiscal year 2022 in an amount totaling \$6,334,319.

3. The amended Budget for fiscal year 2022 for the Fund is adopted as shown on Exhibit 1 attached hereto and made a part hereof.

4. Any policy or resolution of the Fund that conflicts with the provisions of this Resolution shall be and are hereby repealed to the extent of such conflict.

6. This Resolution shall be in full force and effect upon its passage and approval in the manner provided by law.

Approved and effective this 11th day of March 2022 by vote as follows:

Ayes:

Nays:

Abstain:

Absent:

ILLINOIS POLICE OFFICERS'
PENSION INVESTMENT FUND

By:

ATTEST•

Illinois Police Officers' Pension Investment Fund (IPOPIF)
 FY 2022 Operations Budget

Function					
Category					
Sub-Category	Original	Requested	Budgeted	YTD Actual	Projected FY
Sub-Category Detail	Adopted	Amendment	Amounts for	1/31/22	2022
	Budget	2/10/22	Approval		
REVENUES					
<u>Consolidated Funds</u>					
Cash Received from Local Funds	-	-	-	-	-
Investments Received from Local Funds	-	-	-	-	-
<u>Investments & Related</u>					
Interest	-	1,169	1,169	487	1,169
Dividends	-	-	-	-	-
Capital Gains	-	-	-	-	-
<u>Loans</u>					
IFA Loan Proceeds	5,550,000	474,000	6,024,000	3,100,000	6,024,000
TOTAL BUDGETED REVENUES	5,550,000	475,169	6,025,169	3,100,487	6,025,169
EXPENDITURES					
Board of Trustees and Meetings					
<u>Board of Trustees and Meetings Expenses</u>					
Professional Services					
Administrative Services	64,800	-	64,800	13,913	64,800
Election Services	26,000	-	26,000	14,282	26,000
Education and Training	18,000	(9,000)	9,000	-	9,000
Meeting Expenses	12,000	(6,000)	6,000	-	6,000
Board Member Reimbursements	12,000	(6,000)	6,000	-	6,000
	132,800	(21,000)	111,800	28,195	111,800
Administrative Operations					
<u>Personnel</u>					
Executive Director	170,000	80,000	250,000	-	250,000
Chief Finance & Administrative Officer	75,000	(75,000)	-	-	-
Accountant 1	-	-	-	-	-
Accountant 2	-	-	-	-	-
Administrative Manager	54,000	4,500	58,500	-	58,500
Information Technology Manager	-	-	-	-	-
Administrative Coordinator	30,000	(30,000)	-	-	-
Communications Specialist	-	-	-	-	-
General Legal Counsel	-	-	-	-	-
Director of Human Resources	-	-	-	-	-
Total Personnel Salary				145,233	
Employment Expenses					
FICA/Medicare	23,415	(2,398)	21,017	9,662	21,017
Medical/Dental Benefits	38,016	(15,344)	22,672	2,500	22,672
Unemployment	4,000	(793)	3,207	-	3,207
Retirement Benefits	55,400	(30,515)	24,885	12,500	24,885
	449,831	(69,550)	380,281	169,895	380,281
<u>Professional Services</u>					
Finance					
Accounting	24,000	-	24,000	12,000	24,000
Audit - Financial	12,000	-	12,000	12,000	12,000
Audit - Certified Asset List	150,000	341,540	491,540	-	491,540
Audit - Transition	125,000	-	125,000	-	125,000
Chief Financial Officer	93,900	57,800	151,700	43,300	151,700
Administrative Services	9,000	45,540	54,540	22,725	54,540
Government Liaison	72,000	-	72,000	34,200	72,000
Actuarial Services	200,000	-	200,000	-	200,000
Outsourced Human Resources	60,000	-	60,000	6,088	60,000
Legal Services					
General	120,000	-	120,000	46,605	120,000
Fiduciary	180,000	-	180,000	122,989	180,000
Other (IFA)	-	-	-	-	-
Technology Services	99,996	(49,992)	50,004	1,485	50,004
	1,145,896	394,888	1,540,784	301,392	1,540,784

