



FIREFIGHTERS' PENSION INVESTMENT FUND  
1919 S. HIGHLAND AVE. • BUILDING A, SUITE 237 • LOMBARD, IL 60148

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## 2nd Public Notice

Amendments to  
Chapters 1, 2, 4, 6, 7  
and 8 of FPIF Rules

April 25, 2025



FIREFIGHTERS' PENSION INVESTMENT FUND

1919 S. Highland Ave. • Building A, Suite 237 • Lombard, IL 60148

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Subject: Proposed Amendments to Chapters 1, 2, 4, 6, 7, and 8 of FPIF Rules

Date: April 11, 2025

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Attached are proposed amendments to Chapters 1, 2, 4, 6, 7 and 8 of FPIF Rules.

### **Chapter 1: Definitions and Rulemaking (pages 1-2)**

Proposed Changes:

- Update definitions to remove an outdated job title and align with current board policy.
- Revise public notice requirements for FPIF rulemaking to reflect current practice.
- Grant the Board limited emergency rulemaking authority.

### **Chapter 2: Board Governance & Procedures (pages 3-6)**

Proposed Changes:

- Update remote meeting attendance rules to align with current practice and the Open Meetings Act, including unexpected childcare obligations as a valid reason for remote attendance.
- Designate the Board Secretary as the presiding officer in the absence of the Chair and Vice Chair.
- Allow another Standing Committee member to act as Chair in the absence of the designated Chair.
- Implement other technical updates.

### **Chapter 4: Personnel (page 7)**

Proposed Changes:

- Require Investments & Operations Committee and Board approval for executive personnel position descriptions, instead of Category 1 positions. Executive personnel positions include the Executive Director, Chief Investment Officer, Chief Financial Officer, and Chief Operating Officer.
- Authorize the Executive Director to approve position descriptions for all other positions. Non-executive level positions include the Administrative Assistant, Member Services & Financial Reporting Manager, Private Markets Portfolio Analyst, and Public Markets Portfolio Analyst.
- Implement other technical updates.

### **Chapter 6: Procurement (pages 8-15)**

Proposed Changes:

- Remove outdated language related to the Transition Period.
- Clarify that FPIF shall avoid paying sales tax where possible.
- Exempt employee benefits and monthly subscriptions under \$500 from advance payment requirements.
- Allow Consultants, Investment Advisers, or Investment Managers to be granted limited power-of-attorney to execute investment agreements and related documents when necessary for FPIF's investment mandate.

## **Chapter 7: Transparency (page 16)**

### **Proposed Changes:**

- Affirm FPIF's compliance with the Illinois Freedom of Information Act.
- Require the Board to adopt and periodically update a records retention policy in compliance with applicable law and best practices.

## **Chapter 8: Transition of Assets (pages 17-22)**

### **Proposed Changes:**

- Remove outdated language related to the Transition Period.
- Clarify that Participating Pension Funds may not manage or control investment assets unless listed as Non-Transferable by FPIF.
- Adjust reporting frequency on non-transferable assets from quarterly to bi-annually for the Investments & Operations Committee.

## Chapter 1. Definitions and Rulemaking

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Section 1-1 definitions of "Category 1 Position" and "Rule" shall be amended as follows:

**"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.~~

**"Rules"** means the duly adopted rules of FPIF contained herein. [Policies concerning internal management of FPIF that do not affect private rights or procedures available to persons or entities outside FPIF do not need to be codified as rules herein.](#)

Section 1-2 shall be amended as follows:

### **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 1<sup>st</sup> Public Notice.

#### **1-2.3 1<sup>st</sup> Public Notice**

Draft rules approved for 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> Public Notice. Draft rules shall remain on 1<sup>st</sup> Public Notice until the committee approves the draft rules for 2<sup>nd</sup> Public Notice.

#### **1-2.6 2<sup>nd</sup> Public Notice**

Draft rules approved for 2<sup>nd</sup> 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 1<sup>st</sup> Public Notice, a redlined copy of the revised draft rules shall be posted on the website.

#### **1-2.7 Public Comment following 2<sup>nd</sup> Public Notice**

FPIF will encourage public comment on draft rules approved for 2<sup>nd</sup> 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 2<sup>nd</sup> Public Notice. FPIF staff shall post Board approved rules on the FPIF website and ~~distribute the rules to Article 4 pension funds~~ include a link to the rules in periodic newsletters or similar distributions to Participating Pension Funds and other public subscribers as soon as practicable after the Board's approval.

#### **1-2.9 Emergency Rules**

If the Board finds there to exist a threat to public interest, safety, or welfare of FPIF or its assets or personnel, or a situation that could result in a breach of the Board's or FPIF staff's fiduciary duties, which in any case requires or should be mitigated or remedied by the adoption, modification, or waiver before the next scheduled meeting of the Board, the Board may adopt, modify, or waive a rule without first having followed the process set out in the preceding provisions of this Section 1-2, subject to the following:

- (a) The emergency action taken by the Board shall be posted on the FPIF website as soon as practicable after the Board's approval.
- (b) The Board's action shall include an explanation as to the circumstance justifying the emergency action.
- (c) The Board's emergency action shall not be effective for longer than 180 days. The Board's authority to adopt an identical rule through the normal process is not precluded.

