

**ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 19-11
NOVEMBER 22, 2019**

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 19-11

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m. November 22, 2019 in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Mr. Wallace presided as Chair and called the meeting to order.

Ms. Enright took the roll:

Present: Wallace, Williams, Copper, Henry, Kuehne, Miller
Absent: Stanish

Ms. Becker-Wold from Callan Associates, Messrs. Murphy and Pieterse from Gabriel Roeder Smith and Company, Mr. Fein from UniteHere and Mr. Lauzen from Kane County were also present.

(19-11-01) (Public Comments) Mr. Fein from UniteHere Local 11 gave testimony regarding concerns with property owned and operated by a real estate firm in which IMRF is an investor.

(19-11-02) (Gabriel Roeder Smith & Company - Funding Policy)
Messrs. Murphy and Pieterse from Gabriel Roeder Smith & Company (GRS) presented an overview of IMRF's funding policy, noting no adjustments are currently recommended.

Mr. Murphy reported that IMRF's funding policy is appropriate and has been instrumental in the Fund achieving an actuarial funding status of 90%, which compares well to other public pension funds across the country.

Questions and discussion followed.

(19-11-03) (3rd Quarter Investment Performance Report) Ms. Becker-Wold from Callan Associates presented an evaluation of IMRF's investment performance for the period ending September 30, 2019.

Questions and discussion followed.

(19-11-04) (Investment Manager Activities - Callan Associates) Ms. Becker-Wold of Callan Associates presented the following report to the Board on the activities of IMRF's investment managers for the month of October 2019:



Monthly Performance Review

October 2019

Janet Becker-Wold, CFA
Senior Vice President

Brady O'Connell, CFA, CAIA
Senior Vice President

IMRF Performance Highlights

11/22/2019

October 2019

- The market value of the Total Fund was \$43.29 billion at the end of October, an increase of \$623.3 million from the prior month.
- The Fund returned 1.71% during the month, leading the 1.59% return of its benchmark.
- All asset classes were within their targeted ranges outlined in the investment policy statement.
- The Domestic Equity allocation modestly trailed its benchmark for the month while the International Equity allocation outperformed.
 - The IMRF Domestic Equity composite returned 2.12% relative to the 2.15% return of the Russell 3000 Index.
 - The large cap component returned 2.20% (Russell 1000 Index: +2.12%).
 - The small cap component returned 2.32% (Russell 2000 Index: +2.63%).
 - The IMRF International Equity composite returned 3.54% (MSCI ACWI ex-U.S. Index: +3.49%).
- The Fixed Income composite returned 0.30%, falling in line with the Bloomberg Aggregate Index.

Page 269267

Economic Overview

11/22/2019

October 2019


- The “advance” estimate of third quarter GDP growth showed an annualized rate of 1.9%. In the second quarter, GDP increased 2.0%.
- Headline CPI rose 0.4% (seasonally adjusted) in October and Core CPI, which excludes food and energy prices, advanced 0.2%. Over the last 12 months, Headline CPI was 1.8% while Core CPI was 2.3%.
- Non-farm payroll growth was below average for October.
 - 128,000 jobs were added in October, below the 2019 monthly average of 167,000.
 - The unemployment rate rose 0.1% to 3.6% in October.
- Domestic equities rose in October (Russell 3000 Index: +2.15%).
 - Growth outperformed value.
- International equities had positive returns for the month (MSCI ACWI ex-U.S. Index: +3.49%).
- Rates fell across the shorter-term maturities of the yield curve in October with modest increases to longer-term maturities.
 - Bloomberg Aggregate Index (+0.30%) posted positive returns for the month. The index has returned 11.51% for the trailing year.
 - The yield on the 10-year Treasury ended October at 1.69%, a 0.01% increase from the September month-end figure of 1.68%.

Page 269268

Market Overview – Broad Market Index Returns

11/22/2019

**Periodic Table of Investment Returns
for Periods Ended October 31, 2019**



Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI ex US 3.5%	Russell:1000 Index 23.1%	Russell:1000 Index 14.2%	Russell:1000 Index 14.7%	Russell:1000 Index 10.5%	Russell:1000 Index 13.7%
Russell:2000 Index 2.6%	Russell:3000 Index 22.7%	Russell:3000 Index 13.5%	Russell:3000 Index 14.5%	Russell:3000 Index 10.3%	Russell:3000 Index 13.6%
Russell:3000 Index 2.2%	Russell:2000 Index 17.2%	Bimbg:Aggregate 11.5%	Russell:2000 Index 11.0%	Russell:2000 Index 7.4%	Russell:2000 Index 12.3%
Russell:1000 Index 2.1%	MSCI:ACWI ex US 15.5%	MSCI:ACWI ex US 11.3%	MSCI:ACWI ex US 8.1%	MSCI:ACWI ex US 3.8%	MSCI:ACWI ex US 4.9%
Bimbg:Aggregate 0.3%	Bimbg:Aggregate 8.8%	Russell:2000 Index 4.9%	Bimbg:Aggregate 3.3%	Bimbg:Aggregate 3.2%	Bimbg:Aggregate 3.7%