Function
Category
Sub-Category
Sub-Category Detail

	Original Adopted Budget	Requested Amendment 2/10/22	Budgeted Amounts for Approval	YTD Actual 1/31/22	Projected FY 2022
Investment Operations					
<u>Personnel</u>					
Chief Investment Officer	300,000	-	300,000	-	300,000
Investment Officer 1	175,000	(37,500)	137,500	-	137,500
Investment Officer 2	-	-	-	-	-
Investment Analyst 1	125,000	(125,000)	-	-	-
Investment Analyst 2	-	-	-	-	-
<i>Total Personnel Salary</i>				225,000	
<u>Employment Expenses</u>					
Relocation Expense	27,989	-	27,989	7,780	27,989
FICA/Medicare	43,575	(12,431)	31,144	17,039	31,144
Medical/Dental Benefits	39,750	(10,000)	29,750	18,815	29,750
Unemployment	3,000	-	3,000	84	3,000
Retirement Benefits	60,000	(16,250)	43,750	17,344	43,750
	774,314	(201,181)	573,133	286,062	573,133
<u>Investment & Banking</u>					
General Investment Consultant	625,500	-	625,500	351,988	625,500
Database Subscription(s)	45,000	-	45,000	-	45,000
Transition Management	200,000	(200,000)	-	-	-
Investment Management	-	313,922	313,922	-	313,922
Custodial Services	733,337	(228,342)	504,995	-	504,995
	1,603,837	(114,420)	1,489,417	351,988	1,489,417
<u>Professional Services</u>					
Administrative Services	-	-	-	-	-
Project Architect	70,000	-	70,000	16,975	70,000
Transition Management	-	1,500,000	1,500,000	-	1,500,000
Transition Consultant/Services	150,000	251,700	401,700	13,000	401,700
Technology Services	-	-	-	-	-
	220,000	1,751,700	1,971,700	29,975	1,971,700
<u>Bank Services and Fees</u>					
	5,000	-	5,000	1,612	5,000
<u>Office Expense</u>					
Assets under \$5,000	60,000	-	60,000	11,231	60,000
Insurance	120,000	(58,671)	61,329	61,329	61,329
Office Lease/Rent	100,000	(51,625)	48,375	-	48,375
Printing & Postage	36,000	-	36,000	352	36,000
Supplies & Maintenance	20,000	(10,000)	10,000	847	10,000
Telecommunication	10,000	-	10,000	2,222	10,000
Contingency	12,000	-	12,000	-	12,000
Dues / Licenses	5,500	-	5,500	307	5,500
Training & Education	24,000	(20,000)	4,000	386	4,000
Travel & Transportation	24,000	(20,000)	4,000	1,383	4,000
Utilities	10,000	(5,000)	5,000	-	5,000
Website	6,000	-	6,000	1,370	6,000
	427,500	(165,296)	262,204	79,427	262,204
TOTAL BUDGETED EXPENDITURES	4,759,178	1,575,141	6,334,319	1,248,545	6,334,319
OVER / (UNDER)	790,822		(309,151)	1,851,942	(309,151)

CASH FLOW ANALYSIS

2,139,769	Cash and Investments at 1/31/22
2,924,682	FY 22 Projected Remaining Inflows of Local Bank Interest and IFA Draws (with amendment)*
5,085,774	FY 22 Projected Remaining Outflows of Projected Expenditures*
(21,324)	Projected Cash Balance at 6/30/22

**FY 22 Projected is difference between Projected FY 2022 and YTD Actual 1/31/22*

IFA Loan Reconciliation

7,500,000	<i>Original Loan Principal</i>
1,400,000	FY 2021 Loan Draws per Audit
<u>3,100,000</u>	FY 2022 Loan Draws thru 1/31/22
4,500,000	Total Loan Draws thru 1/31/22
3,000,000	Remaining Balance of Loan
<u>2,250,000</u>	Remaining Draws per current modified Loan Agreement Disbursement Schedule
750,000	Difference
674,000	Requested Loan Amendment as of 2/10/22
<u>75,570</u>	Estimated Capitalized Interest thru 6/30/22
430	Remaining