## Chapter 2. Board Governance and Procedures

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Section 2-1.4 shall be amended as follows:

### **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 [another public body](#), (iii) a family or other emergency, or [\(iv\) unexpected childcare obligations 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 [unless advance notice is impractical](#). 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 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.

Section 2-2 shall be amended as follows:

## **2-2 OFFICERS OF THE BOARD**

The elective officers of the Board shall 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, Vice-Chair, Treasurer, and Secretary shall be elected from among the members of the Board; the Ethics Officer shall be elected from 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 Treasurer or Secretary may also serve as the Ethics Officer 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 (or, in the case of the Ethics Officer, if the Ethics Officer was elected from among the staff of FPIF, he or she ceases to be employed by FPIF) 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. The Secretary shall preside at all meetings of the Board in the absence of the Chair and Vice-Chair.

### **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.

Section 2-3.3 shall be added as follows:

**2-3.3**      **Other Executive Personnel**

Other executive personnel, including a Chief Financial Officer and Chief Operations Officer, may be employed pursuant to Section 4.

Section 2-5 shall be amended as follows:

**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 comprise not less than three members of the Board.

The Legislative Committee shall 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. [If the chair is unable to preside of a meeting of the Standing Committee, another member of the Standing Committee may be designated to act as chair in the chair's absence.](#)

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.

## Chapter 4. Personnel

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Section 4-2.1 shall be amended as follows:

### **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~~executive personnel positions described in Section 2-3 will be considered by the Board's Investments and Operations Committee and, upon recommendation of the Investments and Operations Committee, approved by the Board. Position descriptions for all ~~Category 2 Positions~~other positions will be ~~considered and~~ approved by the ~~Investments and Operations Committee~~Executive Director. The Executive Director shall notify the Board of any change to a position description of any non-executive personnel position.

## Chapter 6. Procurement

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Section 6-3 shall be amended as follows:

### **6-3 CONTRACTING AND PURCHASING**

#### **6-3.1 When Required**

Purchases of \$500 or more require a written purchase order or contract. Purchases of less than \$500 do not require a written purchase order or contract, but must be within the authority of the employee to purchase.

#### **6-3.2 Purchase Orders**

Employees requesting goods or services that cost more than \$500 and that are not part of a written contract shall (a) complete a FPIF purchase order form and (b) receive written approval from the Executive Director or Procurement Officer (or another FPIF employee with authority to approve the expenditures, pursuant to the last sentence of Section 6-2.2) prior to placing the order.

#### **6-3.3 Contracts**

It is the policy of FPIF to standardize the form and content of its contracts with public and private bodies in order to ensure compliance with applicable State law, to ensure fairness to all parties, and to maximize uniformity of language. Contracts shall be written and conform to the requirements of this Chapter. All contracts in excess of \$25,000, and all other contracts when feasible, shall be reviewed by legal counsel prior to execution. All contracts (regardless of amount) shall be signed on behalf of FPIF by the Executive Director, except as provided by separate resolution of the Board. All contracts with persons who are fiduciaries are subject to additional signature requirements described in Section 6-2.3. A copy of each contract shall be retained by the Chief Financial Officer of FPIF.

#### **6-3.4 Standard Addendum for State Law Compliance**

In order to simplify the contracting and purchasing process, FPIF shall use a standard addendum that includes certifications considered advisable or required by State law. The standard addendum shall be completed and attached to (or incorporated within) all contracts and purchase orders entered into by FPIF, but shall not be required for purchase orders of \$25,000 or less. Any variation from the terms of the standard addendum shall be approved by FPIF's legal counsel. The standard addendum may be revised upon advice of legal counsel from time to time.

#### **6-3.5 ~~Limitation During Transition Period~~ Reserved**

~~No contract or agreement regarding custodians, Consultants, Investment Advisers, or other professional services entered into prior to the seating of the permanent Board shall be binding upon the permanent Board.~~

#### **6-3.6 Sales Tax; State Rates**

FPIF shall not pay Illinois sales tax [where possible](#). Employees must direct the vendor to exclude Illinois sales tax from invoices. Employees should also ask if discounted State rates are available for purchases.

### **6-3.7 Invoicing and Payment**

Invoices should be approved for payment within 30 days after the receipt of the invoice. Approval should not be given for goods and services that do not conform to FPIF's requirements. The vendor shall be promptly notified in writing if FPIF does not approve an invoice for payment and shall be advised of the reason for the denial. If approval is made after 30 days, a full explanation should be attached to the invoice.

