

Chapter 1. Definitions and Rulemaking

1-1. DEFINITIONS

Within these Rules, unless the context otherwise requires, the following words shall have meanings given to them, respectively:

~~"Agency Directives Manual" means the agency directives manual adopted by the Board on April 20, 2020, as amended from time to time by action of the Board.~~ "Annuitant" means a retired firefighter receiving a retirement pension from a Participating Pension Fund.

"Authorized Agent" means each individual designated to act on behalf of a Participating Pension Fund pursuant to Section 9-1.

"Beneficiary" means an Annuitant, Deferred Pensioner, or a Disabled Pensioner.

"Beneficiary Trustee" means a trustee who is to be elected by Beneficiaries.

"Board" means the Board of Trustees of FPIF.

~~"Board Operations Committee" means the Board's Committee on Investments and Operations, or such other committee as may be designated by the Board from time to time to oversee hiring and personnel matters, or, in the absence of any such committee, the Board itself.~~

"Board Member" or "Trustee" means each of the elected and appointed members of the Board.

"Business Enterprise for Minorities, Females, and Persons with Disabilities Act" means the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575/0.01 et seq.

"Campaign for elective office" means any activity in furtherance of an effort to influence the selection, nomination, election, and/or appointment of any individual to any federal, State, or local public office or office in a Political Organization, or the selection, nomination, or election of Presidential or Vice-Presidential electors.

"Candidate" means a person who has filed nominating papers or petitions for nomination or election to an elected public office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at a regular election, as defined in Section 1-3 of the Election Code.

"Category 1 Position" means each of the following positions: (a) the Chief Financial Officer; (b) the Chief Operating Officer; and (c) any position for which approval by six Trustees is required by Section 22C-117(c) of the Pension Code, including the Chief Investment Officer and Senior Portfolio Officer.

"Category 2 Position" means any position that is not a Category 1 Position. "Category 2 Position" also excludes the Executive Director position.

"Certified Investment Asset List" has the meaning ascribed to the term in Section 8-3.

"Compensation" means money, thing of value, or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.

"Compensated time" means, with respect to an employee, any time worked by or credited to the employee that counts toward any minimum work time requirement imposed as a condition of employment, but does not include any designated holidays, vacation periods, personal time, or compensatory time off.

"Consultant" means any person or entity retained or employed by the Board to make recommendations in developing an investment strategy, to assist with finding appropriate investment advisers, or to monitor the Board's investments. "Consultant" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards and investment fund of funds where the Board has no direct contractual relationship with the investment advisers or partnerships, as defined in Section 1-101.5 of the Pension Code.

"Deferred Pensioner" means a firefighter who has retired having accumulated enough creditable service to qualify for a pension under Article 4 of the Pension Code but who has not attained the required age for commencement of the pension.

"Disabled Pensioner" means a firefighter receiving a disability pension from a Participating Pension Fund.

"Economic interest" means any direct or indirect interest valued or capable of valuation in monetary terms; provided, however, that "economic interest" shall not include (1) any ownership through purchase at fair market value or inheritance of less than 1% of the shares of a corporation, or any value of or dividends of such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (2) the authorized compensation or expense reimbursement paid to a Board Member or Employee for service or employment to FPIF; (3) any economic benefit provided equally to all residents of Illinois; (4) a time or demand deposit in a financial institution; (5) an endowment or insurance policy or annuity contract purchased from an insurance company; (6) any accrued pension rights in FPIF; or (7) with respect to a mutual fund, the individual securities of other instruments owned by the mutual fund.

"Election Code" means the Illinois Election Code, 10 ILCS 5/1 et seq.

"Election Contribution" means a "contribution" as defined in Section 9-1.4 of the Election Code.

"Election Date" has the meaning given to it in Section 3-1.

"Election Panel" has the meaning given to it in Section 3-14.

"Elections Committee" means the Elections Committee of the Board.

"Emerging Investment Manager" means, as defined in Section 5/1-109(4) the Pension Code, 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 "minority owned business," "female owned business,"

or “business owned by a person with a disability,” as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

“**Employee**” means an individual employed by FPIF, whether part-time or full-time, or by a contract of employment, but excludes Board Members and any third-party vendor of FPIF.

“**Employee Manual**” means the agency directives manual adopted by the Board on April 20, 2020, as amended from time to time by action of the Board.

“**Employer Executive**” means a person who is a mayor, president, chief executive officer, chief financial officer, or other officer, executive, or department head of a municipality or fire protection district that has a Participating Pension Fund.

“**Ethics Officer**” means the ethics officer so designated by the Board; and in the absence of such a designation, the Executive Director.

“**Executive Trustee**” means a trustee who is to be elected by the mayors and presidents of municipalities and fire protection districts that have a Participating Pension Fund.

“**Firefighter Labor Organization**” means a statewide labor organization representing firefighters employed by at least 85 municipalities that is affiliated with the Illinois State Federation of Labor.

“**FPIF**” or “**Fund**” means the Illinois Firefighters’ Pension Investment Fund.

“**Gift**” means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to FPIF employment or the official position of a Board Member or Employee of FPIF.

“**Illinois-based**” means a business, including an investment adviser, that is headquartered in Illinois. This defined term is consistent with the definition of “Illinois business” in Section 5/1A-108.5(a) of the Pension Code.

“**Illinois Municipal League**” means the unincorporated, nonprofit, nonpolitical association of Illinois cities, villages, and incorporated towns described in Section 1-8-1 of the Illinois Municipal Code.

“**Investment Adviser**” or “**Investment Manager**” is a person who (1) is a fiduciary appointed by the board of trustees of the pension fund or retirement system in accordance with Section 1-109.1; (2) has the power to manage, acquire, or dispose of any asset of the retirement system or pension fund; and (3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund or retirement system. A person may not act as a consultant or investment adviser unless that person is registered as an investment adviser under the federal Investment Advisers Act of 1940 or a bank, as defined in the federal Investment Advisers Act of 1940.

“**Investment Guidelines**” has the meaning ascribed to the term in Section 10-1.3.

“**Investment Services**” means services provided by an Investment Adviser or a Consultant.

"Minority Investment Manager" means an Emerging Investment Managers or a "minority owned business," "female owned business," or "business owned by a person with a disability," as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

"Minority-Owned Broker/Dealer" means a qualified broker/dealer who meets the definition of "minority owned business," "female owned business," or "business owned by a person with a disability," as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. This defined term is consistent with the definition of "minority broker-dealer" in Section 5/1-109.1(7) of the Pension Code.

"Net Asset Value" is the value of each Participating Pension Fund's assets in the possession of FPIF minus the value of that Participating Pension Fund's share of FPIF liabilities.

"Non-Transferable Asset" means an asset held by a Participating Pension Fund that either cannot be transferred or is imprudent to transfer on the Transfer Date.

"Non-Transferable Asset List" has the meaning ascribed to the term in Section 8-4.

"Open Meetings Act" means the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

"Participant" means an active-duty firefighter accruing creditable service in a Participating Pension Fund.

"Participant Trustee" means a trustee who is to be elected by Participants.

"Participating Pension Fund" means any pension fund established pursuant to Article 4 of the Pension Code that has transferred securities, funds, assets, and moneys, and responsibility for custody and control of those securities, funds, assets, and moneys, to the Fund pursuant to Section 4-123.2 of the Pension Code.

"Pension Code" means the Illinois Pension Code, 40 ILCS 5/1-101 et seq.

"Person" means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, whether or not operated for profit.

"Personnel Costs" means all salaries, bonuses, other compensation, and benefits paid to or on behalf of all FPIF employees.

"Party in Interest" means (1) any person that is a fiduciary, counsel, or Employee of FPIF or a relative of such person; (2) any person that provides services to FPIF or a relative of such person; (3) a municipality or fire protection district whose employees are covered by FPIF or a pension system established under Article 4 of the Pension Code for such a municipality or fire protection district; (4) an employee organization, any members of which are covered by FPIF; and (5) an Employee, officer or director of FPIF or of a person described under items (2), (3), or (4) above.

"Political Activity" means any activity in support of or in connection with any campaign for elective public office or any Political Organization, but does not include activities (i) relating to

the support or opposition of any executive, legislative, or administrative action; (ii) relating to collective bargaining; or (iii) that are otherwise in furtherance of the person's official duties.

"Political Organization" means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or a county clerk under Section 9-3 of the Election Code.

"Procurement Officer" means the Executive Director or an employee of FPIF designated by the Board or the Executive Director to be responsible for procurements and the implementation of Chapter 6.

"Prohibited Political Activity" means:

- (a) Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.
- (b) Soliciting Election Contributions, including but not limited to the purchase of, selling, distributing, or receiving payment for tickets for any political fundraiser, political meeting, or other political event.
- (c) Soliciting, planning the solicitation of, or preparing any document or report regarding anything of value intended as a campaign Election Contribution.
- (d) Planning, conducting, or participating in a public opinion poll in connection with a campaign for elective public office or on behalf of a Political Organization for political purposes or for or against any referendum question.
- (e) Surveying or gathering information from potential or actual voters in an election to determine probable vote outcome in connection with a campaign for elective public office or on behalf of a Political Organization for political purposes or for or against any referendum question.
- (f) Assisting at the polls on election day on behalf of any Political Organization or candidate for public office or for or against any referendum question.
- (g) Soliciting votes on behalf of a candidate for elective public office or a Political Organization or for or against any referendum question or helping in an effort to get voters to the polls.
- (h) Initiating for circulation, preparing, circulating, reviewing, or filing any petition on behalf of a candidate for elective public office or for or against any referendum question.
- (i) Making Election Contributions on behalf of any candidate for elective public office in that capacity or in connection with a campaign for elective public office.
- (j) Preparing or reviewing responses to candidate questionnaires.
- (k) Distributing, preparing for distribution, or mailing campaign literature, campaign signs, or other campaign material on behalf of any candidate for elective public office or for or against any referendum question.

- (l) Campaigning for any elective public office, for or against any referendum, or for or against any referendum question.
- (m) Managing or working on a campaign for elective public office or for or against a referendum question.
- (n) Serving as a delegate, alternate, or proxy to a political party convention.
- (o) Participating in any recount or challenge to the outcome of any public office election.

"Prohibited sourceSource" means any person or entity who:

- (i) is seeking official action (A) by the Board, (B) by any Board Member, or (C) by an Employee;
- (ii) does business or seeks to do business (A) with the Board or (B) with a Board Member or Employee;
- (iii) has interests that may be substantially affected by the performance or non-performance of the official duties of the Board Member; or
- (iv) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, 25 ILCS 170/1 et seq., except that an entity not otherwise a Prohibited Source does not become a Prohibited Source merely because a registered lobbyist is one of its members or serves on its board of directors.

"Rules" means the duly adopted rules of FPIF contained herein.

"State" means the State of Illinois.

"Strategic Asset Allocation" has the meaning ascribed to the term in Section 10-1.3.

"Targets" has the meaning ascribed to the term in Section 10-1.3.

"Transfer Date" means, with respect to each Participating Pension Fund, the date at which FPIF will assume fiduciary control of the Participating Pension Fund's assets included on the Certified Investment Asset List determined for the Participating Pension Fund.