Page 269269

Market Overview – U.S. Equity Returns

11/22/2019

Returns for Periods Ended October 31, 2019

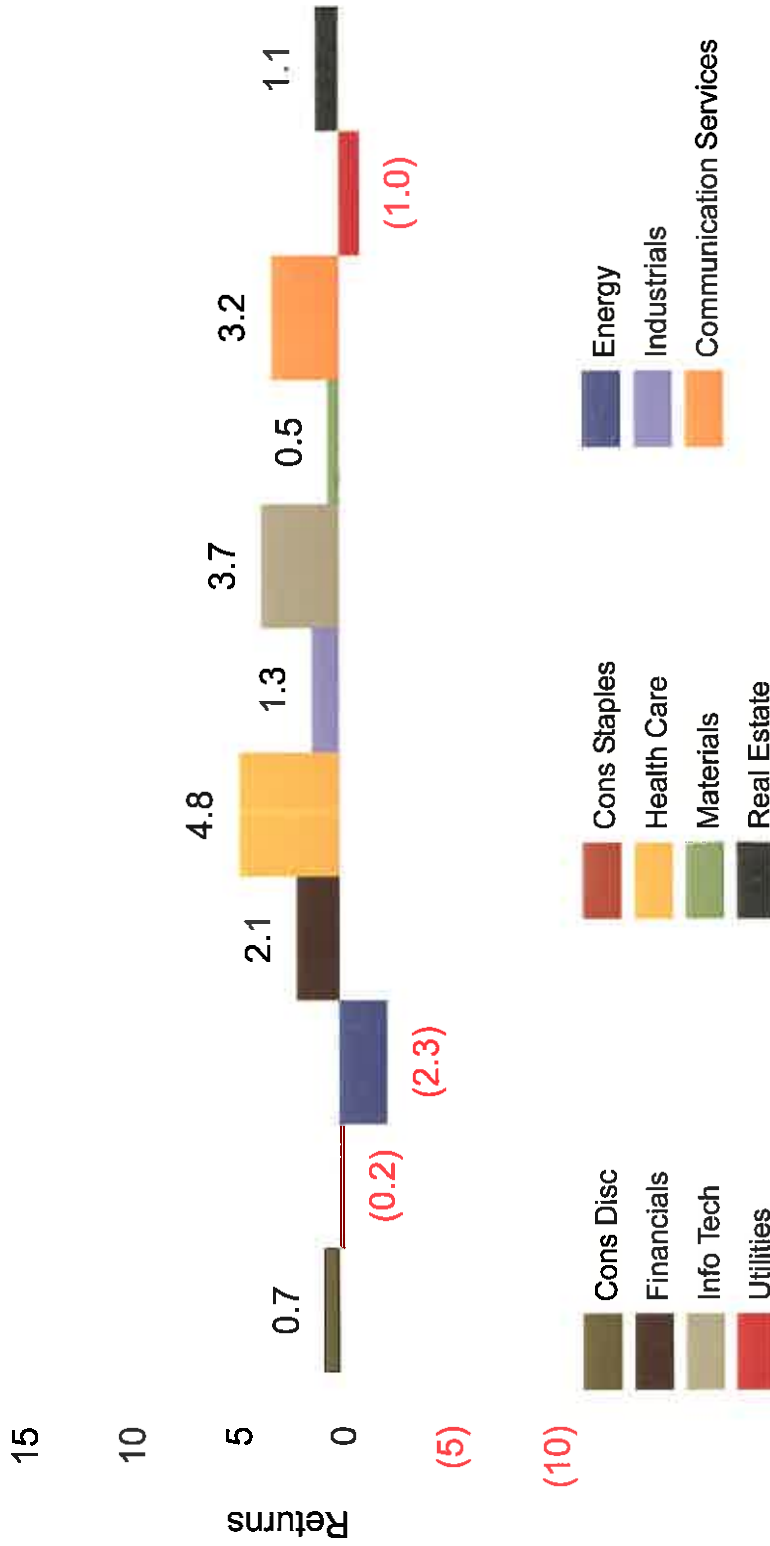
Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell:3000 Index	2.15	22.68	13.49	14.47	10.31	13.62
S&P:500	2.17	23.16	14.33	14.91	10.78	13.70
Russell:1000 Index	2.12	23.09	14.15	14.73	10.55	13.72
Russell:1000 Growth	2.82	26.77	17.10	18.92	13.43	15.41
Russell:1000 Value	1.40	19.46	11.21	10.51	7.61	11.96
Russell:Midcap Index	1.05	23.21	13.72	12.28	8.67	13.70
Russell:2000 Index	2.63	17.18	4.90	10.96	7.37	12.27
Russell:2000 Growth	2.85	18.62	6.40	13.22	8.38	13.38
Russell:2000 Value	2.42	15.55	3.22	8.60	6.24	11.08