### **6-3.8 Advance Payment**

Advance payment for goods and services is discouraged. If advance payment is required, the employee shall complete a certification as specified in Section 9.05 of the State Finance Act (30 ILCS 105/9.05). In the event that a voucher is submitted for advance payment, the voucher shall state on its face that the goods or services are being procured pursuant to a written contract the terms of which require advance payment. If it is not possible to execute a written contract, the voucher shall so state. The certification is not required for payment of [employee benefits](#), conference fees, purchase of travel tickets, purchase of periodicals [monthly subscriptions of less than \\$500](#), and required deposits of less than \$500. The certification shall be in the following format:

"I certify that the goods or services specified on this contract or purchase order were for the use of this agency and that the expenditure for those goods or services was authorized and lawfully incurred; that the goods or services meet all the required standards set forth in the purchase order or contract to which this certification relates; and that the amount shown on this voucher is correct and is approved for payment."

### **6-3.9 Political Contributions**

- (b) Every contract entered by FPIF with a person or entity having contracts with FPIF with an annual value of more than \$50,000 shall provide that such contract is voidable, at the option of FPIF, if the contractor or its affiliated persons or affiliated entities (as defined in Section 50-37 of the Illinois Procurement Code) makes, at any time after the publication of the procurement documents and until expiration or termination of the contract, any Election Contributions to (i) any political committee established to promote the candidacy of the incumbent Governor of Illinois or of any declared candidate for such office or (ii) any political committee established to promote the candidacy (for any public office) of any incumbent member of the FPIF Board of Trustees or of any other person who has declared to be seeking election or appointment to the FPIF Board of Trustees.

Every contract for Investment Adviser services shall require the Investment Adviser to comply with Rule 206(4)-5 under the Investment Advisers Act of 1940 concerning political Election Contributions.

### **6-3.10 Reporting Possible Ethical Violations**

FPIF employees involved in procurement, purchasing, and contracting will notify FPIF legal counsel and auditors if they discover any of the following: (a) two or more identical bids or proposals are received, (b) an attempt to bribe an employee is made, or (c) other irregularities that suggest collusion, bribery, or other unethical or illegal activities.

Section 6-5 shall be amended as follows:

## **6-5 INVESTMENT SERVICES**

### **6-5.1 Applicability**

This Section 6-5 applies to the selection and appointment of Consultants and Investment Advisers. In establishing this policy, it is FPIF's intention to assure all interested parties that procurement decisions occur in an environment of full disclosure characterized by competitive selection, objective evaluation, and proper documentation. The overriding consideration with respect to all decisions made by FPIF is that the decisions be made solely in the best interests of the participants and beneficiaries of Participating Pension Funds.

### **6-5.2 General Provisions**

- (a) **Investment Adviser Registration.** In order for any Consultant or Investment Adviser to provide Investment Services to FPIF, the firm must either be registered as an investment adviser under the federal Investment Advisers Act of 1940 or be a bank, as defined in the federal Investment Advisers Act of 1940.
- (b) **Competitive Proposals Process.** FPIF shall award all contracts for Investment Services through a competitive proposal process. For this process, FPIF shall develop and use uniform documents for the solicitation, review, and acceptance of all Investment Services pursuant to the requirements of the Pension Code. Documents may vary by specific investment mandate. At a minimum, the documents shall include (i) a description of the goal to be achieved; (ii) the Investment Services to be performed; (iii) the need for the Investment Services; (iv) the qualifications that are necessary; and (v) a plan for post-performance review. If required, these uniform documents shall be published on FPIF's website. The competitive proposal process shall generally follow the following:
  - (i) FPIF shall determine the parameters of the search, upon recommendation by FPIF's investment staff. Opportunities shall be advertised on the FPIF's website and, if appropriate, an industry publication to advertise the procurement. Notice shall be published at least 14 days before the date on which proposals are due. FPIF may issue addenda or other revisions to the request, or cancel the request, at any time.
  - (ii) Uniform documents shall be used for the solicitation, review, and acceptance of Investment Services and will be posted on the FPIF website. Documents may differ based on the specific search mandate.
  - (iii) All interested respondents shall return their responses to FPIF's investment staff, as directed by the proposal document. Staff shall open the responses,

record them, and thoroughly review each for content, quality, and compliance with proposal document requirements. Staff shall compile a list of all respondents to the competitive proposal process. In the selection of an Investment Adviser, FPIF's Consultant may assist FPIF. FPIF may waive or permit corrections, irregularities, informalities, or deficiencies to proposals.