"Transition Order" means the order of Transfer Dates for Participating Pension Funds.

1-2. RULEMAKING PROCESS

1-2.1. Drafting of Rules

The Executive Director shall direct FPIF staff to draft rules.

1-2.2. Approval of Public Notice

The Executive Director shall approve draft rules for distribution to the chairperson of the committee responsible for the subject matter of the draft rules. The chairperson of the

committee shall authorize the distribution of the draft rules to committee members and for posting of the 1st Public Notice.

1-2.3. 1st Public Notice

Draft rules approved for 1st Public Notice shall be posted on the FPIF website at least two weeks in advance of the committee meeting at which the rules will be considered by the committee.

1-2.4. Public Comment following 1st Public Notice

FPIF will encourage public comment on draft rules approved for 1st Public Notice. FPIF staff shall catalog public comments made in advance of the committee meeting at which the rules are to be considered for a recommendation to the Board. FPIF staff shall distribute cataloged comments to committee members in advance of the committee meeting.

1-2.5. Committee Consideration

The committee responsible for the subject matter of the draft rules shall consider the draft rules and public comments on draft rules at its meeting following the 1st Public Notice. Draft rules shall remain on 1st Public Notice until the committee approves the draft rules for 2nd Public Notice.

1-2.6. 2nd Public Notice

Draft rules approved for 2nd Public Notice shall be posted on the FPIF website at least two weeks in advance of the Board meeting at which the rules will be considered for adoption. If the committee revises the draft rules posted for 1st Public Notice, a redlined copy of the revised draft rules shall be posted on the website.

1-2.7. Public Comment following 2nd Public Notice

FPIF will encourage public comment on draft rules approved for 2nd Public Notice. FPIF staff shall catalog public comments made in advance of the Board meeting at which the rules are to be considered for adoption. FPIF staff shall distribute cataloged comments to Board members in advance of the Board meeting.

1-2.8. Board Consideration

The Board shall consider the draft rules recommended by a committee and the public comments made on the committee's recommendation at its meeting following the 2nd Public Notice. FPIF staff shall post Board approved rules on the FPIF website and distribute the rules to Article 4 pension funds as soon as practicable after the Board's approval.

Chapter 2. Board Governance and Procedures

2-1. MEETINGS

2-1.1. Schedule

The Chair, in consultation with other members of the Board, shall determine a schedule of dates for regular meeting of the Board for each upcoming calendar year. At least one regular meeting shall be scheduled each calendar quarter. The schedule shall be published as required by Section 2.02 of the Open Meetings Act.

The annual meeting of the Board shall be the first regular meeting held in the calendar year, unless otherwise agreed upon by the Board. Special or emergency meetings may be called by the Chair or by [written request of](#) any three members of the Board [submitted to the Secretary](#). The Board will conduct its meetings in accordance with the Open Meetings Act.

2-1.2. Procedure for Meetings

Robert's Rules of Order shall govern the procedure for all meetings of the Board and its Committees, except to the extent otherwise provided in these ~~by-laws~~[Rules](#) or applicable law.

2-1.3. Quorum and Voting

The presence of six members of the Board shall constitute a quorum for the transaction of business at any [properly noticed](#) meeting of the Board. A majority of the members of a duly authorized Committee of the Board shall constitute a quorum for the transaction of business at any meeting of that Committee. A smaller number of members of the Board or of a Committee may meet and adjourn to some other time or until a quorum is obtained; provided, however, that no motion, resolution or other action shall be effective unless a quorum is present.

[For purpose of determining quorum, a member of the Board or a Committee of the Board is considered to be present if physically present at a public meeting location of the Board, unless Section 7\(e\) of the Open Meetings Act \(or any successor provision\) applies, in which case a member participating by audio or video conference may be considered to be present as and to the extent so permitted by the Open Meetings Act.](#)

Assuming a quorum is present, all actions taken by the Board shall require the affirmative vote of at least five members of the Board, except that the following actions shall require the affirmative vote of at least six trustees: the adoption of actuarial assumptions; the selection of a chief investment officer, fiduciary counsel, or a consultant as defined under Section 1-101.5 of the Pension Code; the adoption of rules for the conduct of election of trustees; and the adoption of asset allocation policies and investment policies. Assuming a quorum is present, all actions taken by a Committee shall require the affirmative vote of a majority of members of that Committee. [No final action for which the affirmative vote of at least six Trustees is required may be taken by a Committee.](#)

Votes may be taken by voice vote, except that a vote to close a meeting to the public must be taken by recorded roll call (as required by Section 2(a) of the Open Meetings Act) and except when a recorded roll call vote is otherwise required by law or requested by the Chair or any other member of the Board or Committee. In the case of a recorded roll call vote, the vote of each member in attendance shall then be recorded in the minutes of the meeting.

2-1.4. Attendance at Meeting by Audio or Video Conference

Any member of the Board or a Committee may attend any meeting of the Board or a Committee, respectively, whether opened or closed, by video or audio conference if (a) the member is prevented from physically attending the meeting because of (i) personal illness or disability, (ii) employment purposes or the business of FPIF, or (iii) a family or other emergency, or (b) otherwise permitted by the Open Meetings Act; provided, however, that such attendance by video or audio conference is permitted by and in compliance with this Chapter and any applicable laws, including the Section 7 of the Open Meetings Act.

A member desiring to attend a meeting of the Board or a Committee by video or audio conference must notify the Secretary prior to the meeting. Such notice should state why the member is unable to attend the meeting in-person. Such notice should be given at least 24 hours before the meeting if possible. The member's request to participate by video or audio conference may be denied.

The Secretary shall notify the Board or Committee of any request received to participate in a meeting by video or audio conference at the start of the meeting. After first establishing that a quorum is physically present at the meeting, the Chair or Secretary shall state the request to the Board or Committee. The request shall be granted if approved by a majority of those members of the Board or Committee who are physically present at the meeting.

A member attending the meeting by video or audio conference must be able to communicate effectively with other members of the Board or Committee who are present. All members attending the meeting must be able to hear all communications at the meeting site. The Secretary and FPIF staff will be responsible for providing equipment adequate to facilitate proper communications at the meeting site.

A member attending the meeting by video or audio conference will be counted as "present" for that meeting, permitted to participate in discussion, and permitted to vote on matters considered during the meeting, as and to the extent that the member could so participate and vote if the member were physically present. The minutes of the meeting shall state that the member participated through video or audio conference.

Notwithstanding the foregoing, if the requirement of the Open Meetings Act that a quorum of members be physically present is waived ~~by executive order of the Governor of or~~ pursuant to Section 7(e) of the Open Meetings Act, a member may attend a meeting of the Board or a Committee by video or audio conference for reasons other than those enumerated in clauses (i)-(iii) of the first paragraph of Section 2-1.4, no prior notice to the Secretary is required to be given, and no approval by the Board shall be required to permit such attendance. The Board or Committee shall ensure that the meeting otherwise complies with applicable law.

2-2. OFFICERS

The elective officers of the Board shall ~~consist of~~comprise a Chair, a Vice-Chair, a Treasurer, a Secretary, and an Ethics Officer. The elective officers shall be elected by the Board biennially at the annual meeting in each odd-numbered year. The Chair ~~and~~, Vice-Chair, Treasurer, and Secretary shall be elected from ~~amongst~~among the members of the Board; the ~~Treasurer, Secretary, and~~ Ethics Officer shall be elected from ~~amongst~~among the members of the Board or the staff of FPIF. The same person may not hold two or more elective offices of the Board, except that the ~~same person~~Treasurer or Secretary may also serve as ~~Secretary, Treasurer, and~~the Ethics Officer ~~(or a combination thereof)~~ if the Board so desires. Each elective officer shall hold office until the election and qualification of his or her successor, unless he or she earlier resigns, is removed from that office by the Board, or ceases to be a member of the Board for any reason. Any vacancy occurring during a biennial period shall be filled in like manner for the unexpired term of office.

2-2.1. The Chair

The Chair shall preside at all meetings, announce the business before the Board, announce the question under consideration and the result of the vote taken, recognize members of the Board and others to speak, and ensure an orderly meeting. He or she shall appoint members of the Board to all Standing Committees (as provided in Section 2-5) and see that Committee members perform their assigned duties.

2-2.2. The Vice-Chair

The Vice-Chair shall preside at all meetings of the Board in the absence of the Chair. The Vice-Chair shall assume all of the duties of the Chair if the Chair becomes statutorily ineligible to serve in that capacity or is legally incapacitated or in the event of a vacancy in the Chair position. The Vice-Chair shall relinquish those duties when a new Chair is properly qualified.

2-2.3. The Treasurer

The Treasurer shall have custody of funds of FPIF. The Treasurer shall have the authority to open, maintain, and close bank, depository, brokerage, and other accounts for depositing, keeping, expending, and investing funds of FPIF in accordance with policies adopted by the Board. The Treasurer shall maintain financial accounts and records of FPIF and report financial information to the Board regularly.

2-2.4. The Secretary

The Secretary shall authenticate with his or her signature any resolutions of the Board, shall record minutes of meetings of the Board, and shall perform such other duties as may be prescribed by the Board.

2-2.5. The Ethics Officer

The Ethics Officer shall perform duties set out in the Illinois State Officials and Employees Ethics Act and other applicable law, shall review statements of economic interest and disclosure forms of Board members upon request, shall provide requested guidance to Board members and employees of FPIF in the interpretation and implementation of the FPIF ethics policy, and shall perform such other duties as may be prescribed by the Board.

2-3. ~~THE EXECUTIVE DIRECTOR~~ PERSONNEL

2-3.1. The Executive Director

The Executive Director shall act as Chief Executive Officer ~~and of FPIF. The Executive Director may act as the~~ Chief Investment Officer of FPIF, as described in Section 2-3.2. He or she shall administer the affairs of FPIF pursuant to the provisions of Article 22C of the Pension Code and other applicable law, subject to and under supervision of the Board. Consistent with the budget approved by the Board, the Executive Director may employ such personnel, professional or clerical, as may be desirable and necessary, and fix their compensation. The Executive Director shall assign a member of FPIF staff to act as Governmental Liaison. The Executive Director shall be ~~in complete charge of~~ responsible for all records, books, files, papers and documents belonging to the Board. The Executive Director shall present to the Board reports summarizing expenses paid against budgeted amounts; shall request any information and reports that may be required during the course of operations to effectuate the objectives of the Board and shall prepare periodic statements and reports to fully carry out the expressed and implied requirements of applicable law. He or she shall perform such other duties that are called for by the rules, orders, directives and resolutions of the Board. The Executive Director shall prepare a budget for the fiscal year commencing July 1 and ending the following June 30 ~~(and for the fiscal year ending June 30, 2020, the period commencing March 1, 2020, and ending on June 30, 2020)~~ and present such budget to the Board for approval prior to the beginning of the upcoming fiscal year. The Director shall submit a monthly report to the Board setting forth by designated categories the cumulative amount of expenditure for the fiscal year to date and the total amount budgeted for each such category.

