

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
BOARD OF TRUSTEES REGULAR MEETING MINUTES**

MAY 13, 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 the Gubernatorial Disaster Proclamation issued on 04-29-22 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 (*joined at 9:07 a.m.*)
Brad Cole

TRUSTEES ABSENT: Mark Poulos
Daniel Hopkins

OTHERS PRESENT: Richard White, Executive Director
Kent Custer, Chief Investment Officer
Steve Yoon, Investment Officer
Shaun Ivey, Administrative Analyst
Bukola Bello, Governmental Liaison, Vision M.A.I. Consulting
Rick Reimer, General Counsel, Reimer Dobrovolny & LaBardi PC
Taylor Muzzy, Fiduciary Counsel, Jacobs Burns Orlove & Hernandez, LLP
Scott Whalen, General Investment Consultant, Verus Advisory
A.J. Weber, Chief Financial Officer, Lauterbach & Amen (L&A), LLP
Stephanie Masson, Chief Financial Officer, L&A (*joined at 9:07 a.m.*)
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 the meeting to order at 9:01 a.m.

ROLL CALL: As reflected above.

SPECIAL ORDERS: *Recognition of National Police Week (May 11-17, 2022):* Executive Director White reviewed a memorandum dated May 13, 2022 regarding "National Police Week – May 11-17, 2022" with the Board. The names of 619 officers who gave their lives in the line of duty were added to the National Law Enforcement Officers Memorial in Washington, D.C.

Moment of Silence in Honor of 14 Illinois Police Officers added to the National Law Enforcement Memorial: Executive Director White read the names of 14 Illinois law enforcement officers that were added to this year's memorial. A moment of silence was observed to honor all fallen officers.

GOVERNMENTAL LIAISON'S MONTHLY REPORT: Governmental Liaison Bello presented the May 13th Monthly Report to the Board. She stated that the Illinois General Assembly adjourned on April 9th with 402 bills passed in the legislature, of which 227 were House bills and 175 were Senate bills. She provided an extensive list of legislative accomplishments for the Board to review.

Trustee Suess and Ms. Masson joined at 9:07 a.m.

Ms. Bello stated that Governor Pritzker extended previous executive orders and signed a new disaster proclamation that would allow public meetings to continue to be held remotely through May 28th. She noted that Senate Bill 3211 and House Bill 4622 did not advance. She highlighted additional bills of interest related to the Open Meetings Act.

TREASURER'S REPORT: Treasurer Holleb included a memorandum dated May 5, 2022 regarding the "Treasurer's Report – IPOPIF Board Meeting May 13, 2022" in the agenda packet for the Board to review in advance of the meeting.

Approve March 2022 Monthly Financial Reports: CFO Weber reviewed the Monthly Financial Report for the period ending March 31, 2022. As of March 31, 2022, the net position restricted is \$222,377,902. The Statement of Changes, Revenue Report, and Expense Report were reviewed with the Board. Treasurer Holleb and CFO Weber advised the Board of several formatting changes that will appear on future reports. A motion was made by Trustee Holleb and seconded by Trustee Catavu to approve the financial statements from March 2022. Motion carried by roll call vote.

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

Summary of Payments – Review/Approve Warrant #40: Executive Director White reviewed Warrant #40 with invoices totaling \$302,674.09. Executive Director White stated that the bill approval process would be discussed at a future meeting. A motion was made by Trustee Holleb and seconded by Trustee Catavu to approve the payment of Warrant #40. Motion carried by roll call vote.

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

Loan Activity – Review May 2022 Disbursement: As of April 30, 2022, the Fund had drawn down \$5.85 million from the IFA loan for operating purposes. A drawdown of \$450,000 occurred in April, which is consistent with the Fiscal Year 2022 Budget. A drawdown of \$787,000 is anticipated to occur in May.