- (iv) Following review and evaluation of the responses from interested firms, the field of candidates is narrowed to a smaller list of the most highly qualified firms. At this point, the Board's investment staff may meet with representatives of each firm to obtain an independent assessment of the firm's capabilities.
- (v) Following the interview with the selected firm(s), the Board's investment staff recommends to the Board one or more Consultants or Investment Advisers for engagement. Generally, the finalists appear before the Board to present their firms' qualifications.
- (vi) Proposal revisions may be requested from one or more respondents at any stage in the process. FPIF may select one or more respondents from whom to select best-and-final responses or revised responses based on additional instructions or criteria established by FPIF. FPIF may also enter into direct negotiations with a preferred respondent.
- (vii) The Board shall accept or modify the recommendation and makes the final decision with respect to the engagement, if satisfied with the firm's capabilities provided that the Board may also reject all responses. FPIF shall post the name(s) of the successful respondent(s) on FPIF's website, along with a disclosure including the total amount applicable to the contract, the total fees paid or to be paid, and a description of the factors that contributed to the selection of the Consultant or Investment Adviser.

(c) **Exceptions to Competitive Procurement Requirements.** A competitive proposal process is not required for the following:

- (i) Individual contracts that (1) do not exceed \$100,000, (2) are nonrenewable, and (3) are one year or less in duration; but only so long as the Board, in its discretion, approves the application of this exemption to that contract (on a contract-by-contract basis).
- (ii) Emergency procurements, including (1) when there exists a threat to public health or public safety, (2) when immediate expenditure is necessary in order to protect against further loss of or damage to property, (3) to prevent or minimize serious disruption in critical FPIF services that affect health, safety, or collection of substantial FPIF revenues, or (4) to ensure the integrity of FPIF records. A written determination must be made that an emergency exists.
- (iii) Sole source items. A written justification must be made that there exists only one feasible source.
- (iv) Procurements specifically exempt from this process pursuant to the Pension Code or other applicable law.

Contracts awarded without a competitive proposal process shall be published on FPIF's website, shall name the person authorizing the procurement, and shall include a brief explanation of the reason for the exception.

- (d) **Posting Contracts Online.** A description of every contract for Investment Services shall be posted prospectively on FPIF's website, including the name of the person or entity awarded the contract, the total amount applicable to the contract, the total fees paid or to be paid under the contract and a disclosure, approved by FPIF, describing the factors that contributed to the selection of the Investment Adviser or Consultant.
- (e) **Contingent Compensation.** No Consultant or Investment Adviser shall retain a person or entity to influence the outcome of an investment decision or the procurement of investment advice or services of FPIF for compensation that is contingent in whole or in part upon the decision or procurement.
- (f) **Other Applicable Laws.** The selection and appointment of Consultants and Investment Advisers for Investment Services by FPIF shall be made and awarded in accordance with the Pension Code, the State Officials and Employees Ethics Act, and all other applicable law. All FPIF trustees and employees shall comply with all gift ban restrictions prescribed in the FPIF Ethics Policy.
- (g) **Communications.** Any written or oral communication received by a Trustee, official, or employee of FPIF who, by the nature of his or her duties, has the authority to participate personally and substantially in the decision to influence the outcome of an investment decision or the selection of an Investment Adviser or Consultant and that imparts or requests material information or makes a material argument regarding potential investment or procurement action by FPIF (other than a clarification about a published solicitation) shall be memorialized by the Trustee, official, or employee and reported to FPIF's ~~chief compliance officer~~Ethics Officer. While a competitive procurement is ongoing, communications shall be restricted in the manner provided in the procurement documents.
- (h) **Conflicts of Interest.** No Board Member, FPIF employee, or FPIF Consultant shall knowingly cause or advise FPIF to engage in an investment transaction with an Investment Adviser when such Board Member, FPIF employee, or FPIF Consultant or any of their spouses (1) has any direct interest in the income, gains or profits of the Investment Adviser through which the investment transaction is made or (2) has a relationship with that Investment Adviser that would result in a pecuniary benefit to the Board Member, FPIF employee or FPIF Consultant or any of their spouses as a result of the investment transaction. With respect to this requirement, Consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of the consulting firm.

### 6-5.3 Selection of Consultant Services

Under the Pension Code, FPIF has authority to select Consultants who shall provide Investment Services to FPIF's commingled fund. The criteria used to determine the minimum qualifications for Consultants with respect to a specific investment mandate include but are not limited to the following factors:

- (a) Registration with the Securities and Exchange Commission under the Investment Advisors Act of 1940, or otherwise qualified under the Pension Code.
- (b) Firm experience advising large defined benefit plans in respect of asset allocation, manager selection and manager oversight and operating under prudent person standards, as well as related investment advisory experience.
- (c) Qualifications and depth of the professional staff.
- (d) Soundness of the firm's philosophy and process in respect of defined benefit plan assets.
- (e) The firm's track record with defined benefit clients.
- (f) The adequacy of the firm's advisory, back office, accounting and reporting and client servicing capabilities.
- (g) Fees.

Requirements may differ based on the investment mandate recommended by FPIF's investment staff. The establishment of these criteria shall not be used to bar or prevent any qualified Consultant from responding to a competitive proposal process.