2-3.2. The Chief Investment Officer

The Executive Director may act as the Chief Investment Officer or the Board may appoint a separate Chief Investment Officer. The Chief Investment Officer shall report to the Board. The Chief Investment Officer is responsible for leading the management and operations of the Board's investment program. The Chief Investment Officer will work closely with the Board and the Executive Director to ensure the operations, management, and strategies of the Board are carried out in accordance with the Investment Policy and other relevant policies and procedures.

2-4. **COMMUNICATIONS**

The Executive Director shall generally serve as the spokesperson for ~~the~~ FPIF.

2-5. **STANDING COMMITTEES**

The Board shall have the following Standing Committees: the Audit and Compliance Committee, the Elections Committee, the Investments and Operations Committee, and the Legislative Committee.

At the annual meeting of the Board each year, the Chair shall recommend to the Board, subject to approval by the Board, the appointment of Board members to the Audit and Compliance Committee, the Elections Committee, and the Investments & Operations

Committee. Each Standing Committee shall ~~consist of~~comprise not less than three members of the Board.

The Legislative Committee shall ~~consist of~~comprise four members of the Board. The Chair and Vice Chair of the Board shall each serve on the Legislative Committee. At the annual meeting of the Board each year, the Chair and Vice Chair shall each recommend to the Board, subject to the approval of the Board, the appointment of one member to the Legislative Committee. Membership of the Legislative Committee shall consist of two members appointed or elected to represent participants or beneficiaries and two members appointed or elected to represent municipalities and fire protection districts.

Any member of a Standing Committee may resign at any time by giving written notice to the Chair and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy on any Standing Committee may be filled at the next meeting of the Board in the same manner as the Standing Committee members are appointed at the annual meeting of the Board.

Each Board member may attend any meeting of any Standing Committee and participate in discussions during any such meeting, even if he or she is not a member of that Standing Committee, but only members of the Standing Committee may vote on matters before the Standing Committee.

Each Standing Committee may fix its own rules and procedures, which shall not be inconsistent with these by-laws or applicable law, including the Open Meetings Act. Each Standing Committee shall keep regular minutes of its proceedings and shall report to the Board at the meeting of the Board following the Standing Committee's meeting of all actions taken by or recommended by the Standing Committee. The chair of each Standing Committee shall be appointed by a majority of the members of the Standing Committee at the first meeting of the Standing Committee after the annual meeting of the Board each year.

A majority of the members of the Standing Committee shall constitute a quorum. The act of a majority of the Standing Committee members in attendance at a meeting at which a quorum is present shall be the act of the Standing Committee.

The Standing Committees shall meet when necessary. The chair of the Standing Committee may call meetings of the Standing Committee consistent with the requirements of the Open Meetings Act. Each Standing Committee will have those purposes and responsibilities that are set out in, and otherwise be constituted in accordance with the following subsections of this Section 2-5.

2-5.1. Audit and Compliance Committee

In general, the Audit and Compliance Committee shall assist the Board in providing oversight with respect its statutory responsibilities to audit constituent pension funds, and prepare actuarial statements for constituent pension funds. The Audit Committee shall also monitor the financial reporting process, the system of risk management, the system of internal controls, internal and external audit functions and ensure compliance with applicable laws, rules, regulations and policies.

The Audit and Compliance Committee shall undertake the following responsibilities, which are set forth as a guide. The Audit and Compliance Committee is authorized to carry out these activities and other actions reasonably related to its purposes or assigned by the Board from time to time. To fulfill its purposes, the Audit and Compliance Committee shall:

- (a) Monitor the work of retained audit and actuarial firms, as well as FPIF staff, in meeting statutory obligations related to audits of constituent pension funds, and the preparation of actuarial statements for constituent pension funds;
- (b) Oversee processes to identify and retain audit and actuarial firms. Work with staff to evaluate the services provided by such firms;
- (c) Review and oversee the work of the audit, including review of all audit reports and management's follow-up activities, approval and completion of the annual audit plan, ensure compliance with professional standards and ensure that the audit unit's independence and objectivity are maintained;
- (d) Review audit findings and recommendations, management's responses and actions taken to implement the audit recommendations;
- (e) Review audit work completed by the auditors, including audit scope and approach, annual audit reports, accounting, compliance and financial reporting issues, difficulties encountered during the audit and all matters required to be communicated to the Board under generally accepted audited standards;
- (f) Review the effectiveness of FPIF's system for monitoring compliance with laws, regulations, rules, policies and procedures and the results of management's investigation and follow-up of any instances of noncompliance;
- (g) Oversee responsibility for all matters relating to the FPIF's Ethics Policy;
- (h) Work with FPIF's legal counsel and the Executive Director to ensure all required FPIF reporting has been completed in compliance with relevant laws, regulations, rules, policies and procedures;
- (i) Provide oversight of FPIF fiscal operations; and
- (j) Conduct any other duties as assigned by the Board.

2-5.2. Elections Committee

In general, the Elections Committee shall assist the Board in conducting and administering the trustee elections in a manner consistent with 40 ILCS 5/22C-116.

The Elections Committee shall undertake the following responsibilities, which are set forth as a guide. The Elections Committee is authorized to carry out these activities and other actions reasonably related to its purposes or assigned by the Board from time to time. To fulfill its purposes, the Elections Committee shall:

- (a) Assist the Board in reviewing and overseeing the construction and maintenance of a database of eligible voters;

- (b) Assist the Board in reviewing and overseeing the addition of eligible voters to the database;
- (c) Assist the Board in reviewing and overseeing the administration of trustee elections, including but not limited to the submission and counting of nominating petitions, the distribution of election materials to eligible voters, the election timeline, the acceptance and counting of ballots, and the selection and monitoring of any third party contracted to conduct the elections;
- (d) Make recommendations to the Board on appropriate election procedures, including but not limited to the submission of ballots; and
- (e) Conduct other duties as assigned by the Board.

2-5.3. Investments and Operations Committee

In general, the Investments and Operations Committee shall assist the Board in overseeing the transfer of assets to, and the investment of assets held by, FPIF and in overseeing other operations of FPIF.

The Investments and Operations Committee shall undertake the following responsibilities, which are set forth as a guide. The Investments and Operations Committee is authorized to carry out these activities and other actions reasonably related to its purposes or assigned by the Board from time to time. To fulfill its purposes, the Investments and Operations Committee shall:

- (a) Assist the Board in reviewing and overseeing the transfer of assets from local firefighter pension systems (established under Article 4 of the Pension Code) to FPIF, including recommending policies and rules to facilitate the transfer and appraisal of those assets;
- (b) Assist the Board in reviewing and overseeing the retention of custodians, investment advisers, consultants, and other professionals to hold and manage assets in the custody of FPIF, in accordance with FPIF's procurement policy and other applicable rules;
- (c) Assist the Board in reviewing and overseeing the investment of assets, including recommending an investment policy for adoption by the Board and overseeing its proper implementation;
- (d) Assist the Board in reviewing and overseeing personnel matters, including as provided in FPIF's hiring policy and other applicable rules; and
- (e) Conduct other duties as assigned by the Board.

2-5.4. Legislative Committee

In general, the Legislative Committee shall assist the Board in legislative matters relevant to Article 22C of the Pension Code.

The Legislative Committee shall undertake the following responsibilities, which are set forth as a guide. The Legislative Committee is authorized to carry out these activities and other actions reasonably related to its purposes or assigned by the Board from time to time. To fulfill its purposes, the committee shall:

- (a) Identify the ongoing needs of the FPIF for future legislative proposals;
- (b) Analyzing legislative proposals and determine appropriate action to be undertaken;
- (c) Make recommendations to the Board of Trustees on legislative matters and communications regarding legislative proposals or matters;
- (d) Be the primary point of contact for and oversee the activity of the Governmental Liaison;
- (e) Receive reports from the Governmental Liaison; and
- (f) Conduct other duties as assigned by the Board.

2-6. BOARD VACANCIES

2-6.1. General

A vacancy occurring in the elected membership of the Board shall be filled by the elected trustees as prescribed in Section 22C-116(h) of the Pension Code.

2-6.2. Unexpired Term of Less Than 6 Months

For a vacancy of an elected Trustee occurring with an unexpired term of less than 6 months, the vacancy shall be filled by appointment by the Board, as follows:

- (a) The vacancy shall be announced via the FPIF newsletter and posted on the FPIF website.
- (b) Nominations shall be submitted in writing to the Secretary within 30 calendar days of the vacancy announcement in the form provided by FPIF. Once the nomination period has ended, the Secretary shall determine the eligibility of the candidates pursuant to Section 22C-115 of the Pension Code.
- (c) The list of eligible nominees shall be submitted to all members of the Board for consideration of which candidate would best represent the beneficiaries, participants, or municipalities and fire protection districts, as appropriate, as soon as practicable.
- (d) The appointee will be determined by majority vote of all Trustees.

2-6.3. Unexpired Term of 6 Months or More

For a vacancy of an elected Trustee occurring with an unexpired term of 6 months or more, the vacancy shall be filled by election in a manner consistent with Chapter 3 of these Rules.

Chapter 3. Elections

~~1~~ **DEFINITIONS**

~~"Annuitant" means a retired firefighter receiving a retirement pension from a Participating Pension Fund.~~

~~"Beneficiary" means an Annuitant, Deferred Pensioner, or a Disabled Pensioner. "Beneficiary-Trustee" means a trustee who is to be elected by Beneficiaries.~~

~~"Board" means the Board of Trustees of the Fund.~~

~~"Pension Code" means the Illinois Pension Code, 40 ILCS 5 et seq.~~

~~"Elections Committee" means the Elections Committee of the Board.~~

~~"Deferred Pensioner" means a firefighter who has retired having accumulated enough creditable service to qualify for a pension under Article 4 of the Pension Code but who has not attained the required age for commencement of the pension.~~

~~"Disabled Pensioner" means a firefighter receiving a disability pension from a Participating Pension Fund.~~

~~"Election Date" has the meaning given to it in Section 2.~~

~~"Election Panel" has the meaning given to it in Section 15.~~

~~"Employer Executive" means a person who is a mayor, president, chief executive officer, chief financial officer, or other officer, executive, or department head of a municipality or fire protection district that has a Participating Pension Fund.~~

~~"Executive Trustee" means a trustee who is to be elected by the mayors and presidents of municipalities and fire protection districts that have a Participating Pension Fund.~~

~~"Firefighter Labor Organization" means a statewide labor organization representing firefighters employed by at least 85 municipalities that is affiliated with the Illinois State Federation of Labor.~~

~~"Fund" means the Firefighters' Pension Investment Fund.~~

~~"Illinois Municipal League" means the unincorporated, nonprofit, nonpolitical association of Illinois cities, villages, and incorporated towns described in Section 1-8-1 of the Illinois Municipal Code.~~

~~"Participant" means an active-duty firefighter accruing creditable service in a Participating Pension Fund.~~

~~"Participant Trustee" means a trustee who is to be elected by Participants.~~

~~"Participating Pension Fund" means any pension fund established pursuant to Article 4 of the Pension Code that has transferred securities, funds, assets, and moneys, and responsibility for custody and control of those securities, funds, assets, and moneys, to the Fund pursuant to Section 4-123.2 of the Pension Code.~~

3-1. **2-ELECTION DATE**

3-1.1. **Election Date**

~~2-1~~The Election Date shall be December 1 except (1) as provided in Section ~~23-21.2~~ and (2) if the Election Date falls on a Saturday, Sunday or holiday, the election will be held the next business day after December 1.

