

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEETING MINUTES – DECEMBER 14, 2020

A meeting of the Board of Trustees of the Illinois Police Officers' Pension Investment Fund was held on Monday, December 14, 2020 at 9:00 a.m. through the Zoom Digital Platform.

TRUSTEES PRESENT: Shawn Curry
Dan Hopkins (*joined the meeting at 9:16 a.m.*)
Andrea DiGiacinto
Elizabeth Holleb
Brian Prochaska
Mark Poulos
Michael Inman (*joined the meeting at 9:18 a.m.*)
Phil Suess
Brad Cole

TRUSTEES ABSENT: None

OTHERS PRESENT: Richard White, Executive Director
Rick Reimer, General Counsel, Reimer & Dobrovolny, PC
Joe Burns, Conflict Counsel, Jacobs Burns Orlove & Hernandez, LLP
Steve Earnhardt, Accountant/CFO, Lauterbach & Amen, LLP
Bukola Bello, Vision M.A.I. Consulting, Governmental Liaison
Michael Malatt and Jason Coyle, Baker Tilly US, LLP
Allie Rysell, Plan Administrator, Foster & Foster, Inc.
Members of the Public

CALL TO ORDER: Chairperson Curry called the meeting to order at 9:07 a.m.

ROLL CALL: All Trustees were present as reflected above.

MEETING MINUTES: *Review – Approved November 2, 2020 Audit Committee Meeting Minutes:* The Board reviewed the approved minutes from the November 2, 2020 Audit Committee meeting.

Review – Approved November 10, 2020 Audit Committee Meeting Minutes: The Board reviewed the approved minutes from the November 10, 2020 Audit Committee meeting.

Review/Approve – November 13, 2020 Board Meeting Minutes: The Board reviewed the minutes from the November 13, 2020 Board meeting.

Review/Approve – December 2, 2020 Special Board Meeting Minutes: The Board reviewed the minutes from the December 2, 2020 Special Board meeting.

A motion was made by Trustee Poulos and seconded by Trustee Suess to approve the November 2nd Audit Committee Meeting, November 10th Audit Committee Meeting, November 13th Board Meeting, and December 2nd Special Board meeting minutes. Trustee Prochaska noted that the November 2nd and November 10th Audit Committee meeting minutes have already been reviewed and approved by the Committee. Trustee Poulos amended his motion to approve the November 13th Board meeting minutes and December 2nd Special Board meeting minutes, which was seconded by Trustee Suess. Motion carried by roll call vote.

AYES: Trustees Curry, DiGiacinto, Holleb, Prochaska, Poulos, Suess and Cole

NAYS: None

ABSENT: Trustees Hopkins and Inman

ELECTION OF THE PERMANENT BOARD OF TRUSTEES: Mr. White reviewed a memorandum regarding the “Election of the Permanent Board of Trustees” dated December 14, 2020.

Review/Adopt the Findings and Recommendation of the Conflict Counsel Regarding Challenges to the Certified Election Results: The challenge period was conducted in accordance with the Fund’s Election Policy and no challenges were received by Mr. White nor the Fund’s Conflict Counsel, Attorney Burns. These findings were reviewed with the Board.

Certification of the Results of the Tabulation of the Election Ballots: Mr. White noted that the Board conducted the nomination of candidates and the election of the Permanent Board of Trustees in accordance with the Act and the results of the election were reviewed with the Board.

Mr. White stated that there are three municipal representative positions on the Board of Trustees. The following three municipal representatives were elected by acclamation and will take the Oath of Office at the January 8, 2021 Board Meeting: Elizabeth Holleb, Finance Director, City of Lake Forest; Michal J. Inman, Mayor, City of Macomb; and Philip Suess, Mayor, City of Wheaton.

Mr. White noted that there are two beneficiary positions on the Board of Trustees of the Fund. The following two beneficiary representatives were elected by acclamation and will take the Oath of Office at the January 8, 2021 Board Meeting: Daniel Hopkins, Retired Officer, Collinsville Police Department; and Mark Poulos, Retired Lieutenant, Rock Island Police Department.

Mr. White stated that there are three participant representative positions on the Board of Trustees of the Fund. Six candidates were interested in the three trustee positions and an election was conducted. Election ballots were mailed to 12,903 eligible participant members of Article 3 police pension funds. A total of 4,771 ballots were received and accepted for tabulation, which represented a 36.98% return rate. There was one ballot returned that was deemed invalid and was not counted in the final tabulation. Also, 29 ballots were returned as undeliverable and were not included as a part of the total count of 4,771 ballots. The following three participant representatives were elected to the Board, pending certification, and will take the Oath of Office at the January 8, 2021 Board Meeting: Shawn P. Curry, Sergeant, Peoria Police Department; Lee Catavu, Officer,

Aurora Police Department; and Paul Swanlund, Officer, Bloomington Police Department. Mr. White noted that the tabulation report was distributed to the members of the Transition Board of Trustees and to all six candidates that participated in the election. The election results were posted on the Fund's social media accounts on December 4th, in accordance with the Election Policy.