Page 269270

Market Overview – U.S. Equity Sector Returns

11/22/2019

Russell 3000 Sector Returns for 1 Month Ended October 31, 2019



Market Overview – Non-U.S. Equity Returns

11/22/2019

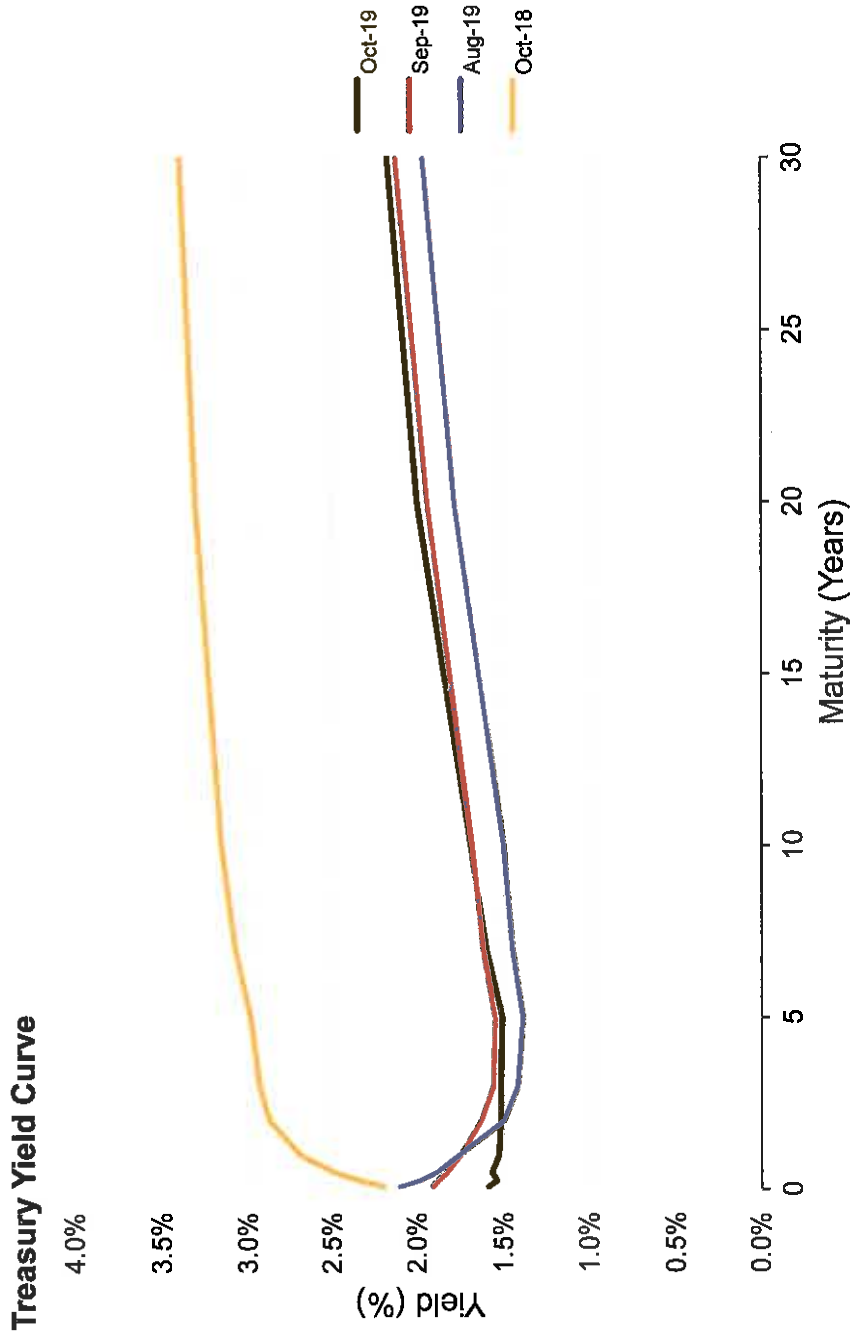
Returns for Periods Ended October 31, 2019

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI ex US	3.49	15.45	11.27	8.08	3.82	4.94
MSCI:ACWIxUS Growth Gross	3.65	20.86	17.12	10.32	6.08	6.61
MSCI:ACWIxUS Val Gross	3.35	11.14	6.64	6.84	2.49	4.19
MSCI:EAFE	3.59	16.86	11.04	8.48	4.31	5.41
MSCI:EAFE Hedged Net	1.89	20.04	13.22	10.59	7.72	8.15
MSCI:EM	4.22	10.36	11.87	7.36	2.94	3.79
MSCI:ACWI ex US Small Cap	4.05	14.75	8.77	6.98	5.31	6.67
Regional Returns						
MSCI:Europe	3.21	17.37	10.90	8.89	3.58	5.07
MSCI:Japan	4.85	16.51	9.16	7.44	6.90	6.28
MSCI:Pacific ex Japan	3.01	15.26	16.29	8.95	3.84	6.01
MSCI:EM Europe Gross	6.61	25.97	25.53	13.62	3.53	1.72
MSCI:Latin Am Free Gross	4.46	11.34	8.11	5.37	0.44	0.08
MSCI:EM Asia Gross	4.49	11.05	13.16	8.79	5.06	6.12

