

**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

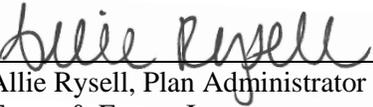
CLOSED SESSION: Closed session was not needed.

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

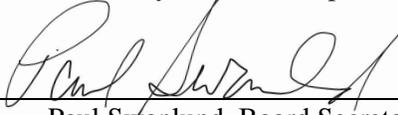
Respectfully submitted by:



Allie Rysell, Plan Administrator
Foster & Foster, Inc.

Approved by:



Shawn Curry, Board Chairperson


Paul Swanlund, Board Secretary

Date Approved by the Board of Trustees: March 11, 2022

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.