3-1.2. **Election Date for Vacancies**

~~2-2~~The Election Date to fill a vacancy on the Board shall be determined by the Elections Committee.

3-2. **3-ELECTION SCHEDULE**

3-2.1. **Schedule**

~~3-1~~The Elections Committee shall adopt an election schedule consistent with these rules no later than 14 calendar days prior to the first date that candidate petitions may be circulated.

3-2.2. **Release of Schedule**

~~3-2~~The schedule shall be released via the Fund Newsletter and posted on the Fund website.

3-3. **4-TRUSTEE POSITIONS AND TERMS OF OFFICE**

3-3.1. **Positions**

~~4-1~~These rules shall apply to and govern the election of the following trustee positions, pursuant to Section 22C-116 of the Pension Code (each, a "Trustee Position"):

(a) ~~4-1.1.~~ Three Executive Trustees shall be elected to serve a 4-year term each, of which (i) one Executive Trustee shall be elected in December 2022, for a four-year term beginning in January 2023, and in December every four years thereafter, and (ii) two Executive Trustees shall be elected in December 2024, for a four-year term beginning in January 2025, and in December every four years thereafter.

(b) ~~4-1.2.~~ Three Participant Trustees shall be elected to serve a 4-year term each, of which (i) one Participant Trustee shall be elected in December 2022, for a four-year term beginning in January 2023, and in December every four years thereafter, and (ii) two Participant Trustees shall be elected in December 2024, for a four-year term beginning in January 2025, and in December every four years thereafter.

(c) ~~4-1.3.~~ One Beneficiary Trustee shall be elected to serve a 4-year term in December 2022 for a four-year term beginning in January 2023, and in December every four years thereafter.

3-3.2. Commencement of Term

~~4-2~~-A trustee's term shall commence on the first business day of the first month following the Election Date.

3-4. ~~5~~-CANDIDATE ELIGIBILITY

3-4.1. Qualifications

~~5-1~~-A candidate for a Trustee Position described in Section ~~43-3~~ shall be a person who is:

(a) ~~5-1.1.~~ For the Executive Trustee Positions, an Employer Executive in continuing service as an Employer Executive from the date the candidate application is submitted through the commencement of the term. A candidate for Executive Trustee shall be nominated by a petition, conforming to the requirements of Section ~~6,3-5~~, signed by no fewer than 20 individuals who, as of the date of signing, were mayors or presidents of municipalities or fire protection districts that have Participating Pension Funds.

(b) ~~5-1.2.~~ For the Participant Trustee Positions, a Participant in continuing service as a Participant from the date the candidate application is submitted through the Election Date. A candidate for Participant Trustee shall be nominated by a petition, conforming to the requirements of Section ~~6,3-5~~, signed by no fewer than 400 individuals who, as of the date of signing, were Participants.

(c) ~~5-1.3.~~ For the Beneficiary Trustee Position, a Beneficiary who remains a Beneficiary from the date the candidate application is submitted through the Election Date. A candidate for Beneficiary Trustee shall be nominated by a petition, conforming to the requirements of Section ~~6,3-5~~, signed by no fewer than 100 individuals who, as of the date of signing, were Beneficiaries.

3-4.2. Application

~~5-2~~-All candidates must complete and submit an application in the form adopted by the Fund in order to qualify their eligibility. Candidate application forms shall be obtained from the Fund website beginning the day prior to the first date that nominating petitions may be circulated. A candidate must notify the Fund of any change after the submission of his or her candidate application form in his or her employment or other circumstance that may affect his or her eligibility.

3-4.3. Selection of Trustee Position

~~5-3~~-Candidates shall only be eligible for a single trustee position. A candidate may submit an application for a different trustee position by withdrawing their previous application. All petition signatures collected for the previous trustee position will be considered invalid and shall not be counted toward the petition signature requirement for the subsequent trustee position. A candidate application that has been withdrawn may not be renewed.

3-4.4. **Determination of Eligibility**

~~5-4~~The Fund shall review candidate applications and determine the eligibility of candidates. If a candidate should become ineligible for the Board position after submission of the candidate application form, but before the election, the Election Panel shall declare the candidate ineligible and remove that candidate from the ballot. If a candidate should become ineligible for the Board position after the printing of the ballots, the ineligible candidate's votes shall not be counted.

3-5. **6-NOMINATING PETITIONS**

3-5.1. **Participant and Beneficiary Trustee Petitions**

~~6-1~~All petitions for Participant and Beneficiary Trustee Positions shall be in the form approved by the Elections Committee. Petition forms shall be provided to candidates within one business day of receipt of their candidate application. A valid petition nominating a candidate for a Participant or Beneficiary Trustee Position shall meet the following requirements:

- (a) ~~6-1.1.~~The petition must bear the requisite number of original signatures of individuals eligible to nominate the candidate, as established by Section 5-3-4. A valid petition may consist of multiple pages and may contain blank signature lines.
- (b) ~~6-1.2.~~Each signature of an eligible voter must be accompanied by the signing person's name (printed), home address (street and city), Participating Pension Fund, and the date of signature. Signatures that are not accompanied by at least a partial address will not be accepted.
- (c) ~~6-1.3.~~Petitions may be circulated for signatures beginning on a date no earlier than 175 calendar days before the Election Date. Petitions must be received by the Fund on or before a date no later than 75 calendar days before the Election Date. Petitions filed after the prescribed petition filing period are invalid and will not be counted.
- (d) ~~6-1.4.~~An individual eligible to sign a petition nominating a candidate for a trustee position on the Board may sign petitions for as many position candidates as desired.
- (e) ~~6-1.5.~~An individual submitting an electronic signature shall attest that the signature submitted is their own and that the information contained therein is correct.
- (f) ~~6-1.6.~~A printed petition shall bear the notarized signature of the individual who circulated the petition for signatures, verifying that the signatures contained on the petition were signed in that individual's presence and are genuine, and that, to the best of the circulating individual's knowledge, the persons who signed the petition were eligible to do so under Section 5-3-4.

3-5.2. **Executive Trustee Petitions**

~~6-2~~All petitions for Executive Trustee Positions shall be printed in the form adopted by the Fund. Petition forms shall be provided to candidates within one business day after receipt of their candidate application. The petition forms may be photocopied for use by the candidates.

A valid petition nominating a candidate for an Executive Trustee Position shall meet the following requirements:

- (a) ~~6-2.1.~~ The petition must bear the requisite number of original signatures of individuals eligible to nominate the candidate, as established by Section [5-3-4](#). A valid petition may consist of multiple pages and may contain blank signature lines.
- (b) ~~6-2.2.~~ Each signature of an eligible voter must be accompanied by the signing person's name (printed), public office address (street and city), title, municipality or fire protection district, and the date of signature. Signatures that are not accompanied by at least a partial address will not be accepted.
- (c) ~~6-2.3.~~ Petitions may be circulated for signatures beginning on a date no earlier than 175 calendar days before the Elections Date. Original petitions must be received by the Fund on or before a date no later than 75 calendar days before the Election Date. Petitions filed after the prescribed petition filing period are invalid and will not be counted.
- (d) ~~6-2.4.~~ Notwithstanding the preceding paragraph, petitions for an election to fill a vacancy may be circulated for signatures beginning no earlier than 105 calendar days before the Election Date, and original petitions must be received by the Fund on or before a date no later than 60 calendar days before the Election Date. Petitions filed after the prescribed petition filing period are invalid and will not be counted.
- (e) ~~6-2.5.~~ An individual eligible to sign a petition nominating a candidate for a trustee position on the Board may sign petitions for as many position candidates as desired.
- (f) ~~6-2.6.~~ The petition shall bear the notarized signature of the individual who circulated the petition for signatures, verifying that the signatures contained on the petition were signed in that individual's presence and are genuine, and that, to the best of the circulating individual's knowledge, the persons who signed the petition were eligible to do so under Section [5-3-4](#).

3-6. **7- DETERMINATION OF CANDIDATES**

3-6.1. **Initial Slate of Candidates**

~~7-1~~ The Election Panel shall determine the validity of petitions and notify all candidates whether their petitions met all petition requirements within seven calendar days after the deadline to submit nominating petitions. Candidates filing conforming petitions will be added to the initial slate of candidates on the respective ballot. Candidates and eligible voters shall be given notice of the initial slate of candidates on the Fund's website.

3-6.2. **Candidacy Challenges**

~~7-2~~ The Election Panel shall consider a written statement filed in accordance with Section [83-7](#) and proceed to make a final determination with respect to the challenge within 21 calendar days after the deadline to submit nominating petitions. The Election Panel shall send a written notice of the final determination to the challenger and all candidates. The determination of

the Election Panel shall constitute a final administrative decision for purposes of the Administrative Review Law, 735 ILCS 5/Art. III.

3-6.3. **Final Slate of Candidates**

~~7-3~~The Election Panel shall determine the final slate of candidates within 21 calendar days after the deadline to submit nominating petitions. Candidates and eligible voters shall be given notice of the final slate of candidates on the Fund's website.

3-6.4. **Withdrawal of Candidacy**

~~7-4~~A candidate may withdraw his or her candidacy by notifying the Election Panel in writing, in the manner prescribed by the Election Panel. The Election Panel shall remove any withdrawn candidate from the ballot. If a candidate withdraws his or her candidacy after the printing of the ballots, any votes cast in favor of such withdrawn candidate shall not be counted.

3-6.5. **Absence of Challengers**

~~7-5~~If the number of candidates filing conforming nominating petitions for a trustee position does not exceed the number of positions to be elected, the Election Panel shall deem the candidate or candidates elected. If a candidate is deemed elected under this paragraph, the Election Panel shall certify the result and no further election for that trustee position shall be administered.

3-7. **8-CHALLENGE OF NOMINATING PETITIONS**

3-7.1. **Examination of Petitions**

~~8-1~~Any individual may, upon reasonable notice and during normal business hours on or after the first business day following the deadline for the Election Panel's determination of the initial slate of candidates and until 4:30 pm on the fifth business day following the deadline for the Election Panel's determination of the initial slate of candidates, examine petitions that have been filed; provided, however, that in order to protect the signing participants' and annuitants' privacy and confidentiality, the examination shall be subject to the following limitations:

- (a) ~~8-1.1.~~ Petitions that are examined will be duplicate copies of the original petitions filed, with any confidential information redacted.
- (b) ~~8-1.2.~~ Petitions may only be examined at the Fund's office.
- (c) ~~8-1.3.~~ Petitions may not be removed from the Fund's office, copied, or duplicated by any means.

3-7.2. **Challenges**

~~8-2~~A prospective candidate or eligible voter may challenge the petition validation process for a nominating petition or candidacy only in the class within which that prospective candidate or voter is eligible. A challenge shall be submitted in a written statement identifying the specific aspects of the petition validation process that is being challenged.

3-7.3. Submission of Challenges

~~8-3~~All challenges shall be submitted to the Election Panel no later than 4:30 pm on the fifth business day following the deadline for the Election Panel's determination of the initial slate of candidates. Any challenge submitted after such time shall not be considered.