Mr. White noted that there is one Illinois Municipal League (IML) representative position on the Board of Trustees of the Fund. Brad Cole, Executive Director of the IML, was reappointed to the Board by Governor Pritzker and will take the Oath of Office at the January 8, 2021 Board Meeting. Trustee Cole noted that his appointment letter that he received from the Governor was provided to Mr. White for recordkeeping.

A motion was made by Trustee Cole and seconded by Trustee Prochaska to certify the results of the tabulation of the election ballots. Motion carried by roll call vote.

AYES: Trustees Curry, DiGiacinto, Holleb, Prochaska, Poulos, Suess and Cole
NAYS: None
ABSENT: Trustees Hopkins and Inman

Trustee Hopkins joined the meeting at 9:16 a.m.

TREASURER'S REPORT: Treasurer Holleb reviewed a memorandum dated December 4, 2020 regarding the "Treasurer's Report – IPOPIF Board Meeting December 14, 2020" with the Board.

Monthly Financial Report: The November 30, 2020 Monthly Financial Report was provided for review. The financial activities for the month of November were reviewed with the Board as well as the fiscal year of July 1st through November 30th including a comparison against the approved budget. As of November 30, 2020, the fiduciary net position restricted is \$13,561.33.

Trustee Inman joined the meeting at 9:18 a.m.

Review/Approve – Warrants Summary: Treasurer Holleb reviewed Warrant #16 as reflected in the Summary of Payments, along with all corresponding invoices. The total amount due for Warrant #16 is \$59,913.75 for the period November 14, 2020 through December 14, 2020 which is itemized as follows: \$36,413.91 due for service provider payments and Mr. White's reimbursement request; and auto-deduction fees totaling \$23,499.84 for Transamerica Retirement Solutions deposits related to the Executive Director's agreement and a nominal Lake Forest Bank & Trust banking fee.

Review/Approve – Budget Amendments (If Needed): No budget amendments were requested at this time.

Approval of Vendors and Purchases (If Needed): The approval of vendors or purchases will be discussed under other agenda items.

Review Loan Activity: Treasurer Holleb reviewed the loan activity with the Board. As of November 30, 2020, the Fund has drawn down \$600,000 from the Illinois Finance Authority loan for

operating purposes. A draw of \$200,000 is anticipated in early January 2021, as reflected in the Fiscal Year 2021 Budget.

Other: Treasurer Holleb noted that the Audit Committee is requesting Board approval on the Fiscal Year 2020 Comprehensive Annual Financial Report (CAFR), which will be reviewed with the Board under a separate agenda item. Treasurer Holleb also indicated that Mr. White and Mr. Earnhardt worked with Lake Forest Bank & Trust/Wintrust to execute collateral agreements as an addendum to the Fund's banking services agreement. No additional fees will be incurred by the Fund to have the bank balance fully collateralized, eliminating the need for the Fund to secure secondary banking services at this time. Treasurer Holleb informed the Board that Lake Forest Bank & Trust/Wintrust agreed to collateralize the bank balance at 110%.

All questions related to the Treasurer's Report were answered by Treasurer Holleb and Mr. White. A motion was made by Trustee Poulos and seconded by Trustee Holleb to approve the Monthly Financial Report. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole
NAYS: None
ABSENT: None

A motion was made by Trustee Holleb and seconded by Trustee Poulos to approve Warrant #16. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole
NAYS: None
ABSENT: None

AUDIT COMMITTEE'S REPORT: *Review Committee Activities:* A memorandum dated December 14, 2020 regarding the "Audit Committee's Report" was provided to the Board for review. The Audit Committee held three meetings since the November 13th Board meeting to monitor and direct the progress of the Fiscal Year 2020 financial statements audit and reports generated prior to formal Board review and approval. The Audit Committee met on December 14th prior to the Board meeting to review the most recent draft of the financial statement audit and Comprehensive Annual Financial Report (CAFR). The most recent CAFR was presented to the Board for review.

