

PENSION POINTERS



FPIF Continues to Progress Toward Asset Transition, Despite Litigation

By Carolyn Welch Clifford
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Although the statutory asset transition deadline is not until June 30, 2022, the Firefighters' Pension Investment Fund of Illinois (FPIF) continues to make strides to initiate and complete the transition of assets from all 296 Article 4 firefighter pension funds before the end of 2021. Below are details regarding the FPIF's new hires, policies and rules, as well as the pending litigation against the fund which seeks to derail consolidation.

Policy and Rule Making

The Board has adopted a process for the consideration of rules, which includes posting a draft rule on its website under "Pending Rules" for at least four weeks prior to the rule's adoption. A "First Public Notice" of a draft rule will be posted on the FPIF website at least two weeks in advance of the committee meeting at which the rule is being considered. If a committee approves the draft rule, a "Second Public Notice" will be posted two weeks prior to a final approval by the full Board. FPIF encourages public comment on its draft rules, which should be submitted by email to information@ifpif.org.

Approved Rule

Rule 2021-01 Appointment of Authorized Agent was approved at the Board's March 19, 2021 meeting. Each Article 4 Pension Fund is to appoint by resolution two Authorized Agents who will have certain powers and duties that involve communications and authorizations on behalf of its fund with FPIF. If an Article 4 Pension Fund does not appoint

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agents, its President and Secretary will be deemed to be the Authorized Agents.

An appointment resolution should be on the agenda and approved by each Article 4 Pension Fund at one of its next meetings.

Pending Rules and Policies

Draft Rule 2021-02 Transfer of Assets has been posted on the FPIF website under First Public Notice as of March 17, 2021. The draft rule outlines the process by which FPIF will provide written notice of Transfer Dates, determine Certified Asset Lists, initiate Transfer of Assets, and provide a Receipt of Transfer.

Draft Cash Management Policy has been posted on the FPIF website under First Public Notice as of March 17, 2021. This policy addresses the procedures and best practices for the financial transactions between the Article 4 Participating Pension Funds and FPIF after the transfer of assets. Given the high level of interest that trustees have expressed on how the process will work for securing the assets to meet monthly benefit obligations, as well as expectations for transferring excess funds to FPIF for investment, Article 4 trustees should review this policy carefully

and provide comments to FPIF during this notice period.

Custodial and Transition Services

FPIF has selected **Northern Trust**, headquartered in Chicago, to provide custodial banking services and perform key transition services. In addition, FPIF selected five transition management firms for the transition period and future complex portfolio transactions. In addition to Northern Trust, the firms are BlackRock Institutional Trust Company, Loop Capital Markets, Macquarie Group, and Russell Investments Implementation Services.

Asset Transition Plan

On March 19, 2021, the FPIF approved the Asset Transition Plan. According to the Executive Director's summary:

- **October 1, 2021 is the starting date for the transitions of assets.**
- The transition will occur in multiple phases, with a goal to complete the transition of all 296 Article 4 funds' assets by December 31, 2021.

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- By statute, each Article 4 fund must be officially notified of its transfer date no less than thirty (30) days prior to the transfer date. FPIF's plan is to notify each Article 4 fund well in advance of the thirty-day minimum.
- The FPIF Board will be considering and approving additional rules to conduct the transition of assets, in accordance with its policy providing for public comment periods prior to final Board action.

Notifications

The FPIF Board is committed to aggressively notifying Article 4 funds and related municipalities of the process and developments, through its website, email, phone calls, conventional mail, meetings, associations, and video conferencing.

- **Website:** www.ifpif.org
- **E-Mail Updates:** By subscribing at FPIF's website, you will receive regular

updates on new or proposed rules, and other activities of the Board.

- **Board Meetings:** Mark your calendars for the rest of the 2021 regular Board meetings, which you can observe remotely by video conference: April 16, June 18, August 20, October 15, and December 17 at 9:00 a.m.
- **Questions/Comments:** Questions or comments on any FPIF matter or pending rules and policies should be directed to information@ifpif.org.

Pending Litigation

On February 23, 2021, a complaint for declaratory, injunctive and other relief was filed against Governor Pritzker, the two new consolidated pension investment funds and others by eighteen police and firefighter pension funds, as well as individual active and retired members of these funds, in Kane County.

- **Arlington Heights PPF et al. v. Pritzker et al., 21-CH-000055**, was filed on behalf of the plaintiffs by attorneys from Konicek & Dillion,

PC, a law firm in Geneva, Illinois. The 22-page complaint states that the plaintiffs have filed this action "to protect against the unconstitutional infringement of their rights by the Governor and General Assembly of the State of Illinois." The three-count complaint is based on violations of the Pension Protection Clause, the Contracts Clause and the Takings Clause of the Illinois Constitution.

At this time, no motions have been filed or dates set for any additional actions, other than a routine case management conference for June 11, 2021 before Judge Kevin T. Busch. ■



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