MEMORANDUM

TO: Board of Trustees
FROM: Richard White, Executive Director
RE: IFA Loan disbursement request
DATE: March 11, 2022

Recommended Action:

- Motion to approve Illinois Finance Authority Loan distribution in the amount of \$674,000.
-

Discussion:

- The proposed drawdown to the IFA loan in the amount of \$674,000 will bring the loan principal and capitalized interest expense nearly to the full amount of the statutorily authorized loan amount of \$7,500,000.
- The stated purpose of the IFA loan was to “provide funds for payment of ordinary and regular costs associated with the implementation of the transition process.” As such, the approval of the \$674,000 in loan disbursements will provide additional funding for the remainder of this fiscal year and will allow the Fund to maintain a cash flow to pay expenses with loan proceeds during the transition of assets period.
- Additional consideration should be given to the transition of assets period overlapping with Fiscal Year 2023, that begins on July 1, 2022, and that drawing down these loan proceeds now will give the Fund budgetary and financial flexibility – especially in the first few months of the next fiscal year, during the changes to the source of revenues that will flow from the investment asset pool and ensure operations will continue smoothly during this change over period.

- As a reminder, under the current loan agreement, the Fund is able to take disbursements from the IFA loan through the end of the transition period (June 30, 2022), at which time access to the loan will close down. The repayment of the loan will begin July 2022 with loan payments being made on a quarterly basis through June 2024.
- The drawdown of the IFA loan comports with the recent adoption of the Valuation and Cost Rule. The Rule defines 'transition costs' to mean all IPOPIF operating expenses, except investment management fees, incurred prior to the conclusion of the transfer of substantially all Participating Police Pension fund assets to the IPOPIF, as determined by the Board of Trustees **and** designated that these 'transition costs' incurred prior to the conclusion of the Statutory Transition Period will be paid first with funds obtained from drawdowns on the IFA Loan and, if necessary, thereafter using funds from the total consolidated IPOPIF investment portfolio.

CASH FLOW ANALYSIS

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3,000,000	Remaining Balance of Loan
<u>2,250,000</u>	Remaining Draws per current modified Loan Agreement Disbursement Schedule
750,000	Difference
674,000	Requested Loan Amendment as of 2/10/22
<u>75,570</u>	Estimated Capitalized Interest thru 6/30/22
430	Remaining

MEMORANDUM

TO: Board of Trustees

FROM: Richard Reimer, General Legal Counsel

RE: Retirement savings plans for certain IPOPIF employees

DATE: March 11, 2022

Recommended action(s):

- Motion to affirm the 401(a) Money Purchase Plan and 115 Health Care Trust retirement plans exclusively for the Executive Director and Chief Investment Officer.
 - Motion to affirm the 457(b) Defined Contribution Plan as a benefit plan for all Fund employees.
-

Discussion:

The Board of Trustees adopted by resolution dated August 28, 2020 a “401(a) Money Purchase Plan Document, a 115 Health Care Trust plan and a 457(b) Deferred Compensation Plan as retirement security plans for employees of the Fund.

At the time of this resolution, these plans were the only retirement plan options for employees of the Fund, namely the Executive Director.

Later, the Board of Trustees have taken steps to join and participate in the Illinois Municipal Retirement Fund (IMRF) that will provide defined benefit retirement plans for employees of the Fund. The joining of the IMRF will be addressed at a later date.

Subsequent to the participation in the IMRF, due to their executive leadership roles with the Fund, the Board of Trustees may wish to continue to offer these two aforementioned plans exclusively to either the Executive Director or the Chief Investment Officer.

Ultimately, upon joining IMRF, all IPOPIF employees will be members of the IMRF defined benefit plan benefit and will receive the benefits afforded by participation in the IMRF system.

Additionally, employees will be able to participate in a 457(b) Defined Contribution Plan, at the employee's option.