Review/Approve – Fiscal Year 2020 Comprehensive Annual Financial Report (CAFR): Mr. Coyle and Mr. Malatt reviewed the Fund's CAFR for the Fiscal Year 2020 and communication letter. Committee Chairperson Holleb informed the Board that two minor language changes were requested by the Audit Committee at the December 14th meeting and the suggested revisions to Sections 1B and 2F were reviewed with the Board. Committee Chairperson Holleb informed the Board that the Committee voted unanimously to recommend the CAFR with the requested revisions to the Board for approval. A motion was made by Trustee Holleb and seconded by Trustee Suess to approve the Fiscal Year 2020 Comprehensive Annual Financial Report with the

two minor modifications noted by the Audit Committee. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole
NAYS: None
ABSENT: None

GOVERNANCE COMMITTEE'S REPORT: *Review/Adopt – Governance Policy (PP-2020-13):* Mr. White reviewed a memorandum dated December 14, 2020 regarding the “Governance Committee Meeting Report” with the Board. The Governance Committee met on November 20th to review the Governance Committee Policy (PP-2020-13), Election Policy (PP-2020-03), and Ethics Policy (PP-2020-07). The draft Governance Policy was reviewed with the Board, which defines the role and responsibility of the Committee. Mr. White noted that the Governance Committee voted unanimously to recommend the Governance Policy to the Board for approval. A motion was made by Trustee Poulos and seconded by Trustee Inman to approve the Governance Policy (PP-2020-13) as presented. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole
NAYS: None
ABSENT: None

GOVERNMENTAL LIAISON'S REPORT: *Legislative Update:* A memorandum dated December 14, 2020 regarding the “Governmental Liaison” was provided to the Board for review. Ms. Bello reviewed the Legislative Update dated December 4, 2020 with the Board. Ms. Bello provided updates to the Board regarding the following items in her report: Legislative Activity; House Republican Leadership Inquiries; Senate Democrats Choose Harmon for Full-Term as President; McClain, Former ComEd Executives Plead Not Guilty; and House Special Investigating Committee. Ms. Bello noted that Chairperson Curry and Executive Director White provided remarks at the Special Committee of Pension Investments' Subject Matter Hearing on Diversity in Pension Investment Managers on December 10th. She also noted that House Minority Leader Jim Durkin's Deputy Chief of Staff made inquiries regarding the status of the development of a Fund website. Ms. Bello relayed that information is accessible on the Fund's dedicated Facebook and LinkedIn pages and the Board is in the process of selecting a website developer to establish a dedicated website. All questions were answered by Ms. Bello.

Trustee Cole informed the Board that he listened to the presentation at the hearing and reviewed a question that was discussed regarding fund compliance with the Board. Trustee Cole referenced line item B6 in the Governance Policy and noted that he finds that the Governance Committee can fulfill the necessary compliance role, noting that there is nothing that would preclude the Fund from contracting with the Illinois Municipal Retirement Fund (IMRF) to handle all of the Fund's investments.

EXECUTIVE DIRECTOR'S REPORT: Mr. White reviewed a memorandum dated December 14, 2020 regarding the “Executive Director's Report” with the Board.

Recognition of the Transition Board of Trustees: Mr. White recognized the Transition Board of Trustees for their hard work and efforts to accomplish the essential goals and objectives associated with building the organization. A House Resolution was reviewed with the Board that recognized the Transition Board of Trustees for their hard work and to congratulate the Board on their continued efforts for pension health and solvency. Chairperson Curry thanked Trustees DiGiacinto and Prochaska for their hard work and dedication to the Fund and noted that their efforts are recognized by the Board and participants of Article 3 Funds. All Trustees echoed Chairperson Curry's comments and thanked Trustees DiGiacinto and Prochaska for their efforts. Mr. White presented individual commemorative plaques to each Board Member in recognition and appreciation of their dedicated service as an Interim Board Trustee.

Financial Services: Review/Approve – Addendum to Engagement Letter with Lauterbach & Amen, LLP through June 30, 2021: The Board reviewed the proposed addendum to Lauterbach & Amen, LLP's engagement letter for continued accounting and interim Chief Financial Officer services through June 30, 2021. Attorney Reimer reviewed his recommended minor language changes and additions to the addendum with the Board. All questions were answered by Attorney Reimer and Mr. Earnhardt. A motion was made by Trustee Inman and seconded by Trustee Suess to approve the addendum to Lauterbach & Amen, LLP's engagement letter dated July 31, 2020 for continued professional services through June 30, 2021, with Attorney Reimer's recommended language changes and additions. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole

NAYS: None

ABSENT: None

General Investment Consultant: Review/Approve – Distribution of Request for Proposal: Mr. White and Attorney Burns reviewed the draft Request for Proposal (RFP) for a General Investment Consultant with the Board. The General Investment Consultant will provide comprehensive general investment consulting advice and services to the Fund. The roles and responsibilities were reviewed with the Board along with the proposed RFP timeline. Trustee Suess reviewed his recommended revisions with the Board and offered to work with Mr. White and Attorney Burns to incorporate his recommendations. A motion was made by Trustee Inman and seconded by Trustee Poulos to adopt the proposed RFP subject to the additional changes to be approved by Trustee Suess and provided to Executive Director White. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole

NAYS: None

ABSENT: None

Chief Investment Officer: States Update – Recruitment Process: Mr. White noted that Board approved the recruitment of a Chief Investment Officer (CIO) at the November 13, 2020 meeting. He indicated that the response to the CIO recruitment has been very high and he anticipates that several more applications will be submitted prior to the January 15, 2021 deadline.