ADMINISTRATION AND OPERATIONS: *Approve Actuarial Valuation Report:* Executive Director White reviewed a memorandum dated May 13, 2022 regarding the "Actuarial Valuation Report – Format Template" with the Board. Executive Director White and Mr. Franken provided background information on the preparation of the template report. Foster and Foster reviewed the details of the proposed actuarial

valuation report template with the Board. The reporting timeline for each local fund's fiscal year end was discussed along with the fees. Mr. Franken stated that no additional fees are associated with the template report that was developed as presented. If changes are needed in the future and additional calculations are required, there may be an additional cost that would need to be discussed with Staff and the Board.

Trustee Holleb inquired if the actuarial valuation reports would be available for the local funds to access on the IPOPIF's website. Executive Director White indicated that the reports would be made available on the IPOPIF's website, and an additional fee to store these reports is not anticipated at this time.

Trustee Suess inquired if the Tier I and Tier II liabilities could be segregated for reporting related to the payroll growth assumption. Mr. Franken stated that this is a modification Foster & Foster could incorporate. He also inquired if the Board is precluded from performing the GASB reporting as well. Mr. Franken stated that there is nothing preventing the Board from having Foster & Foster perform this work as well, but it was not included in the original scope of services. Mr. Franken stated that this work could be performed, and he reviewed a similar experience working with an Arizona client. The reporting timeline and data for GASB reporting was discussed with the Board.

Trustee Cole recommended a language clarification to the Funding Policy Amortization Method. He also suggested that language in the Tier II Normal Retirement section includes a reference to the index number. He also requested that statewide data be provided in the future. Mr. Franken stated that Foster & Foster would provide a reporting summary of all Article 3 funds each year.

Mr. Franken reminded the Board that the proposed reporting template would be used for fiscal year 2022 year-end reporting. He stated that this reporting template would most likely need to be re-examined on an annual basis to ensure all required reporting updates are incorporated. He reviewed several requirements that may need to be captured in 2023 reporting.

Trustee Holleb inquired who the primary contact would be for local funds to reach out to with questions following the distribution of reports. Mr. Franken stated that this decision would need to be discussed with Staff and determined by the Board. Trustee Holleb advised the Board that this would be an additional cost and inquired who would bear the responsibility of covering this cost. Trustee Suess recommended that the Board take on the additional cost and obligation of communicating with the funds regarding the actuarial valuation reporting. He stated that this would be in the best interest of the local funds, and this is a level of service that the Board should provide. Mr. Franken stated that Foster & Foster could invite Boards to participate in monthly or quarterly Zoom calls, which would include an overview of the report and provide a high level of understanding for each section. Executive Director White noted Staff anticipates that local funds will have questions regarding their reports, and he will work with Foster and Foster to develop a review process that will return to the Board for consideration in the future. All questions were answered by Mr. Franken and Executive Director White. A motion was made by Trustee Catavu and seconded by Trustee Swanlund to adopt the actuarial valuation report format. Motion carried by roll call vote.

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

Mr. Franken and Mr. Baugher left the meeting at 10:06 a.m.

Chairperson Curry stated that Trustees Swanlund and Catavu would need to leave the meeting early due to work obligations. He recommended that the Board take care of all action items on the agenda before they lose a quorum.

Review Draft Fiscal Year 2023 Budget: Executive Director White reviewed a memorandum dated May 13, 2022 regarding the “Fiscal Year 2023 Operations Budget – Review and Discussion” with the Board. The proposed budget for the Fiscal Year 2023 is \$7,914,093. Executive Director White provided background information on the fiscal year 2023 budget and stated that this agenda item is only for discussion and Staff feedback. An updated document will be presented at a future meeting for the Board to review. CFO Masson reviewed the details the proposed budget, information on the Illinois Finance Authority Loan, an Organization Chart prepared by Ernst & Young, and the one-page budget document. All questions were answered by Ms. Masson and Executive Director White.