Page 269272

Market Overview – U.S. Treasury Yield Curve

11/22/2019



Page 269273

Market Overview – U.S. Fixed Income Returns

11/22/2019

Returns for Periods Ended October 31, 2019

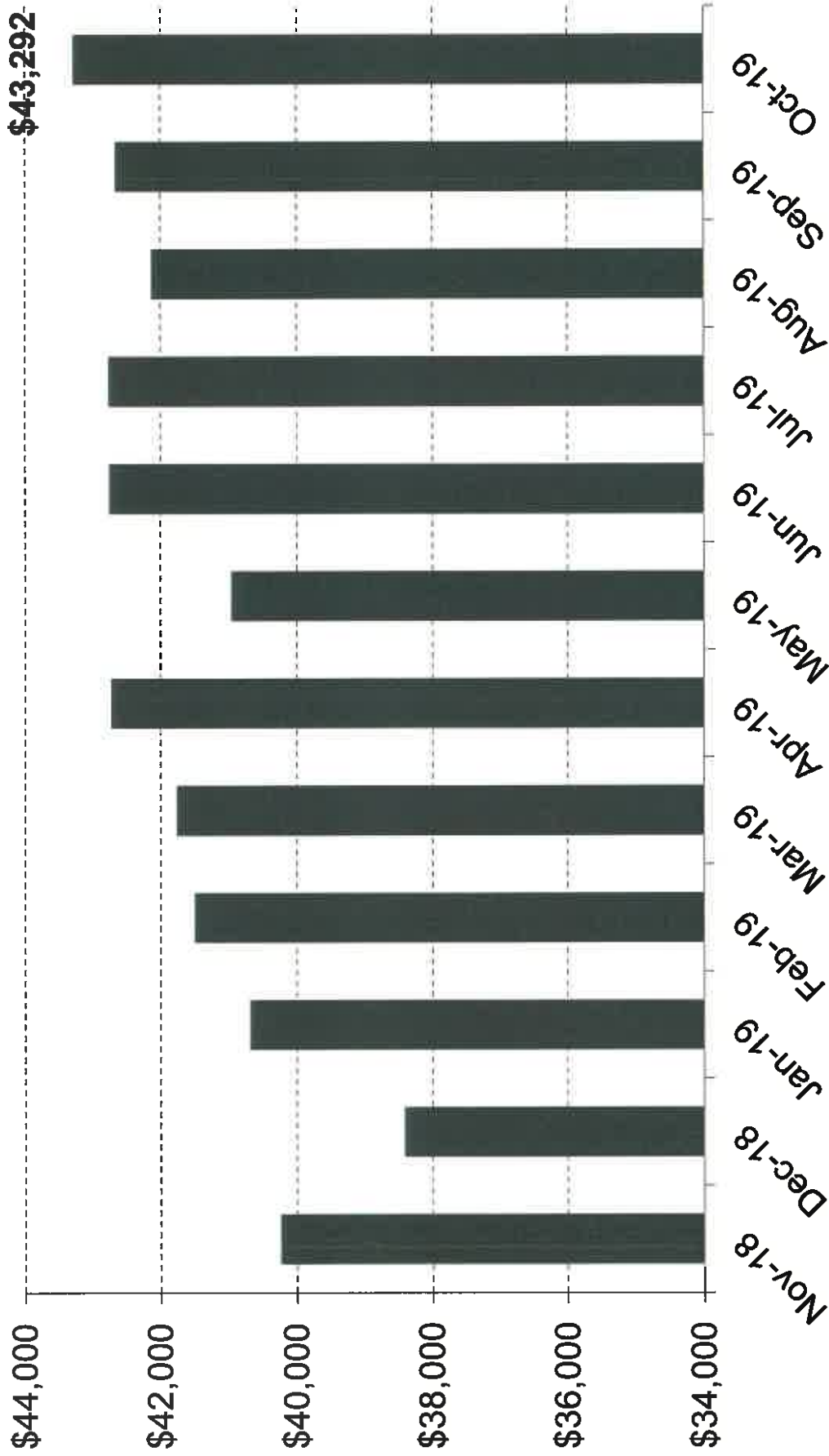
Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
BImbg:Aggregate	0.30	8.85	11.51	3.29	3.24	3.73
BImbg:Government	0.07	7.74	10.99	2.66	2.72	3.01
BImbg:Credit	0.57	13.26	14.88	4.83	4.43	5.32
BImbg:MBS	0.35	5.97	8.87	2.53	2.67	3.10
BImbg:TIPS	0.26	7.85	8.96	2.44	2.33	3.36
3 Month T-Bill	0.19	2.01	2.40	1.60	1.02	0.56
ML:HY Corp Cash Pay	0.24	11.78	8.36	6.04	5.17	7.66
CS:Leveraged Loan	(0.49)	5.87	2.61	4.24	3.95	5.20
JPM:EMBI Global	0.37	12.50	13.69	4.48	4.83	6.54
JPM:GBI-EM Global Divsfd	2.90	10.98	15.59	4.34	0.82	2.67
JPM:CEMBI Diversified	0.82	12.14	12.81	5.44	5.34	6.71

Page 269274

IMRF Last 12 Month-End Asset Balances (\$ millions)