3-8. 9-ELIGIBLE VOTERS

3-8.1. Voters for Executive Trustees

~~9-1~~Individuals eligible to vote for Executive Trustees shall be mayors of municipalities and presidents of fire protection districts that have Participating Pension Funds as of 75 calendar days before the Election Date.

3-8.2. Voters for Participant Trustees

~~9-2~~Individuals eligible to vote for Participant Trustees shall be Participants as of 105 calendar days before the Election Date.

3-8.3. Voters for Beneficiary Trustees

~~9-3~~Individuals eligible to vote for Beneficiary Trustees shall be Beneficiaries as of 105 calendar days before the Election Date.

3-8.4. Single Ballot Allowed

~~9-4~~For the avoidance of doubt, no voter shall be entitled to cast more than one ballot for any trustee position.

3-8.5. Beneficiaries also Participants

~~9-5~~An individual who is eligible to vote as a Participant who is also a Beneficiary due to prior participation in another Participating Pension Fund shall be eligible to vote for Participant Trustee candidates and shall not be eligible to vote for any Beneficiary Trustee candidate.

3-8.6. Participants in Multiple Funds

~~9-6~~An individual who is eligible to vote as a Participant who is a Participant in multiple Participating Pension Funds shall be eligible to vote for Participant Trustee candidates but shall not be eligible to cast multiple ballots for any trustee position.

3-8.7. Beneficiaries in Multiple Funds

~~9-7~~An individual who is eligible to vote as a Beneficiary who is a Beneficiary in multiple Participating Pension Funds shall be eligible to vote for a Beneficiary Trustee candidate but shall not be eligible to cast multiple ballots.

3-8.8. Beneficiaries and Participants also Executives

~~9-8~~A Participant or Beneficiary who is also a mayor or president of a municipality or fire protection district that has a Participating Pension Fund shall be eligible to vote for (i)

Participant Trustees or the Beneficiary Trustee in accordance with this Section and (ii) Executive Trustees.

3-9. **~~10~~-ELECTION MATERIALS**

3-9.1. **Contents**

~~10-1~~——On or before 35 calendar days before the Election Date the following election materials shall be mailed to the eligible voters' address on file:

- (a) ~~10-1.1.~~ Candidate Biographies in the format and length specified and approved by the Election Panel.
- (b) ~~10-1.2.~~ Instructions on how to vote by mail ballot.
- (c) ~~10-1.3.~~ The mail ballot for the applicable Trustee Position(s) that shall contain the names of all candidates in alphabetical order.
- (d) ~~10-1.4.~~ A pre-printed return envelope with a form of certificate stating that the person voting the ballot is an eligible voter for the specific Trustee Position(s).
- (e) ~~10-1.5.~~ Instructions on how to receive an appropriate mail ballot, if an eligible voter received an incorrect mail ballot, or if an eligible voter incorrectly marks or spoils his or her paper ballot prior to returning it.

3-9.2. **Request for Materials**

~~10-2~~——An eligible voter who has not received any or all of the election materials must contact the Election Panel Clerk at least four calendar days prior to the Election Date to request that the Election Panel Clerk mail election materials to him or her. The Election Panel Clerk shall not mail election materials to an eligible voter who requested election materials less than four calendar days in advance of the Election Date.

3-9.3. **Provisional Ballots**

~~10-3~~——An individual who believes they are an eligible voter but has not received election materials may vote using a provisional ballot approved by the Election Panel. Any such individual must contact the Election Panel at least 10 calendar days prior to the Election Date to request a provisional ballot. The Election Panel must confirm whether the individual is an eligible voter prior to the certification of election results otherwise the provisional ballot shall not be counted.

3-9.4. **Delivery of Materials Near Election Date**

~~10-4~~——Election materials shall be delivered via overnight delivery service to individuals requesting election materials within 12 calendar days of the Election Date. Election materials shall not be delivered via overnight delivery service for a second time if the overnight delivery service confirms the initial overnight delivery of election materials to the individual.

3-10. **~~11~~-CASTING OF BALLOTS**

3-10.1. **Valid Ballot Requirements**

~~11-1~~ — A valid ballot must conform to the following requirements:

- (a) ~~11-1.1~~. The choice of candidates must be clearly indicated as directed on the voting instructions. If ballots are not marked as directed, the marks are invalid and the associated votes will not be counted. An invalid mark for one candidate will not negate other valid marks on the ballot.
- (b) ~~11-1.2~~. Each eligible voter is entitled to only one vote for any candidate.
- (c) ~~11-1.3~~. With respect to a ballot on which more than one trustee is to be elected, each eligible voter may vote for only one candidate for each position to be elected. If more candidates are selected than the number of positions to be elected, the ballot is invalid and will not be counted. If the number of candidates selected is fewer than the number of positions to be elected, the ballot is valid and will be counted.
- (d) ~~11-1.4~~. With respect to any ballot casting a vote in favor of a candidate who has withdrawn his or her candidacy or is otherwise ineligible, any vote in favor of such withdrawn or ineligible candidate will not invalidate the ballot; rather, the vote in favor of such withdrawn or ineligible candidate will not be counted.
- (e) ~~11-1.5~~. Only official paper ballots will be counted. Write-in candidates are invalid and will not be counted.

3-11. **12-RETURN OF BALLOTS**

3-11.1. Requirements for Ballot Return

~~12-1~~ — Upon receipt of the election materials, the eligible voter shall:

- (a) ~~12-1.1~~. Mark his or her ballot in accordance with Section ~~11-3-10~~.
- (b) ~~12-1.2~~. Place the completed ballot into the return envelope provided and seal the envelope.
- (c) ~~12-1.3~~. Execute the certificate on the envelope and mail, via U.S. mail or other delivery service, the return envelope to the address on the envelope.

3-12. **13-BALLOT COUNTING AND CERTIFICATION OF RESULTS**

3-12.1. Standards for Handling of Ballots

~~13-1~~ — The Fund shall ensure that minimum standards are in place to ensure ballots are properly recorded, secured, tabulated and retained.

3-12.2. Receipt Deadline

~~13-2~~ — Ballots must be received by 4:30 pm on the Election Date. Ballots received after 4:30 pm on the Election Date are invalid and will not be counted. A record of the receipt date of each ballot will be maintained.

3-12.3. Invalid Delivery

~~13-3~~ — Ballots delivered to the Fund in bulk, via hand delivery, or any delivery method other than U.S. Mail are invalid and will not be counted.

3-12.4. Multiple Ballots from Single Voter

~~13-4~~ — If multiple ballots are received from an eligible voter, the first ballot received will be counted as the official ballot and any subsequent votes will not be counted.

3-12.5. Votes for Ineligible Candidates

~~13-5~~ — Votes received in favor of any candidate who has withdrawn his or her candidacy or is otherwise ineligible will not be counted.

3-12.6. Determination of Elected Trustees

~~13-6~~ — When all eligible ballots have been counted and tabulated, the candidates who have received the greatest number of votes in each Trustee Position will be elected trustees.

3-12.7. Ties

~~13-7~~ — In the case of a tie vote, the winner shall be determined in accordance with procedures developed by the Department of Insurance.

3-12.8. Certification of Results

~~13-8~~ — The results of the election process shall be certified by the Election Panel, posted on the Fund website, and reported to the Board. The Election Panel will certify the election results by the fifth business day following the Election Date.

3-12.9. Reading Results into Board Record

~~13-9~~ — The Board shall read the election results into the minutes of the first meeting of the Board following the declaration of election results.

3-13. 14 CHALLENGE OF ELECTION RESULTS

3-13.1. Challenge Procedure

~~14-1~~ — Any challenge to the certified election results shall be made in the following manner:

(a) ~~14-1.1.~~—The challenger shall submit a written statement to the ~~Board~~ Secretary identifying the specific aspects of the election results that are being challenged.

(b) ~~14-1.2.~~—All challenges shall be submitted to the ~~Board~~ Secretary no later than seven calendar days after the election results have been certified. Any challenge submitted more than seven calendar days after the election results have been certified shall not be considered.

(c) ~~14-1.3.~~—The written statement timely submitted in accordance with this Section shall be presented to and considered by the Board at the next regularly scheduled meeting of the Board. The challenger shall have no right to make a presentation at the Board

meeting. The Board shall, in its sole discretion, determine what steps, if any, need to be taken in response to the challenge, including, but not limited to, modifying the election results declared.

(d) ~~14-1.4.~~ The election results shall remain valid pending determination of any challenge.

(e) ~~14-1.5.~~ A written notice of the final determination shall be sent to the challenger and all candidates within seven calendar days after making the determination. This notice shall constitute a final administrative decision of the Board for purposes of the Administrative Review Law.

3-14. ~~15~~-ELECTION PANEL

3-14.1. Appointment of Panel

~~15-1~~—An Election Panel shall be appointed by the Board. Each panel member shall be appointed to a term expiring immediately prior to the first business day of January of every odd-numbered year. The Election Panel shall comprise three individuals who shall not be individuals running for any Trustee Position. The Election Panel shall include one Participant recommended by a Firefighter Labor Organization and appointed by the Board, one Beneficiary recommended by a Firefighter Labor Organization and appointed by the Board, and one Employer Executive representative recommended by the Illinois Municipal League and appointed by the Board. A member of the Election Panel who submits a candidate application to run for a trustee position shall immediately be disqualified from serving on the Election Panel. Any vacancy of the Election Panel shall be replaced by Board appointment in a like manner.

3-14.2. Role of Panel

~~15-2~~—The Election Panel shall serve as the election judges and be responsible for ballot tabulation and other responsibilities prescribed by Board rule. The Election Panel shall appoint a clerk for the purposes of taking records of the Election Panel. The clerk shall report the actions taken by the Election Panel at regularly scheduled meetings of the Board.

Chapter 4. Personnel

4-1. GENERAL HIRING POLICIES

4-1.1. Equal Employment Opportunity Employer

FPIF is committed to providing equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, sex, national origin, age, disability, veteran status, marital status, sexual orientation, or gender identity. In order to provide such equal employment opportunities, employment decisions at FPIF will be based on job-related criteria, such as individual merit, qualifications, attitude, and competence. Political affiliation will not be considered in employment decisions.

4-1.2. Applicability of Ethics and Anti-Harassment Policy ~~Agency Directives, Employee Manual, and Other Policies.~~

All employees and hiring decisions are subject to compliance with policies adopted by the Board, including (without limitation) the Ethics and Anti-Harassment Policy and the ~~Agency Directives~~ Employee Manual.

4-2. PRE-CONDITIONS TO HIRING

4-2.1. Position Descriptions.

Each FPIF position will have a position description. A position description will include a description of the job functions and responsibilities of the position and an explanation of where the position fits within the FPIF organizational structure (to whom the position reports, and any other persons to be supervised by the position). Position descriptions for all Category 1 Positions will be considered by the Board's Investments and Operations Committee and, upon recommendation of the ~~Board~~ Investments and Operations Committee, approved by the Board. Position descriptions for all Category 2 Positions will be considered and approved by the ~~Board~~ Investments and Operations Committee.