#### **6-5.4 Selection of Investment Advisory Services**

Under the Pension Code, FPIF has authority to select Investment Advisers who shall provide Investment Services to the Board's commingled fund. The criteria used to determine the minimum qualifications for Investment Advisers with respect to a specific investment mandate include but are not limited to the following factors:

- (a) Registration with the Securities and Exchange Commission under the Investment Advisors Act of 1940, or otherwise qualified under the Pension Code.
- (b) Experience of the firm in the management of institutional portfolios operated under prudent person standards, as well as related investment management experience.
- (c) Qualifications and depth of the professional staff.
- (d) Soundness of the firm's investment philosophy and process.
- (e) The investment record of the firm and the firm's principals in former associations where that record is verifiable.
- (f) The adequacy of the firm's trading, back office, accounting and reporting, and client servicing capabilities; and
- (g) Fees.

Requirements may differ based on the investment mandate recommended by FPIF's investment staff and Consultant. The establishment of these criteria shall not be used to bar or prevent any qualified Investment Adviser from responding to a competitive proposal process.

#### **6-5.5 Emerging Investment Managers**



If in any case an Emerging Investment Manager meets criteria established by FPIF and Consultant for a specific competitive search (if a Consultant is utilized), the Emerging Investment Manager shall receive an invitation by FPIF, or FPIF's Investment Policy Committee and/or Emerging Manager Committee, to present the firm(s) for final consideration. In the case where multiple Emerging Investment Managers meet the search criteria, FPIF's investment staff may choose the most qualified firm or firms to present to the Board.

#### 6-5.6 Contract Terms

- (a) **Maximum Term.** FPIF shall not enter into a contract with a Consultant that exceeds five years in duration. No contract to provide consulting services may be renewed or extended. At the end of the term of the contract, the Consultant is eligible to compete for a new contract. FPIF shall not attempt to avoid or contravene this restriction by any means.
- (b) **Other Contract Terms.** Investment Services provided by a Consultant or Investment Adviser shall be rendered pursuant to a written contract between the Consultant and FPIF. The contract must include the following terms, among others:
  - (i) Acknowledgement in writing by the Consultant or Investment Adviser that the firm is a fiduciary with respect to FPIF.
  - (ii) The description of FPIF's investment policy and notice that the policy is subject to change.
  - (iii) Full disclosure of direct and indirect fees, commissions, penalties and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Consultant or Investment Adviser in connection with the provision of services to FPIF and a requirement that the Consultant or Investment Adviser update the disclosure promptly after a modification of those payments or an additional payment. The disclosures shall include the date and amount of each payment and the name and address of each recipient of a payment.
  - (iv) A requirement that the Consultant or Investment Adviser, in conjunction with FPIF's investment staff, submit periodic written reports, on at least a quarterly basis, for FPIF's review at its regularly scheduled meetings. All returns on investments shall be reported as net returns after payment of all fees, commissions and any other compensation.
  - (v) Disclosure of the names and addresses of (1) the Consultant or Investment Adviser; (2) any entity that is a parent of, or owns a controlling interest in, the Consultant or Investment Adviser; (3) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Consultant or Investment Adviser; (4) any persons who have an ownership or distributive income share in the Consultant or Investment Adviser that is in excess of 7.5%; or (5) serves as an executive officer of the Consultant or Investment Adviser.
  - (vi) A disclosure of the names and addresses of all subcontractors, if applicable, and the expected amount of money each will receive under the contract,

including an acknowledgement that the Consultant or Investment Adviser must promptly make notification, in writing, if at any time during the term of the contract a contractor adds or changes any subcontractors. For purposes of this paragraph (vi), "subcontractor" 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 FPIF has no direct contractual relationship with the Investment Advisers or partnerships.

- (vii) A description of the Investment Service(s) to be performed.
- (viii) A description of the need for the Investment Service(s).
- (ix) A description of the plan for post-performance review.
- (x) A description of the qualifications necessary.
- (xi) The duration of the contract.
- (xii) The method for charging and measuring cost.

These contract terms are subject to change based on amendments to the Pension Code.

- (c) **Power of Attorney for OCIOs.** A Consultant, Investment Adviser, or Investment Manager may be granted a limited power-of-attorney to execute investment agreements and other documents on behalf of FPIF if necessary or appropriate for its investment mandate, such as where an Investment Adviser has been retained to exercise discretionary investment authority over a portion of FPIF's portfolio. The terms of such a grant shall be defined in an agreement between that service provider and FPIF and shall comply with any legal limitations applicable to FPIF. The Executive Director may execute such an agreement on behalf of FPIF in consultation of FPIF's legal counsel.

## Chapter 7. Transparency

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Section 7-2 shall be amended as follows:

**7-2** ~~{Reserved for FOIA Policy}~~

FPIF shall comply with the Illinois Freedom of Information Act. The FPIF website shall include information useful to the public for submitting requests to FPIF for copies of records.