11/22/2019

Period ending October 31, 2019

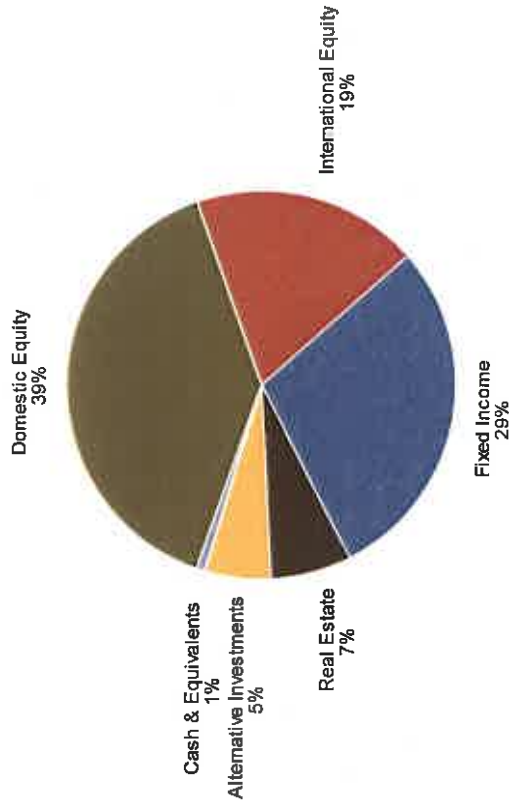


Asset Distribution

Period ending October 31, 2019

11/22/2019

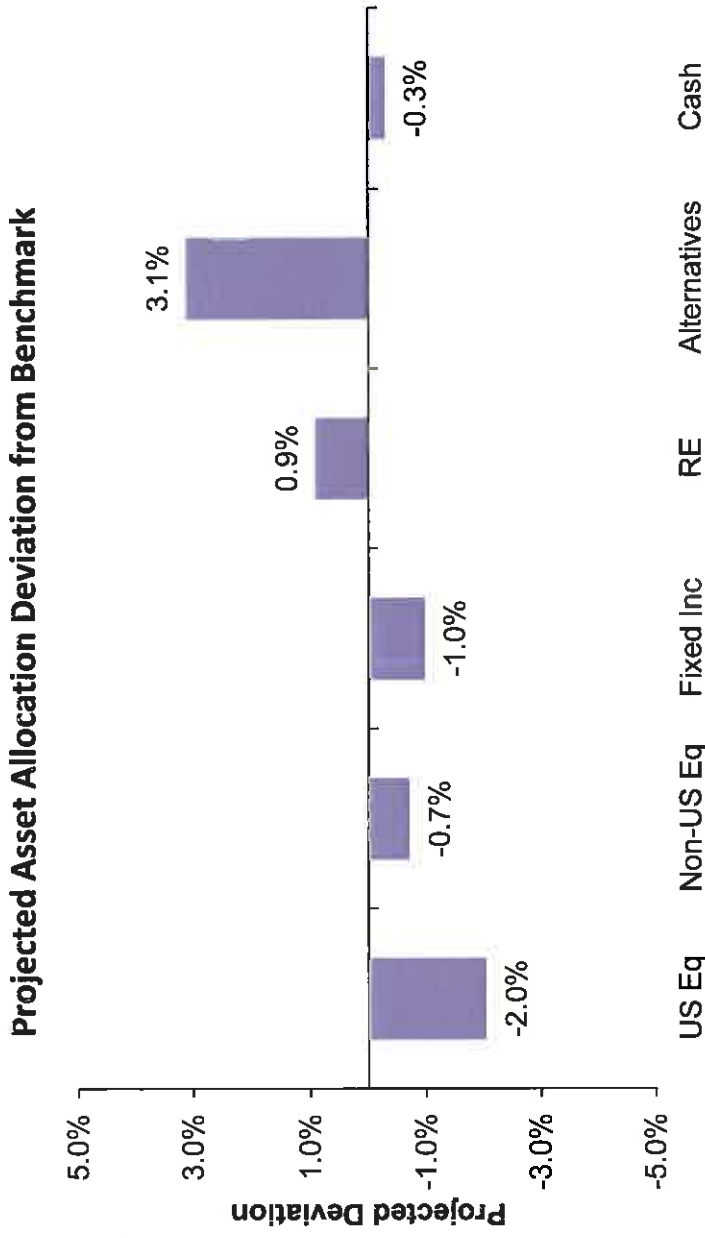
Actual Asset Allocation



Asset Class	\$Millions Actual	Percent Actual	Percent Target	Percent Difference	\$Millions Difference
Domestic Equity	16,999	39.3%	37.0%	2.3%	981
International Equity	8,140	18.8%	18.0%	0.8%	347
Fixed Income	12,594	29.1%	28.0%	1.1%	472
Real Estate	2,898	6.7%	9.0%	(2.3%)	(998)
Alternative Investments	2,357	5.4%	7.0%	(1.6%)	(673)
Cash & Equivalents	304	0.7%	1.0%	(0.3%)	(129)
Total	43,292	100.0%	100.0%		

Projected Deviation from Benchmark

Period ending October 31, 2019



- Includes committed but unfunded amounts for real estate (\$1,393.3 million) and alternatives (\$2,028.8 million). Assumes real estate and alternatives allocations are fully funded as of quarter end.
- Assumes that outstanding commitments are funded from the overweight asset classes (U.S. equity, non-U.S. equity and fixed income) in proportion to their respective overweighting relative to the target.

Asset Class Composite Returns & Total Fund Return

Periods ending October 31, 2019

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Domestic Equity	2.12%	1.01%	20.99%	11.74%
Blended Benchmark**	2.15%	1.83%	22.68%	13.49%
Domestic Equity - Net	2.11%	0.95%	20.80%	11.53%
International Equity	3.54%	3.43%	17.10%	11.88%
MSCI ACWI x US (Net)	3.49%	2.87%	15.45%	11.27%
International Equity - Net	3.52%	3.34%	16.82%	11.54%
Fixed Income	0.30%	2.10%	9.22%	10.96%
Bimbg Aggregate Index	0.30%	2.35%	8.85%	11.51%
Fixed Income - Net	0.28%	2.07%	9.11%	10.82%
Real Estate	1.18%	2.57%	8.02%	9.93%
Blended Benchmark***	0.36%	1.08%	3.45%	4.49%
Real Estate - Net	1.18%	2.57%	7.99%	9.89%
Alternative Investments	1.08%	4.07%	7.89%	13.92%
Alternatives Custom Benchmark****	0.72%	2.18%	7.45%	9.00%
Alternative Investments - Net	1.08%	4.07%	7.84%	13.85%
Private Equity	1.75%	5.18%	10.00%	16.92%
Alternatives Custom Benchmark****	0.72%	2.18%	7.45%	9.00%
Agriculture	(3.48%)	(3.46%)	(5.76%)	(2.33%)
Blended Benchmark***	0.36%	1.08%	3.45%	4.49%
Timberland	0.79%	0.55%	1.25%	0.63%
Blended Benchmark***	0.36%	1.08%	3.45%	4.49%
Unlisted Infrastructure	(0.21%)	3.78%	6.59%	7.77%
Alternatives Custom Benchmark****	0.72%	2.18%	7.45%	9.00%
Total Fund	1.71%	2.04%	15.13%	11.42%
Total Fund - Net	1.70%	1.99%	14.97%	11.22%
Total Fund Benchmark	1.59%	+0.11%	14.56%	11.68%
				Excess Return Net of Fees
				-0.46%

See full Monthly Performance report for explanation of notes. Performance for Alternatives and Real Estate are preliminary.

Questions and discussion followed.