4-2.2. Annual Budgeting Process

The Executive Director shall include all anticipated Personnel Costs in the FPIF budget each fiscal year. The Executive Director shall ensure that the payment of Personnel Costs, in aggregate, do not exceed the amounts authorized by the Board in the budget approved by the Board (including any subsequent adjustments or supplements approved by the Board to the budget).

4-2.3. Annual Headcount Process

At the same time that the Executive Director submits a proposed budget for a fiscal year to the Board, the Executive Director shall also submit to the Board a proposed headcount for that fiscal year. The headcount will include all positions that the Executive Director anticipates will be filled during all or part of that fiscal year. The headcount will identify those positions and the Personnel Costs anticipated for each position.

4-3. HIRING PROCESS

4-3.1. **Approved Positions**

~~After the adoption of this Section 4-3, a~~ position may not be posted or filled unless and until (a) the position description is approved, (b) the position is capable of being funded as part of the Personnel Costs included in the Board-approved budget, and (c) the position is included in the Board-approved headcount, all as provided in Section 4-2. If the foregoing criteria have been satisfied, the Executive Director may proceed to post the position.

4-3.2. **Job Postings**

Any position to be filled shall be posted on the FPIF website for at least seven days. The position may also be posted on any other job posting site as reasonably determined by the Executive Director.

4-3.3. **Selection of Preferred Candidate; Notice to the ~~Board~~Investments and Operations Committee**

The Executive Director shall select a preferred candidate for an unfilled position from among the qualified candidates for that position. The Executive Director shall notify the ~~Board~~Investments and Operations Committee of the preferred candidate before making any offer of employment for that position and share a copy of that notice concurrently with other Board Members.

4-3.4. **Approval to Hire**

- (a) **Category 1 Positions.** The Executive Director's recommendation of a preferred candidate for a Category 1 Position shall be considered by the ~~Board~~Investments and Operations Committee and then by the Board. The hiring decision is subject to approval by the Board.
- (b) **Category 2 Positions.** Provided that the position is approved to be filled as described in Section 4-3.1 (which is intended to constitute approval by the Board pursuant to Section 22C-118(d) of the Pension Code), the Executive Director may proceed to hire a preferred candidate for a Category 2 Position after notifying the ~~Board~~Investments and Operations Committee (and all other Board Members) and taking into consideration any input provided by the ~~Board~~Investments and Operations Committee (including all other Board Members who may participate in the Investments and Operations Committee meeting).

4-3.5. **Notifying the Board of New Hires**

The Executive Director shall notify the Board of all new hires.

4-3.6. ~~4-3.5.~~ **Compensation and Benefit Terms**

The Executive Director shall fix the compensation and benefits for each employee, subject to ~~the Compensation and Benefits Policy~~any policy regarding compensation and benefits adopted by the Board and the Board-approved budget and headcount.

4-3.7. ~~4-3.6.~~ **Employment Agreements.**

Notwithstanding any other provision of this Chapter to the contrary, any employment agreement must be approved by the Board before it may be entered.

Chapter 5. Ethics

5-1. FIDUCIARY DUTY

5-1.1. Fiduciary Duty

Board Members and Employees who exercise discretionary authority or responsibility with respect to the management of FPIF or the management or operation of its assets shall at all times in the performance of their FPIF duties owe a fiduciary duty to FPIF and its participants and beneficiaries.

5-1.2. Duties of Fiduciaries

Pursuant to the Pension Code, a fiduciary with respect to a retirement system or pension fund established under the Pension Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

- (a) For the exclusive purpose of:
 - (i) Providing benefits to participants and their beneficiaries; and
 - (ii) Defraying reasonable expenses of administering the retirement system or pension fund;
- (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims;
- (c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- (d) In accordance with the applicable provisions of the Article of the Pension Code governing the retirement system or pension fund.

5-2. GIFTS

5-2.1. Prohibition

Except as otherwise provided, no Board Member or Employee, and no spouse of or immediate family member living with a Board Member or Employee, shall intentionally solicit or accept any gift from any Prohibited Source or in violation of any federal or State statute, rule, or regulation. No Prohibited Source shall intentionally offer or make a gift that violates this Section 5-2.

5-2.2. Exceptions

The restrictions in Section 5-2.1 above do not apply to the following:

- (a) Opportunities, benefits, and services that are available on the same conditions as for the general public.

- (b) Anything for which the Board Member or Employee or his or her spouse, domestic partner, or immediate family member living with him or her pays the market value.
- (c) Any (i) Election Contributions that is lawfully made under the Election Code or under the State Ethics Act or (ii) activities associated with a fundraising event in support of a Political Organization or candidate.
- (d) Educational materials.
- (e) A Gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.
- (f) Anything provided by an individual on the basis of a personal friendship unless the Board Member or Employee has reason to believe that, under the circumstances, the Gift was provided because of the official position or employment of the Board Member or Employee and not because of the personal friendship.
- (g) In determining whether a Gift is provided on the basis of personal friendship, the Board Member or Employee shall consider the circumstances under which the Gift was offered, such as:
 - (i) the history of the relationship between the individual giving the Gift and the recipient of the gift, including any previous exchange of Gifts between those individuals;
 - (ii) whether to the actual knowledge of the Board Member or Employee the individual who gave the Gift personally paid for the Gift or sought a tax deduction or business reimbursement for the Gift; and
 - (iii) whether to the actual knowledge of the Board Member or Employee the individual who gave the Gift also at the same time gave the same or similar Gifts to other Board Members of FPIF or employees or their spouses or immediate family members living with them.
- (h) Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For purposes of this subsection, "catered" means food or refreshments that are purchased ready to eat and delivered by any means.
- (i) Food, refreshments, lodging, transportation, and other benefits resulting from the outside business or employment activities (or outside activities that are not connected to the duties of the Board Member or Employee as an office holder or employee) of the Board Member or Employee, or the spouse of the Board Member or Employee, if the benefits have not been offered or enhanced because of the position or

employment of the Board Member or Employee, and are customarily provided to others in similar circumstances.

- (j) Intra-governmental and inter-governmental gifts. For the purpose of this Section, "intra-governmental gift" means any gift given to a Board Member or Employee of FPIF from another Board Member or Employee of FPIF; and "inter-governmental gift" means any gift given to a Board Member or Employee of FPIF by a Board Member or employee of State of Illinois agency, of a federal agency, or of any governmental entity.
- (k) Bequests, inheritances, and other transfers at death.
- (l) Any item or items from any one Prohibited Source during any calendar year having a cumulative total value of no more than \$100.

Each exception listed in this Section 5-2.2 is mutually exclusive and independent of one another.

5-2.3. Return of Gifts

A Board Member or Employee does not violate this Section if the Board Member or Employee promptly takes reasonable action to return the prohibited Gift to its source or gives the Gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.

5-3. PROHIBITED POLITICAL ACTIVITY

5-3.1. Prohibition on Prohibited Political Activity

No Employee shall intentionally perform any Prohibited Political Activity during any compensated time, as defined herein. No Board Member or Employee shall intentionally use any property or resources of FPIF in connection with any Prohibited Political Activity.

5-3.2. Prohibition on Requiring Prohibited Political Activity

At no time shall any Board Member or Employee require any Employee to perform any Prohibited Political Activity (i) as part of that Employee's duties, (ii) as a condition of employment, or (iii) during any compensated time off (such as holidays, vacation or personal time off).

5-3.3. Prohibition on Compensation for Prohibited Political Activity

No Employee shall be required at any time to participate in any Prohibited Political Activity in consideration for additional compensation or any benefit, nor shall any employee be awarded additional compensation or any benefit in consideration for his or her participation in any Prohibited Political Activity.

5-3.4. Voluntary Activity

Nothing in this Section 5-3 prohibits activities that are permissible for a Board Member or Employee to engage in as part of his or her official duties, or activities that are undertaken by a trustee or employee on a voluntary basis which are not prohibited by this Section.

5-3.5. Employment

No person shall be denied or deprived of employment at FPIF solely because he or she is a member or an officer of a political committee, political party, or Political Organization or club.

5-4. CONFLICTS OF INTEREST AND PROHIBITED TRANSACTIONS

5-4.1. In General

No Board Member or Employee shall make, or participate in making, any FPIF decision with respect to any matter in which the Board Member or Employee, or the spouse or domestic partner of the Board Member or Employee, has any Economic Interest.

5-4.2. Notice of Conflict by Employees

Any Employee who has a conflict of interest as described by Section 5-4.1 above shall advise his or her supervisor or Ethics Officer of the conflict or potential conflict. The immediate supervisor shall either:

- (a) assign the matter to another Employee; or
- (b) require the Employee to eliminate the economic interest giving rise to the conflict and only thereafter shall the Employee continue to participate in the matter.

5-4.3. Disclosure and Abstention by Board Members

Any Board Member who has a conflict of interest as described by Section 5-4.1 above shall disclose the existence of the conflict of interest on the record and should consider the possibility of abstaining from official action in relation to the matter. In making the decision as to abstention, the following factors should be considered:

- (a) whether a substantial threat to the Board Member's independence of judgment has been created by the conflict situation;
- (b) the effect of participation on public confidence in the integrity of the Board's decision;
- (c) whether participation is likely to have any significant effect on the disposition of the matter; and
- (d) the need for the Board Member's contribution, such as special knowledge of the subject matter, to the effective functioning of FPIF.

5-4.4. Representation of Other Persons

No Board Member or Employee may represent, or have an Economic Interest in the representation of, any person, in any formal or informal proceeding or transaction (a) before FPIF, any administrative agency or any court in which FPIF is a party and that person's interest

is adverse to that of FPIF or (b) in which the Board's or FPIF staff's action or non-action is of a non-ministerial nature.

5-4.5. No Monetary Gain on Investments

No Board Member or Employee, or any spouse or domestic partner of such Board Member or Employee, shall knowingly have any direct interest in the income, gains, or profits of any investments made on behalf of FPIF, nor receive any pay or emolument for services in connection with any investment. No Board Member or Employee shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from any retirement system or pension fund created under the Pension Code, including FPIF, the Illinois State Board of Investment and the Police Officers' Pension Investment Fund. For the purposes of this provision, an annuity otherwise provided in accordance with the Pension Code or any income, gains, or profits related to any non-controlling interest in any public securities, mutual fund, insurance contract, annuity, trust, or other passive investment shall not be considered monetary gain on investments.

Pursuant to the Pension Code, a violation of this provision is a Class 3 felony.

5-4.6. Prohibited Transactions

- (a) No Board Member, Employee, or other fiduciary of FPIF shall cause FPIF to engage in a transaction if he or she knows or should know that such transaction constitutes a direct or indirect:
 - (i) Sale or exchange, or leasing of any property from FPIF to a Party in Interest for less than adequate consideration, or from a Party in Interest to FPIF for more than adequate consideration.
 - (ii) Lending of money or other extension of credit from FPIF to a Party in Interest without the receipt of adequate security and a reasonable rate of interest, or from a Party in Interest to FPIF with the provision of excessive security or an unreasonably high rate of interest.
 - (iii) Furnishing of goods, services, or facilities from FPIF to a Party in Interest for less than adequate consideration, or from a Party in Interest to FPIF for more than adequate consideration.
 - (iv) Transfer to, or use by or for the benefit of, a Party in Interest of any assets of FPIF for less than adequate consideration.
- (b) No Board Member, Employee, or fiduciary of FPIF shall:
 - (i) Deal with the assets of FPIF in his or her own interest or for his own account;
 - (ii) In his or her individual capacity or any other capacity act in any transaction involving FPIF on behalf of a party whose interests are adverse to the interests of FPIF or the interests of its participants or beneficiaries; or
 - (iii) Receive any consideration for his or her own personal account from any party dealing with FPIF in connection with a transaction involving the assets of FPIF.