Section 7-3 shall be amended as follows:

**7-3** ~~{Reserved for~~ **Records Retention** ~~Policy}~~

The Board shall adopt and update from time to time a record retention policy that complies with applicable law and best practices for institutions of similar purposes. The policy shall specify the minimum period of time for which categories of records shall be preserved.

## Chapter 8. Transition of Assets

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Chapter 8 shall be amended as follows:

### ~~TRANSFER OF ASSETS – NOTICE OF THE TRANSFER DATE~~CONCLUSION OF TRANSITION PERIOD

#### ~~8-1.8. Notice~~

~~When FPIF is prepared to receive assets from any Pension Fund, the Executive Director of FPIF shall send written notice, pursuant to Section 8-9, to the Authorized Agents of the Pension Fund of FPIF's intent to assume fiduciary control of the Pension Fund's assets.~~

~~Such written notice shall be sent no fewer than 30 calendar days prior to the Transfer Date. FPIF shall file a copy of the written notice with the Department of Insurance.~~

~~On or after the date FPIF sends written notice, FPIF shall communicate that the notice has been sent to each of the Pension Fund's Authorized Agents.~~

#### ~~8-1.9. Components of Notice~~

~~The written notice shall include (i) the Transfer Date; (ii) a copy of this Chapter; (iii) a resolution provided by FPIF that includes authorizations necessary for the administration of the transfer of assets to FPIF; (v) a Transferal Form to be executed and shared with any entity with fiduciary control of any portion of the Pension Fund's assets; and (vi) other materials necessary for the administration of the transfer of assets.~~

#### 1-1.1. ~~8-2. DETERMINATION~~Conclusion of Transition ~~ORDER~~Period

The Transition Period concluded June 30, 2022.

#### 1-1.2. Transfers after Conclusion of Transition

~~FPIF shall determine a Transition Order by utilizing the following criteria that is listed in order of importance:~~

- ~~(a) Fiscal Year End. FPIF shall attempt to limit disruption to each Pension Fund's end of plan year reporting by attempting to reasonably maximize the amount of time between a Pension Fund's Transfer Date and its next Fiscal Year End.~~
- ~~(b) Prior Custodian. FPIF shall attempt to maximize operational efficiencies by reasonably assigning Pension Funds with shared custodians and Fiscal Year Ends the same Transfer Date.~~
- ~~(c) Amount of Assets. FPIF shall limit portfolio trading costs by ensuring that sufficient amounts of assets are included in each Transfer Date.~~

~~Financial and fiduciary prudence dictates no fewer than three tranches of Transfer Dates in order to limit operational risk.~~

#### ~~8-3. CERTIFIED INVESTMENT ASSET LISTS~~

### **8-3.8. Audit of Assets**

~~FPIF, in cooperation with the Department of Insurance, shall audit the Investment Assets of each Pension Fund to determine a Certified Investment Asset List. FPIF shall engage a certified public accountant and utilize an Agreed Upon Procedures engagement to complete the Certified Investment Asset List. FPIF shall be responsible for payment of the costs and expenses associated with determining the Certified Investment Asset List.~~

### **8-3.9. Components of Certified Asset List**

~~The Certified Investment Asset List shall include all reserves, funds, assets, securities, and moneys of the Pension Fund, minus (i) any amounts of cash held by the Pension Fund in a local account or money market fund to pay its benefit payments and other reasonable expenses and (ii) any assets included on a Non-Transferable Asset List. Each Certified Investment Asset List shall, at a minimum, include for each investment the name, a unique identifier such as a CUSIP Code, the number of shares or units, the fair market value per share or per unit, and the total fair market value.~~

### **8-3.10. Notice**

~~Upon determination of a Certified Investment Asset List for any Pension Fund, FPIF and the Department of Insurance shall send written notice, pursuant to Section 8-9, of the Certified Investment Asset List to the Pension Fund. FPIF shall, within 10 business days, or as soon thereafter as may be practicable, in accordance with FPIF Rules, initiate the transfer of assets from the Pension Fund.~~

### **8-3.11. Variances**

~~If a variance is discovered on a Certified Investment Asset List before the Transfer Date, a second Certified Investment Asset List shall be determined for the Pension Fund consistent with this Section 8-3, and FPIF and the Department of Insurance shall send written notice, pursuant to Section 8-9, of the second Certified Investment Asset List to the Pension Fund.~~

### **8-3.12. No Purchase or Sale**

~~Chapter 2. A Pension Fund in receipt of a Certified Investment Asset List provided by FPIF and the Department of Insurance shall not purchase assets or sell any assets on the Certified Investment Asset List.~~