(19-11-05) (Recognition of Service - Sharon U. Thompson) Members of the Board of Trustees honored Sharon U. Thompson, Annuitant Trustee on the IMRF Board of Trustees, who passed away on October 3, 2019 with the following Resolution of Appreciation:

WHEREAS, Sharon U. Thompson faithfully served 21 years on the IMRF Board of Trustees making her the second-longest tenured trustee in IMRF history, and;

WHEREAS, Sharon U. Thompson served from 1993 to 1994 as an Executive Trustee and from 2001 to 2019 as an Annuitant Trustee, and;

WHEREAS, over the course of her 21 years, Sharon U. Thompson held all Board Officer positions, including the positions of President, Vice President, and Secretary, and;

WHEREAS, Sharon U. Thompson was a chairperson for all IMRF committees including the Audit Committee, the Benefit Review Committee, the Investment Committee and the Legislative Committee, and;

WHEREAS, as one of the eight members of the IMRF Board of Trustees, Sharon U. Thompson was responsible for the administration of the IMRF pension system including the hiring and assessment of an Executive Director. Sharon worked with three Executive Directors (Robert L. Cusma, Louis W. Kosiba and Brian F. Collins) during her tenure, and;

WHEREAS, Sharon U. Thompson prudently managed IMRF's retirement assets in partnership with the seven other Trustees. During her tenure, IMRF assets grew from about \$16 billion in 2001 to more than \$40 billion today. At the time of her passing, IMRF's funded status was more than 90 percent, and;

WHEREAS, Sharon U. Thompson supported the development of the first (and subsequent) Strategic Plans for IMRF, and;

WHEREAS, Sharon U. Thompson supported the adoption of the Baldrige Criteria for Performance Excellence as IMRF's framework for our "Journey of Excellence," and encouraged active participation in the Illinois Performance Excellence (ILPEX) recognition program, in which IMRF received a Bronze Award for "Commitment to Excellence" in 2009, two Silver Awards for "Progress towards Excellence" in 2012 and 2014, a Gold Award for "Achievement of Excellence" in 2017, and a Malcolm Baldrige National Quality Award in 2019, and;

WHEREAS, Sharon U. Thompson made positive impact on the retirement security of thousands of IMRF members, and her presence will be greatly missed by IMRF Trustees, staff, members, and employers;

THEREFORE, BE IT RESOLVED, that the IMRF Board of Trustees recognizes and honors Sharon U. Thompson for her significant contributions and excellent service to the Illinois Municipal Retirement Fund.

(19-11-06) (Consent Agenda) The Chair presented an agenda consisting of a Consent Agenda. The following items remained on the Consent Agenda since no Board member asked for their removal.

Approval of Minutes

Regular Board Meeting 19-08-23

Schedules - Dated September 2019

- Schedule A - Benefit award listing of retirement, temporary disability, death benefits, and refund of employee contributions processed during the preceding calendar month under Article 7 of the Illinois Pension Code.
- Schedule B - Adjustment of Benefit Awards showing adjustments required in benefit awards and the reasons therefore.
- Schedule C - Benefit Cancellations.
- Schedule D - Expiration of Temporary Disability Benefits terminated under the provisions of Section 7-147 of the Illinois Pension Code.
- Schedule F - Benefits Terminated.
- Schedule G - Administrative Benefit Denials.
- Schedule P - Administrative Denial of Application for Past Service Credit.
- Schedule S - Prior Service Adjustments

Schedules - Dated October 2019

- Schedule A - Benefit award listing of retirement, temporary disability, death benefits, and refund of employee contributions processed during the preceding calendar month under Article 7 of the Illinois Pension Code.
- Schedule B - Adjustment of Benefit Awards showing adjustments required in benefit awards and the reasons therefore.
- Schedule C - Benefit Cancellations.
- Schedule D - Expiration of Temporary Disability Benefits terminated under the provisions of Section 7-147 of the Illinois Pension Code.

- Schedule E - Total and Permanent Disability Benefit Awards recommended by the Fund's medical consultants as provided by Section 7-150 of the Illinois Pension Code.
- Schedule F - Benefits Terminated.
- Schedule G - Administrative Benefit Denials.
- Schedule P - Administrative Denial of Application for Past Service Credit.
- Schedule R - Prior Service - New Governmental Units
- Schedule S - Prior Service Adjustments

Schedules - Dated November 2019

- Schedule A - Benefit award listing of retirement, temporary disability, death benefits, and refund of employee contributions processed during the preceding calendar month under Article 7 of the Illinois Pension Code.
- Schedule B - Adjustment of Benefit Awards showing adjustments required in benefit awards and the reasons therefore.
- Schedule C - Benefit Cancellations.
- Schedule F - Benefits Terminated.
- Schedule G - Administrative Benefit Denials.
- Schedule P - Administrative Denial of Application for Past Service Credit.
- Schedule R - Prior Service - New Governmental Units
- Schedule S - Prior Service Adjustments

The following bids were presented to the Board for approval:

Data Center Hardware Maintenance-Change Order #1
 Vendor: Sirius Computer Solutions
 Approved Change Order Amount \$11,000.00

Internet Connection Upgrade
 Approved Bidder: AT&T
 Approved Bid: \$30,739.20

LogRhythm License, Maintenance and Support Renewal
 Approved Bidder: LogRhythm, Inc.
 Approved Bid: \$56,897.99

Secondary Internet Connection
 Approved Bidder: VinaKom Communications
 Approved Bid: \$34,020.00

War Room Video Teleconference (VTC)
Approved Bidder: AVI-SPL
Approved Bid: \$61,280.47

Diesel Generator
Approved Bidder: Thermoflo, Inc.
Approved Bid: \$258,578.00

2020 Member Newsletters
Approved Bidder: Meridian Printing
Approved Bid: \$64,968.00.

Professional Services for Office 365 Migration
Approved Bidder: AvePoint Public Sector, LLC.
Approved Bid: \$95,000.00

RR Donnelley Member Statement Agreement (Single Source)
Approved Bidder: RR Donnelley
Approved Bid: \$234,607.18.

Provaliant Consulting Fees- Purchase Order
Vendor: Provaliant Retirement, LLC
Approved Purchase Order: \$1,891,200.

Three (3) Temporary SQL Developers
Approved Bidder: Banner Personnel Services, Inc.
Approved Bid: \$668,000.