The Trustees provided feedback for Staff consideration. Trustee Cole recommended that the Organization Chart is modified to include third-party consultants and vendors to reflect the expenditures listed on the proposed budget accurately. He also noted that he disagrees with the proposed budgeted line item for Trustee Education and Training expenses. Trustee Cole indicated that there are training opportunities currently offered at no cost to the Board that would fulfill the statutory training obligations. Trustee Holleb referenced the note on page 103 of the agenda packet that referenced transition costs. She stated that transitions costs should be funded by the loan and requested clarification that the loan proceeds can cover the indicated expenses. She also requested amendments to accurately reflect when staffing positions are anticipated to be filled and when third-party services will end. Trustee Catavu stated he is comfortable with the budgeted line item for training expenses. Free training opportunities are offered, but travel, lodging, and other expenses should be budgeted. Executive Director White thanked the Board for their feedback and encouraged the Trustees to send additional comments related to the proposed budget to his attention.

IPOPIF Office Update: Executive Director White reviewed a memorandum dated May 13, 2022 regarding “Office Furniture – Approval of Purchase Order” with the Board. He provided background information and summarized the details of the furniture bids received. He recommended that the Board select Lincoln Office as the furniture supplier for the Fund office, with a total bid price of \$101,106.24. Executive Director White reviewed furniture renderings along with the preliminary furniture layout for the office. The Board discussed how the outcome of the upcoming court ruling could potentially impact the progression of further IPOPIF activities. Trustee Cole stated that he is comfortable approving the furniture purchase as long as future tranches are established. He stated that there could be future litigation regardless of the outcome of the May 20th ruling and would like the Board to continue moving forward. Trustee Holleb agreed with Trustee Cole’s comments and noted that the Board should be consistent with action items. She would like the Board to continue moving forward in all aspects of the transition and operations. All questions were answered by Executive Director White, CIO Custer, Attorney Muzzy, and Attorney Reimer.

Approve Office Furniture Purchase: A motion was made by Trustee Catavu and seconded by Trustee Holleb to approve the purchase of office furniture. Motion carried by roll call vote.

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

Trustee Catavu left at 11:04 a.m.

Chairperson Curry noted that Trustee Swanlund would need to leave the meeting shortly, and the Board would lose a quorum. He requested that Executive Director White take the Board through the remaining agenda items that require action by the Board.

Approve Security System Vendor: Executive Director White requested Board action on the approval of the security system vendor. A motion was made by Trustee Suess and seconded by Trustee Swanlund to approve Central Illinois Security Inc. as an IPOPIF vendor. Motion carried by roll call vote.

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

Approve Telecommunications Vendor: Executive Director White requested Board action on the approval of a telecommunications vendor. A motion was made by Trustee Suess and seconded by Trustee Inman to approve AmeriCALL Communications and Comcast as IPOPIF vendors. Motion carried by roll call vote.

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

PUBLIC COMMENT: Mr. Jeremy Henderson submitted the following comment via the Zoom chat to the Board related to the actuarial reporting services: "I would encourage GASB reports to be included as part of this level service."

MEETING MINUTES: *Review/Approve March 11, 2022 Regular Board Meeting Minutes and Closed Session:* The Board reviewed the draft meeting minutes and closed session from the March 11, 2022 regular board meeting. A motion was made by Trustee Cole and seconded by Trustee Inman to approve the March 11, 2022 regular meeting minutes. Motion carried by roll call vote.

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

Review/Approve April 8, 2022 Regular Board Meeting Minutes and Closed Session: The April 8th meeting minutes were tabled for review at the next meeting.

The remaining agenda items were not discussed and were tabled by the Board for review at a special meeting scheduled for May 26th.

ADJOURNMENT: A motion was made by Trustee Cole and seconded by Trustee Inman to adjourn the meeting at 11:09 a.m. Motion carried by roll call vote.

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

Illinois Police Officers' Pension Investment Fund
Board of Trustees Meeting Minutes
May 13, 2022
Page 6 of 6

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: July 8, 2022

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