### **8-3.13. Amendment of List**

~~In the event that a Non-Transferable Asset is included on a Certified Investment Asset List, FPIF reserves the right to amend a Certified Investment Asset List and reassign the Non-Transferable Asset to a Non-Transferable Asset List. Upon the amendment of a Certified Investment Asset List that reassigns a Non-Transferable Asset to a Non-Transferable Asset List, FPIF shall send written notice, pursuant to Section 8-9, of the amendment to the Pension Fund.~~

## **8-4. NON-TRANSFERABLE ASSET LIST**

### **8-4.8. Determination**

On and after July 15, 2022, FPIF shall, ~~when determining the Certified~~ not accept the transfer of any Investment Asset List ~~of from~~ a Pension Fund, ~~determine if a Pension Fund has Non-Transferable Assets.~~

#### **2-1.8. Cash Contributions after Conclusion of Transition**

Beginning July 15, 2022, FPIF shall only accept cash contributions from Pension Funds made in accordance with Chapter 9.

~~Any asset determined to be a Non-Transferable Asset shall be included on a Non-Transferrable Asset List. Upon determination of a Non-Transferable Asset List for any Pension Fund, FPIF shall send written notice, pursuant to Section 8-9, of the Non-Transferable Asset List to the Pension Fund.~~

#### **~~8-4.9. No Transfer~~**

~~Assets contained on the Non-Transferable Asset List will not be transferred to the FPIF on the Pension Fund's Transfer Date. Those assets will continue to be held by the Pension Fund until FPIF determines a prudent method for transferring such assets to the FPIF.~~

#### **~~8-5. WRITTEN NOTICE OF THE CERTIFIED PUBLIC ACCOUNTANT~~**

~~No fewer than 30 calendar days prior to the Transfer Date, FPIF shall send written notice, pursuant to Section 8-9, to the Authorized Agents of the Pension Fund of the name of the certified public accountant who will determine the Pension Fund's Certified Investment Asset List.~~

~~FPIF shall file a copy of the written notice with the Department of Insurance.~~

#### **~~8-6. OBLIGATIONS OF PENSION FUNDS~~**

##### **~~8-6.8. Responsibility~~**

~~Each Pension Fund shall have sole fiduciary and statutory responsibility for the management of its assets included on the Certified Investment Asset List until 8:30 AM central time on the Transfer Date. At 8:30 AM central time on the Transfer Date, statutory and fiduciary responsibility for the investment of the Pension Fund's assets included on the Certified Investment Asset List shall shift exclusively to FPIF, and the Pension Fund shall not seek to exercise any control over the assets.~~

##### **~~8-6.9. Notice of Transfer Date~~**

~~Upon receipt of the written notice of the Transfer Date, the Pension Fund shall send prompt written notice of the Transfer Date to its custodian and any other entity with fiduciary control of any portion of its assets. The Pension Fund shall forward a copy of FPIF's written notice to any entity with fiduciary control of any portion of its assets and shall instruct such entities that FPIF will assume fiduciary control of its assets at 8:30 AM central time on the Transfer Date. The Pension Fund shall copy the FPIF Executive Director on each written notice of the Transfer Date delivered to its custodian and any other entity with fiduciary control of any portion of its assets.~~

##### **~~8-6.10. Authorization~~**

~~Each Pension Fund shall consider and approve a resolution provided by FPIF that includes authorizations necessary for the administration of the transfer of assets to FPIF no later than sixty calendar days prior to the Pension Fund's Transfer Date. Each Pension Fund, upon the adoption of the resolution, shall execute the Transferal Form provided by FPIF and forward a copy of the Transferal Form to any entity with fiduciary control of any portion of its assets. The Pension Fund shall copy the FPIF Executive Director on each notice of the Transferal Form delivered to its custodian and any other entity with fiduciary control of any portion of its assets.~~

**2-2. ~~8-6.11. Notice Regarding Certified~~Participating Pension Fund Investment Asset List~~Assets~~**

~~Upon receipt of the written notice of the certified public accountant, the Pension Fund shall promptly notify its custodian and any other entity with fiduciary control of any portion of its assets of the certified public accountant that will determine the Certified Investment Asset List. The Pension Fund shall instruct its treasurer, its custodian, and any other entity with fiduciary control of any portion of its assets to assist the certified public accountant in determining the Certified Investment Asset List. The Pension Fund shall copy the FPIF Executive Director on each written notice of the certified public accountant delivered to its custodian and any other entity with fiduciary control of any portion of its assets.~~

No Participating Pension Fund shall manage or control any investment asset, unless the asset has been included on a Non-Transferable Asset List prepared by FPIF.

**2-3. ~~8-6.12. Responsibility for Non-Transferable Assets~~**

Each Participating Pension Fund shall have sole fiduciary and statutory responsibility for the management of its assets included on the Non-Transferable Asset List ~~until such time as FPIF determines prudent method for transferring such assets to the FPIF. If, Whenever a Non-Transferable Asset matures or liquidates while on the Non-Transferable Asset List the, the Participating Pension Fund shall transfer the proceeds to either to its cash account or to the FPIF in accordance with the FPIF Cash Management PolicyChapter 9.~~ Under no circumstances are any such proceeds to be reinvested by the Participating Pension Fund.