Participation of New Unit of Government

Manhattan-Elwood Public Library District
Will County
2019 Rate: 7.49%
Effective Participation Date: December 1, 2019
Number of Participating Employees: 11

Participation of Townships

Maine Township
Madison County
2020 Rate: 20.22%
Effective Participation Date: January 1, 2020
Number of Participating Employees: 6

Hickory Point Township
Macon County
2020 Rate: 18.29%
Effective Participation Date: January 1, 2020
Number of Participating Employees: 7

Review of September, October and November Financial Reporting Packages

Impact of 2019 Year-To-Date Investment Income of Employer Reserves, Funding Status and Average Employer Contribution Rate (September, October and November)

Statement of Fiduciary Net Position (July, August, September)

Schedule T - Report of Expenditures (August, September, October)

After questions and discussion, it was moved by Mr. Kuehne, seconded by Mr. Miller, to approve the items on the consent agenda.

Vote: Unanimous Voice Vote

Absent: Stanish

(19-11-07) (Audit Committee Meeting) The Chair of the Audit Committee reported on the meeting that was held on November 22, 2019.

General Counsel reviewed the annual report on compliance activity, noting there was 100% participation in the yearly code of conduct sessions. The code of conduct sessions were held twice in 2019 by video to each staff member.

Next, representatives from Crowe presented information regarding their 2019 Internal Audit work covering three areas: IT General Controls and Cybersecurity; Internal Penetration Assessment; and, External Penetration Assessment, summarizing some moderate and low risk areas that were identified during testing.

It was the consensus of the Audit Committee to adopt the Acceptance of Crowe's engagement letter for their 2020 IT Security Assessment, the 2020 Internal Audit Plan proposed by Internal Audit as well as a revised Internal Audit Charter.

Representatives from IMRF's external auditors, RSM, outlined the scope and timing of their engagement for External Audit services for 2020 for SOC-1 and for the financial audit, with the goal to produce the SOC-1 Type 2 report by March 15th, and to produce the CAFR the first week in May 2020.

It was the consensus of the Audit Committee to recommend the Board accept RSM's 2020 contract for the audit of IMRF's financials and SOC-1 Type 2 Report.

Lastly, private sessions were conducted with IMRF's internal and external auditors.

It was moved by Ms. Henry, seconded by Ms. Copper, to receive the report of the Audit Committee.

Vote: Unanimous Voice Vote

Absent: Stanish

(19-11-08) (Benefit Review Committee Meeting) The Chair of the Benefit Review Committee reported on the Benefit Review Committee Meeting held on November 21, 2019.

It was moved by Ms. Copper, seconded by Mr. Miller, to accept the following recommendations of the Benefit Review Committee:

- To accept Roy Garcia's late submission of evidence and uphold the staff decision denying total and permanent disability to Roy Garcia. The Benefit Review Committee was not persuaded by Roy Garcia's testimony and records presented from Roy Garcia's treating physicians. The Benefit Review Committee was persuaded by Dr. Rao's testimony that Roy Garcia had damage to his liver as evidenced by elevated liver enzymes and low platelet counts prior to his initial date of service in IMRF. The Benefit Review Committee was further persuaded by Dr. Rao's testimony that cirrhosis takes time to develop and the condition underlying cirrhosis could not have arisen in six months' time. Therefore, the Benefit Review Committee was persuaded that Roy Garcia has a pre-existing condition as defined by Section 7-150(b)(4).
- To overturn the staff determination and instead to find that Gladys Sandstrom was qualified as a surviving spouse. The Benefit Review Committee recommends that staff be directed to draft a decision consistent with this ruling.
- To uphold the staff decision denying total and permanent disability to Ryan Struble. The Benefit Review committee was not persuaded that the medical evidence in the record rose to the level of total and permanent disability as defined in Section 7-150 of the Illinois Pension Code. The Benefit Review Committee was not persuaded by Ryan Struble's explanation for the Functional Capacity Evaluation (FCE) finding that Ryan Struble gave suboptimal effort throughout the FCE. The Benefit Review Committee found that Ryan Struble's ability to perform certain activities of daily living further supported his ability to perform gainful activity. The Benefit Review Committee found the opinions of the medical and vocational rehab consultants to be persuasive and consistent with Ryan Struble's ability to perform gainful activity.
- To continue the matter of Veronica Nonan's Return to Work to the December Benefit Review Committee Meeting in order to allow staff to further investigate the nature of Veronica Nonan's employment relationship with DuPage County and to seek additional documentation from DuPage County.
- To remand the Thomas Penn appeal to the IMF Administrative Hearing Officer to draft findings of fact and conclusions of law consistent with IMRF's determination that in order to grant omitted service credit, the application for such service credit must be verified by the employer's authorized agent.
- To remand the Marcia Straub appeal to the IMF Administrative Hearing Officer to draft findings of fact and conclusions of law consistent with IMF's determination that in order to grant omitted service credit, the application for such service credit must be verified by the employer's authorized agent.
- To adopt the findings and conclusion of the IMRF hearing officer in the case of Sangamon County.

Vote: Unanimous Voice Vote
Absent: Stanish

(19-11-09) (Investment Committee Meeting) Trustee Kuehne reported on the Investment Committee Meeting held on November 19, 2019.

The Chair of the Investment Committee congratulated the Chief Investment Officer, Dhvani Shah, for receiving the 2019 Institutional Trail Blazer Award from the Toigo Foundation. This award is given to leaders of organizations who lead the innovation and change in the work of their funds to influence the principles of diversity and inclusion.

The Chief Investment Officer gave a Private Equity presentation along with recommendations to the Investment Committee, followed by presentations from three Private Equity firms (Clearlake Capital Partners VI, L.P., Valor Equity Partners V, L.P., and Vista Foundation Fund IV, L.P.).