Chief Investment Officer: Establish Special Board Meeting to Review Candidates: The Board discussed proposed special meeting dates to review candidates for the Chief Investment Officer position. Trustee Cole recommended that Mr. White verify that the two new elected trustees are available to attend any proposed special meeting date. A motion was made by Trustee Poulos and seconded by Trustee Hopkins to approve a special board meeting to be determined at a later date for the purposes of the Chief Investment Officer recruitment. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole
NAYS: None
ABSENT: None

Website Design and Development: Review/Approve – Engagement Letter with LRS Web Solutions for Website Design and Development Services: Mr. White reviewed a memorandum dated December 14, 2020 regarding the “Website Design and Development” with the Board. Mr. White stated that it is his recommendation, along with Chairperson Curry’s, to select Levi, Ray & Shoup, Inc. (LRS) for website design and development services. The services to be provided along with the cost to the Fund were reviewed with the Board. The total cost for services is \$26,810 and detailed as follows: Website design and development in the amount of \$21,350; annual website maintenance in the amount of \$4,920; and nine trustee email addresses in the amount of \$540. The details of the associated fees were discussed with the Board. Trustee Cole requested that all trustee email addresses be established immediately. The Board discussed establishing email addresses for the Trustees as soon as possible. Several Trustees voiced their concerns regarding the proposed timeline for the website to be active and live to the public. All questions were answered by Mr. White. A motion was made by Trustee Cole and seconded by Trustee Holleb to approve the proposal with Levi, Ray & Shoup, Inc. for nine trustee email addresses in the amount of \$540 for an immediate setup. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole
NAYS: None
ABSENT: None

A motion was made by Trustee Inman and seconded by Trustee Cole to table action on the selection of a website developer until the January 8th meeting for further discussion on the website implementation timeline. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole
NAYS: None
ABSENT: None

Other Items: Mr. White was invited to participate in a few public pension related conferences as a panelist and the agendas for these sessions were included in the agenda packet for Board review.

GENERAL COUNSEL'S REPORT: *Ethics: Review/Adopt – Ethics Policy (PP-2020-07):* Attorney Reimer informed the Board that he was directed by the Governance Committee to prepare two different Ethics Policies for the Board's review and consideration. Version A included items in Section E-17(e) and (f) regarding food and refreshment limitations and details on the prohibition of gifts and Version B omits those items. Trustee Cole reviewed his recommended language changes to the Ethics Policy with the Board. The Board discussed the proposed language regarding the prohibition of gifts and Trustee Cole's recommended changes to the Ethics Policy. All questions were answered by Attorney Reimer, Mr. White, and Chairperson Curry. A motion was made by Trustee Hopkins and seconded by Trustee Poulos to approve the Ethics Policy as shown in Version A, that mirrors the State Statute. Trustee Holleb recommended that the Board replace 'Fund Members' with 'Board Members' as defined in Section B throughout the Policy. Trustee Hopkins amended his motion to approve the Ethics Policy as shown in Version A, that mirrors State Statute, and to replace 'Fund Members' with 'Board Members' as defined in Section B throughout the Policy, which was seconded by Trustee Poulos. Motion carried unanimously by voice vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska and Poulos

NAYS: Trustee Cole, Inman, and Suess

ABSENT: None

Trustee Cole noted that his "no" vote is for inconsistencies and errors in the document, not because he does not want an Ethics Policy. He noted that his requested modifications are solely to improve the document for clarification purposes.

Ethics: Discuss/Appoint – Ethics Officer: The Board will discuss the appointment of an Ethics Officer at a future meeting.

OLD BUSINESS: There was nothing outstanding to discuss.

NEW BUSINESS: Attorney Reimer recommended the Board review closed session meeting minutes at the January 8th meeting.

CLOSED SESSION (IF NEEDED): 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 Poulos to adjourn the meeting at 11:49 a.m. Motion carried unanimously by roll call vote.

AYES: Trustees Curry, Hopkins, DiGiacinto, Holleb, Prochaska, Poulos, Inman, Suess and Cole

NAYS: None

ABSENT: None

Approved by:



Chairperson



Secretary

Date Approved by the Board of Trustees: January 8, 2021

The next Board meeting of the Illinois Police Officers' Pension Investment Fund will be held on Friday, January 8, 2021 at 9:00 a.m. via the Zoom Digital Platform.