- (c) Nothing in this provision shall be construed to prohibit any Board Member or Employee from:
 - (i) Receiving any benefit to which he or she may be entitled as a participant or beneficiary in FPIF;
 - (ii) Receiving any reimbursement of expenses properly and actually incurred in the performance of his or her duties with FPIF; or
 - (iii) Serving as a Board Member in addition to being an officer, employee, agent or other representative of a Party in Interest.
- (d) No Board Member, Employee or fiduciary of FPIF shall knowingly cause or advise FPIF to engage in an investment transaction when the Board Member, Employee or fiduciary (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a business relationship with the investment adviser that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction. Pursuant to the Pension Code, a violation of this Subsection (d) is a Class 4 felony.
- (e) A Board Member, Employee or Consultant, with respect to FPIF shall not knowingly cause or advise FPIF to engage in an investment transaction with an investment adviser when the Board Member, Employee or Consultant, or their spouse or domestic partner (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a relationship with that investment advisor that would result in a pecuniary benefit to the Board Member, Employee or Consultant or spouse or domestic partner of such Board Member, Employee or Consultant as a result of the investment transaction. For purposes of this Subsection (e), a Consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of that consulting firm. Pursuant to the Pension Code, a violation of this Subsection (e) is a Class 4 Felony.

5-5. FINANCIAL DISCLOSURE

5-5.1. Required Disclosure

On or before May 1 of each year, each Board Member shall file verified written statements of economic interests as required by the Illinois Governmental Ethics Act, 5 ILCS 420/4A-101 et seq., as amended. All statements shall be available in electronic form for examination and duplication by the Board upon request.

5-6. POST-EMPLOYMENT OBLIGATIONS

5-6.1. One-Year Bar [Related to Transactions](#)

For a period of one year from and after the expiration or other termination of his or her term of office as a Board Member or employment as an Employee, no former Board Member or Employee shall assist or represent any person in any business transaction involving or other matter adverse to FPIF, if the Board Member or Employee participated personally and

substantially in the consideration of or implementation of that transaction or matter during his or her term of office or employment.

5-6.2. One-Year Bar Related to Employment by FPIF

No Board Member may be employed by FPIF at any time during his or her service as a Board Member and for a period of 12 months after he or she ceases to be a Board Member, except to the extent permitted by Section 1-109.5 of the Pension Code.

5-7. TRAINING

5-7.1. Annual Ethics Training

Pursuant to the Pension Code, each Board Member must attend ethics training of at least eight hours per year. The training required includes training on ethics, fiduciary duty, and investment issues and any other curriculum that the Board establishes as being important for the administration of FPIF. The Board must annually certify its Board Members' compliance with the Pension Code's ethics training requirements. Board Members will comply with any other training requirements under State law.

5-7.2. Harassment and Discrimination Prevention Training

Beginning upon the adoption of this Chapter, each Board Member and Employee must, within 30 days of initial appointment or employment and thereafter annually, participate in a harassment and discrimination prevention training program. The training will be determined by the Ethics Officer and will include:

- (a) the definition and a description of sexual harassment, unlawful discrimination, and harassment, including examples of each;
- (b) details on how an individual can report an allegation of sexual harassment, unlawful discrimination, or harassment, including options for making a confidential report to a supervisor, Ethics Officer, Inspector General, or the Department of Human Rights;
- (c) the definition and description of retaliation for reporting sexual harassment, unlawful discrimination, or harassment allegations utilizing examples, including availability of whistleblower protections under the State Ethics Act, the Whistleblower Act, 740 ILCS 174/1 et seq., and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq.; and
- (d) the consequences of a violation of the prohibition on sexual harassment, unlawful discrimination, and harassment and the consequences for knowingly making a false report.

Proof of completion must be submitted to the Ethics Officer.

5-8. ETHICS OFFICER

5-8.1. Duties of Ethics Officer

The duties of the Ethics Officer include (i) reviewing statements of economic interest and disclosure forms of Board Members upon request and (ii) providing requested guidance to

Board Members and Employees in the interpretation and implementation of this Chapter; provided, however, that compliance with this Chapter remains the individual responsibility of each Board Member and Employee. If uncertainty exists as to the proper procedure(s) to be followed in connection with this Chapter, Board Members and Employees are encouraged to consult with FPIF's Ethics Officer.

5-8.2. Representation

Further, Board Members and Employees are hereby advised that the Ethics Officer represents FPIF and not the individual Board Members and Employees. As such, any guidance or advice provided to an individual by the Ethics Officer pursuant to this Chapter is not given to him or her personally, but instead is given because of the position or employment of the particular Board Member or Employee with FPIF.

5-9. WHISTLEBLOWER PROTECTION

5-9.1. No Retaliation

No complainant, or Employee acting on behalf of a complainant, shall be discharged, threatened or otherwise discriminated against regarding compensation, terms, conditions, location or privileges of employment because:

- (a) the complainant or Employee acting on behalf of the complainant reports or is about to report, verbally or in writing, a violation or suspected violation of this Chapter; or
- (b) the complainant or Employee acting on behalf of the complainant is requested to participate in an investigation, hearing or inquiry held pursuant to this Chapter, or in any related court action.

This Section 5-9.1 shall not apply to a complainant, or Employee acting on behalf of a complainant, who knowingly makes a false report.

5-10. VIOLATIONS

5-10.1. Discipline for Violations

Any Employee found to have violated any of the provisions of this Chapter, or to have furnished false or misleading information to the Board of Trustees, shall be subject to employment sanctions, including discharge, in accordance with procedures under which the employee may otherwise be disciplined, as outlined in the ~~Agency Directives~~[Employee Manual](#). Any Board Member who intentionally files a false or misleading statement of economic interest, or knowingly fails to disclose a conflict of interest as described in this Chapter, or otherwise violates any provision of this Chapter, may be subject to recall in accordance with the applicable provisions of Pension Code. Certain actions in violation of this Chapter may subject the Board Member or Employee to criminal penalties.

Chapter 7. Transparency

7-1. PUBLIC COMMENT POLICY

It is the policy of the FPIF Board that members of the public will be given reasonable opportunity to address the Board and provide input on matters of public concern. This Section 7-1 is intended to ensure opportunity for comments while allowing the Board and its committees to conduct meetings effectively.

7-1.1. Notice of FPIF Meetings

FPIF shall post the schedule of regular meetings of the Board on the FPIF website at the beginning of each calendar year in accordance with Section 2.02 of the Open Meetings Act. FPIF shall also post any amendments to that schedule on the FPIF website from time to time. FPIF shall post the agenda for each regular meeting of the Board or its committees on its website no later than 48 hours prior to each regular meeting in accordance with Section 2.02 of the Open Meetings Act.

7-1.2. Submittal of Requests to Comment

An individual who desires to comment at a public meeting of the Board or its committees may contact FPIF at information@ifpif.org with his or her name and a request to speak. Such individuals will be recognized during the meeting in the order in which the requests to comment were received.

A commenter who did not request the opportunity to provide comments prior to a meeting, but who desires to provide comments at the meeting, will, after all other commenters are finished, identify him or herself by name and request an opportunity to speak. The Board will make reasonable efforts to allow such comment to be recognized, subject to the limitations provided for in Section 7-1.3.

7-1.3. Conduct of Public Comment

A maximum of thirty minutes during each meeting will be set aside for public comment.

Each commenter shall be allowed to speak for three minutes after being recognized by name by the presiding officer of the Board or committee.

When a group of commenters with similar views on topic desire to comment on the same topic, the presiding officer may direct the group of commenters to designate representatives so as to reduce redundancy. The presiding officer may limit the discussion to three commenters for each topic.

Commenters are encouraged to limit their comments to those germane to the specific matters listed on the agenda.

Commenters are required to conduct themselves in a professional manner prior to, during and after a meeting. Commenters will refrain from using inappropriate or threatening language,

innuendos, or other offensive actions or gestures. Such behavior may be cause for removal of the commenter from the meeting.

7-2. [Reserved for FOIA Policy]

7-3. [Reserved for Records Retention Policy]

Chapter 10. Investment Policy

10-1. INVESTMENT RULES

FPIF, including its Board and staff members, is responsible for managing, investing, and reinvesting the assets of the Participating Pension Funds (~~the "Member Funds"~~) created pursuant to Article 4 of the Pension Code (40 ILCS 5/4 et seq.) as set forth in Article 5/22C of the Pension Code (40 ILCS 5/22C et seq.). The Board and ~~Staff~~staff have fiduciary responsibilities for managing and investing assets belonging to the ~~Member~~Participating Pension Funds (~~collectively, the "Fund"~~).

10-1.1. Purpose of the Investment Policy

The purpose of this Investment Policy is to formalize FPIF's investment objectives, policies, and procedures, as well as to provide broad operational direction to the Board, ~~Staff~~staff, agents, and representatives of FPIF with respect to the management of FPIF's assets.

10-1.2. Investment Objectives

The investment strategy of the Fund seeks to maximize the likelihood of meeting long-term return objectives, while (i) maintaining prudent risk exposure, (ii) controlling fees and expenses related to management of the Fund and (iii) complying with the governing provisions of the Pension Code (40 ILCS 5 et seq.) and other applicable laws and regulations. Long-term return objectives are based on an assumed rate of return as set forth by FPIF's actuary.

The Fund is managed with a long-term investment horizon and endeavors to maintain sufficient liquidity, as projected by Staff and the Member Systems, to meet disbursement needs.

10-1.3. Investment Philosophy

FPIF invests for the long-term value of its beneficiaries and, therefore, does not evaluate managers or its portfolio exclusively through short-term (less than three years) performance metrics. The Board and Staff recognize that the diversification of funds across asset classes is the primary determinant of the Fund meeting its risk-adjusted return objective over time. Therefore, the Board, with input from Staff and investment service providers, sets target allocations (the "Targets") for the various asset classes and the portfolio is periodically rebalanced to continue to meet those Targets (the "Strategic Asset Allocation"). Upon establishment of a private markets portfolio, FPIF will seek to maintain a consistent commitment pacing model within the private markets portfolio to ensure appropriate vintage year diversification.

While certain pockets of market inefficiencies may exist, public securities markets tend to be efficient. Therefore, when making investment decisions, FPIF defaults to low-fee, passive strategies and evaluates active investment manager performance relative to appropriate benchmarks.

Active investment managers are considered for FPIF's portfolio when FPIF's retained investment professionals and Staff can (i) demonstrate that a manager can reasonably be

expected to add value to the Fund through improved returns and/or mitigated risk (ii) demonstrate a track record of investment performance relative to appropriate benchmarks (iii) provide an opinion with regard to the reasonableness of the proposed investment management fees (iv) provide an informed thesis in support of the strategy and (v) express confidence to the Board in the investment manager's firm, personnel, investment process, and suitability for the Fund.