**2-4. ~~8-6.13. Assistance Regarding~~Reporting of Non-Transferable Assets**

~~Each Pension Fund in receipt of a Non-Transferable Asset List shall take all reasonable steps to assist FPIF in converting Non-Transferrable Assets to transferrable assets and shall insure that all information on Non-Transferable Assets requested by FPIF or its agents be made available to FPIF.~~

**~~8-7. TRANSFER OF ASSETS & RECEIPT OF TRANSFER~~**

~~FPIF shall initiate the transfer of assets from a Pension Fund in receipt of a Certified Investment Asset List on the Pension Fund's Transfer Date.~~

~~FPIF shall provide a receipt for the transfer to the Pension Fund within 30 days of the Transfer Date by written notice pursuant to Section 8-9.~~

**~~8-8. TRANSFER OF ASSETS ON NON-TRANSFERABLE ASSET LIST~~**

~~FPIF shall seek to prudently move Non-Transferable Assets to a Certified Investment Asset List and prudently transfer such assets to FPIF.~~

~~Upon determination that an asset on a Non-Transferrable Asset List is transferable, FPIF shall:~~

- ~~(a) Provide the Pension Fund with notice of the Transfer Date in accordance with Section 8-1;~~
- ~~(b) Determine a Certified Investment Asset List in accordance with Section 8-3; and~~
- ~~(c) Transfer the asset in accordance with Section 8-7.~~

~~FPIF shall take all reasonable steps to transfer all assets from all Pension Funds to the FPIF in advance of the June 30, 2022 deadline to transfer assets prescribed by Section 22C-120 of the Pension Code.~~

~~FPIF reserves the right to delay transfer assets included on a Non-Transferable List beyond the June 30, 2022 statutory deadline if financial and fiduciary prudence dictates the delay.~~

~~FPIF shall take all reasonable steps to monitor assets on Non-Transferable Asset Lists. The Executive Director~~FPIF staff ~~shall make quarterly~~bi-annual ~~reports to the Investments and Operations Committee regarding the status of such assets and progress around~~toward ~~transferring such assets to FPIF.~~

## **8-9. TRANSFER NOTICES**

~~Unless otherwise provided, all written notices required by this Chapter shall be sent by either facsimile or electronic mail (requesting delivery confirmation) and at least one of the following methods: U.S. First-Class Mail, U.S. Priority Mail Express, U.S. Certified Mail (return receipt requested), or a third-party delivery service.~~

~~Such notices shall be deemed received: (1) if sent by facsimile, on the date that the sender's fax machine confirms that the transmission was successful; (2) if sent by electronic mail, the date the sender receives an acknowledgment that the message was delivered; (3) if sent by U.S. First-Class Mail, then three days after deposit in the U.S. Mail by the sender; (4) if sent by U.S. Priority Mail Express, U.S. Certified Mail (return receipt requested), or a third-party delivery service, then the date of actual delivery.~~

~~A notice deemed received by an Authorized Agent(s) shall constitute delivery to the Pension Fund.~~

## **8-10. AMENDMENT OF TRANSFER DATE**

~~FPIF reserves the right to amend and delay the Transfer Date of a Pension Fund in the event that financial and fiduciary prudence dictates a delay in the transfer of assets. If financial and fiduciary prudence dictates a delay in the transfer of assets, FPIF shall send written notice, pursuant to Section 8-9, to the Authorized Agents of the Pension Fund.~~

## **8-11. CONCLUSION OF TRANSITION PERIOD**

### **8-11.8. Conclusion of Transition Period**

~~The Transition Period shall conclude on June 30, 2022.~~



#### **~~8-11.9. Transfers after Conclusion of Transition~~**

~~On and after July 15, 2022, FPIF shall not accept the transfer of any Investment Asset from a Pension Fund, unless (i) the asset is included on a Non-Transferable Asset List determined by FPIF and (ii) the asset is being transferred pursuant to Section 8-8.~~

#### **~~8-11.10. Cash Contributions after Conclusion of Transition~~**

~~Beginning July 15, 2022, FPIF shall only accept cash contributions from Pension Funds made in accordance with the FPIF Cash Management Policy, unless an Investment Asset is being transferred pursuant to Section 8-8.~~

#### **~~8-11.11. Notice of Conclusion of Transition~~**

~~The Executive Director of FPIF shall send written notice, pursuant to Section 8-9 of this Rule, to the Authorized Agents of all pensions funds established by Article 4 of the Pension Code to notify them of the conclusion of the transition period.~~

#### **~~8-12. CONFLICTS REGARDING TRANSFERS OF ASSETS~~**

~~In the event of any conflict between this Chapter and the provisions of Article 22C of the Pension Code, the latter shall prevail.~~