The Board determines the asset classes and high-level investment guidelines (the "Investment Guidelines") pursuant to which the investment managers may invest. Within the bounds set by the Board, the Staff has discretion to refine guidelines and negotiate more favorable terms, subject to its fiduciary obligation to FPIF, in the best interests of the Fund's beneficiaries and subject to applicable laws.

10-1.4. Strategic Asset Allocation

- (a) **General.** The Board, with input from Staff and investment service providers, sets the Strategic Asset Allocation. The Targets are to be reviewed and approved, at least, every five years.

The Targets set forth in the Strategic Asset Allocation are expressed as a percentage of the Fund's overall market value, with ranges of permissible variations. It is permissible for certain asset classes within the overall Fund's Strategic Asset Allocation to deviate from the Targets during manager transitions, asset class restructurings and other temporary changes in the Fund's portfolio.

Consistent with academic research on the futility of market timing, the Targets will not be changed in response to current market conditions or short-term projections.

The Board will approve the public market funding source (passive benchmark) for any shortfalls to target allocations in private market asset classes.

- (b) **Rebalancing.** Daily market movements, cash flows to and from the ~~Member~~[Participating Pension](#) Funds, and other factors may lead to deviations from the Targets set forth in the Strategic Asset Allocation. The Board recognizes that failing to rebalance the Fund in line with the Strategic Asset Allocation could change the Fund's risk exposure and expected returns. Therefore, the Board accords Staff discretion to take those rebalancing actions which, in the judgment of Staff, are consistent with this Investment Policy and in the best interest of the Fund. If Staff rebalances as a result of being outside of the permissible ranges, Staff will report the results of rebalancing activity to the Board at its next regularly scheduled meeting following such rebalancing.

Staff will rebalance assets to reconcile asset levels with the Targets. In rebalancing, Staff will consider (i) the cash flow needs of the Fund and ~~Member~~[Participating Pension](#) Funds, (ii) relative proportion of overweight or underweight in each specific asset class, and (iii) trading costs. Staff will monitor asset class weights on a daily basis.

10-1.5. Interim Allocation

FPIF has established an interim liquid asset allocation for the near-term investment of its assets. The purpose of the interim liquid asset allocation is to allow FPIF to strategically deploy capital in a consistent manner upon receipt of assets from the Fund’s Member Systems, while taking into account existing market conditions, long-term return objectives, and a reasonable time frame to achieve long-term private market and alternative allocations.

10-1.6. Long Term Allocation

FPIF has established a long-term asset allocation for the ongoing management of the Fund. The long-term asset allocation reflects private market and alternative exposures, which FPIF will strive to achieve in the coming years.

Strategic Asset Allocation	Interim Asset Allocation (%)	Long-Term Asset Allocation (%)	Interim Ranges (%)	Long-Term Ranges (%)
Equity				
US Equity	36	31	+/- 5	+/- 10
Developed Market Equity (non-US)	19	16	+/- 4	+/- 7
Emerging Market Equity	10	8	+/- 3	+/- 5
Private Equity	0	5	+/- 5	+/- 5
Credit				
Public Credit	3	3	+/- 1	+/- 1
Private Credit	0	5	+/- 5	+/- 5
Rate Sensitive				
Cash Equivalents	0	0	+/- 3	+/- 3
Core Investment Grade Bonds	21	15	+/- 3	+/- 9
Long-Term Treasuries	3	3	+/- 1	+/- 1
TIPS	3	4	+/- 1	+/- 2
Real Assets				
Real Estate	5	5	+/- 2	+/- 2
Infrastructure	0	5	+/- 5	+/- 5

10-1.7. Performance Monitoring

- (a) **Fund Level.** The Board will evaluate the performance of the Fund relative to its return objectives, on at least a quarterly basis at its regularly scheduled meetings. Total Fund performance will be evaluated relative to a “custom benchmark” using weights of the returns of available market indices based on the Strategic Asset Allocation and net of all applicable fees.

The Fund’s ranking relative to its applicable peer universe shall be evaluated with consideration given to the Fund’s risk relative to that of the applicable peer universe.

Staff will periodically arrange education sessions on specific asset classes to assist the Board in monitoring market conditions and portfolio performance.

- (b) **General Consultant.** The General Consultant shall act as a fiduciary to FPIF. Services will include, but not be limited to, assistance in the selection, oversight, and on-going due diligence of the fund's investment managers, investment performance reporting, asset allocation studies, and research as requested by the Board and/or Staff.
- (c) **Benchmarking.** Each investment manager shall have an established benchmark(s) included in its Investment Guidelines, against which performance will be measured. Benchmarks will be consistent with the managers' investment portfolio. Performance will be evaluated net of all applicable fees on a (i) five-year basis, (ii) shorter and longer-term basis as appropriate, and (iii) dollar-weighted basis.

10-2. RISK MANAGEMENT

10-2.1. Investment Risk

In order to achieve the Assumed Rate of Return, the Fund must assume certain risks. The objective of the Fund's risk management is not to eliminate risk, but to ensure that market-based, strategic, and investment-specific risk is prudently managed across the Strategic Asset Allocation.

10-2.2. Operational Risk

Staff will implement internal procedures to minimize the risk of errors or fraud associated with transfers and to ensure financial reporting adheres to generally accepted accounting principles, or GAAP.

FPIF receives a SOC 1 Report (Systems and Organizational Controls Report) from its custodian on an annual basis. This report is based on a review of the entire control structure in place at the custodian. The review is performed by an external auditing firm. Any internal control weaknesses are identified and management's responses are documented in the SOC 1 Report.

FPIF's internal control processes in all areas of the organization are reviewed and updated on an annual basis. Internal control narratives are provided to external auditors as a part of the annual audit process, and the auditors test the controls by reviewing transactions in various areas. Any internal control weaknesses that are identified and management's responses are documented in FPIF's Annual Audit Report.

10-3. OTHER

10-3.1. Statutory Requirements

The Fund shall be managed in accordance with the governing provisions of Illinois law. For current investment-related statutory requirements, please refer to 40 ILCS 5/1 and 40 ILCS 5/22C et seq.

State and federal lawmakers have adopted laws directing the behavior of public investors, such as FPIF, and from time to time such lawmakers will amend those laws. FPIF acknowledges that fulfilling its fiduciary duty is contingent upon compliance with those laws.

10-3.2. Diversity

FPIF's diversity goals seek to increase access and opportunities for managers, brokers, and vendors owned by minorities, women, and persons with a disability.

For specific details, including numeric goals for emerging service provider utilization and FPIF's process in monitoring these service providers' status as emerging, please refer Chapter 6.

10-3.3. Procurement

FPIF established a Procurement Policy for the selection and appointment of ~~investment services~~ Investment Services providers, including but not limited to investment managers, consultants, and custodians ~~(collectively, "Investment Service Providers")~~. For the current Procurement Policy, please refer to FPIF's website. For searches conducted by the Board and Staff related to Investment Service Providers, FPIF has a ~~Request for Competitive Proposal ("RFP")~~ competitive proposal process. To see current and ongoing RFP's, please refer to FPIF's website.

10-3.4. Sustainability and Corporate Governance

Shareholder voting related to public equity securities held directly by FPIF is performed by FPIF's contracted proxy voting service provider. Votes are based on guidelines which will be adopted by the Board. Staff monitors FPIF's proxy votes and reports to the Board, as necessary.

Pursuant to 40 ILCS 5/1-113.6 and 1-113.17, FPIF shall include material, relevant, and decision-useful sustainability factors that will be considered by the Board, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. These factors consist of but are not limited to:

- (a) Corporate governance and leadership factors
- (b) Environmental factors
- (c) Social Capital factors
- (d) Human capital factors
- (e) Business model and innovation factors
- (f) In addition, FPIF's efforts will include the following:
 - (i) Periodic evaluation of sustainability factors to ensure the factors are relevant to the FPIF's investment portfolio and the evolving marketplace;
 - (ii) Periodic monitoring of investment managers to encourage implementation of the aforementioned factors.

10-3.5. Transition Management

Transition services are most commonly utilized in the movement of securities within the public markets portfolio. Transition management is defined as the professional management of trading out of one portfolio of marketable securities and into another portfolio of marketable securities, while controlling for the timeliness of trades, explicit and implicit costs, and market exposure relative to a predetermined benchmark.

Staff will monitor all costs associated with transition events. Such costs shall include, though not be limited to

- (a) Commission Costs: Fees paid to brokers for execution of a transaction
- (b) Bid/Ask Spread Cost: Amount by which the execution price exceeds the bid or ask price
- (c) Market Impact: Effect that trading has on the market price of traded shares
- (d) Opportunity Cost: Cost of market movements over the time it takes to trade

The Board's investment staff shall manage the transition manager bench selection process, in coordination with the Board's Consultant. The Board's transition management bench shall consist of no less than three Board approved transition managers. Each transition manager selected for the transition manager bench shall enter into a transition management agreement with the Board, which shall establish terms and conditions for the relationship.

The criteria for selecting a transition manager to execute a transition will vary, just as the circumstances and types of portfolios being transitioned will vary. Investment staff shall consider the fact that transition managers may over-emphasize the value that can be added by their trading desks. Further, investment staff shall also consider that a firm which offers inexpensive trade execution may be neglecting other important aspects of the transition. Staff shall also consider that a firm which focuses on maximizing crosses may accumulate excessive and unnecessary costs associated with time delays.

Prior to engaging in a transition, the Board's investment staff shall distribute a detailed transition work request to the transition manager bench, which shall include the following information, at a minimum: (i) a description of the specific need for the transition services, (ii) identification of the goals for the transition, (iii) custodial contact information, (iv) a request for a pre-trade analysis that estimates explicit (i.e., commissions, custody, taxes, duties, foreign exchange) and implicit (i.e., market impact, opportunity costs, bid/ask spread) costs of the transition. Transition managers on the bench shall submit specific proposals to investment staff based on the transition work request.

The Board's investment staff and Consultant shall review the proposals submitted by the transition manager pool and prudently craft a transition manager recommendation for the Executive Director's review, selecting the transition manager best suited to execute the particular transition. Each individual transition assignment established under a transition management agreement between the Board and a transition manager within the pool shall be documented in a transition work order, setting forth, at a minimum, the specific tasks, deliverables, schedules, and costs for the specific transition assignment. Each transition work order shall be subject to the terms of the transition manager's transition management

agreement with the Board and incorporated as an attachment thereto. All transition work orders shall be approved in writing by the Executive Director or the Executive Director's designee. The Executive Director has the authority to execute the transition work order on the Board's behalf.

Investment staff shall evaluate each transition assignment, assessing the transition manager's performance, cost effectiveness, and implementation efficiency. The Board's Consultant may provide evaluation and reporting services regarding the performance of the Board's transition managers, as well as aid in the solicitation and evaluation of bids submitted by transition managers for specific transition.

10-3.6. Reporting; Additional Information

For the net asset balances and other financial information regarding the Fund, please refer to FPIF's most recent Financial Report on FPIF's website.