It was the consensus of the Investment Committee to recommend the Board approve the following recommendations:

- For Private Equity
 - Authorize a commitment of up to \$75 million to Clearlake Capital Partners VI, L.P., subject to satisfactory legal due diligence;
 - Authorize a commitment of up to \$75 million to Valor Equity Partners V, L.P., subject to satisfactory legal due diligence;
 - Authorize a commitment of up to \$50 million to Vista Foundation Fund IV, L.P., subject to satisfactory legal due diligence; and,
 - Authorize staff to complete all documentation necessary to execute this recommendation.

Next, the Chief Investment Officer gave a Real Estate presentation along with recommendations to the Investment Committee, followed by a presentation from a Real Estate firm (Oak Street Real Estate Capital Fund V, L.P.).

It was the consensus of the Investment Committee to recommend the Board approve the following recommendations:

- For Real Estate
 - Authorize a commitment of up to \$75 million to Oak Street Real Estate Capital Fund V, L.P., subject to satisfactory legal due diligence; and
 - Authorize staff to complete all documentation necessary to execute this recommendation.

The Chief Investment Officer and our Investment Consultant presented the results of the 2019 Asset Liability Modeling Study along with recommendations.

It was the consensus of the Investment Committee to recommend the Board approve the following recommendations:

- For the 2019 Asset Liability Modeling Study Results
 - Maintain exposure to US Equity asset class of 37%
 - Maintain exposure to International Equity asset class of 18%
 - Maintain exposure to Fixed Income asset class of 28%

-Maintain exposure to Real Estate asset class of 9%
-Maintain exposure to Alternative Investments asset class of 7%

-Authorize the adoption of a strategic asset allocation as of January 1, 2020 with the following parameters:

37% - US Equity
18% - International Equity
28% - Fixed Income
9% - Real Estate
7% - Alternative Investments
1% - Cash

Lastly, the Chief Investment Officer gave an update to the Investment Committee on the Internally-Managed U.S. Quantitative Equity Portfolio.

It was moved by Mr. Kuehne, seconded by Ms. Henry, to approve the above recommendations of the Investment Committee.

Vote: Unanimous Voice Vote
Absent: Stanish

(19-11-10) (Legislative Committee Meeting) Trustee Miller reported on the Legislative Committee Meeting held on November 21, 2019.

It was the consensus of the Legislative Committee to recommend the Board Remain neutral on the following legislation:

- House Bill 3854 - sets a maximum allowable pension at \$132,900 starting as of the effective date and increased annually by the CPI-u. It would apply only to members who first participate in any system on or after the effective date.

It was the consensus of the Legislative Committee to recommend the Board oppose the following legislation:

- House Bill 3859 - sets a maximum allowable pension at \$132,900 starting as of the effective date and increased annually by the CPI-u. It would apply to new and current members.
- House Bill 3860 - sets annual increases on annuities to the annual CPI-u. It would apply to new and current members and annuitants.
- House Bill 3868 - increases the minimum retirement age for all members by one year as of the effective date of the legislation and then by an additional year five years after the effective date. The bill applies to new and current members.

Lastly, it was the consensus of the Legislative Committee to approve the following proposal for the 2020 IMF Board of Trustees Legislative Agenda:

- Incorporate the provisions of Tier 2 for the regular plan into Article 7 of the Pension Code.

It was moved by Mr. Miller, seconded by Ms. Copper, to approve the recommendations of the Legislative Committee.

Vote: Unanimous Voice Vote
Absent: Stanish

(19-11-11) (2020 Compensation Plan) The Director of Human Resources reviewed the 2020 IMRF Staff Compensation Package Report along with recommendations with the Board.

After questions and discussion, it was moved by Mr. Kuehne to approve a Base Salary Adjustment of 2.75% to eligible salaries as of December 31, 2019

The motion failed due to a lack of a second motion.

It was moved by Ms. Copper, seconded by Mr. Wallace, to approve the recommendation of the Human Resources Director approving a Base Salary Adjustment of 3.00%, with a discretionary increase pool equal to 1%, with a 5% cap.

Vote:
Aye: Wallace, Williams, Copper
Nay: Henry, Kuehne, Miller
Absent: Stanish

The motion failed due to a lack of five aye votes.

It was moved by Ms. Henry, seconded by Mr. Kuehne, to approve a Base Salary Adjustment of 2.5%, along with a floating Personal Day for staff.

Vote:
Aye: Henry, Kuehne
Nay: Copper, Wallace, Williams, Miller
Absent: Stanish

The motion failed due to a lack of five aye votes.

It was moved by Mr. Kuehne, seconded by Ms. Henry, to approve a Base Salary Adjustment of 2.75%, along with a floating Personal Day for staff.

Vote:
Aye: Henry, Kuehne, Miller
Nay: Copper, Wallace, Williams
Absent: Stanish

The motion failed due to a lack of five aye votes.

It was moved by Mr. Miller, seconded by Mr. Kuehne, to approve a Base Salary Adjustment of 2.75%, with a discretionary increase pool equal to 1%, along with a floating Personal Day for staff.

Vote:
Aye: Wallace, Williams, Henry, Kuehne, Miller
Nay: Copper
Absent: Stanish

Next, it was moved by Ms. Henry, seconded by Mr. Kuehne, to:

- cap the maximum compensation amount (Base Salary Adjustment and discretionary increase) at 4.75%.
- To approve salary ranges Grades A; B; C; D; E; F; G; H/Field Representatives; I; J; Supervisors; Investment Officers and IS Team Leaders; Quantitative Equity Trader; Equity Portfolio Manager; Managers and Directors, that would reflect an increase of 2.30% from the range minimum.
- To approve bringing seven (7) employees to the minimum of their new salary range.

Vote:

Aye: Wallace, Williams, Copper, Henry, Kuehne, Miller
Nay: None
Absent: Stanish

Lastly, it was moved by Mr. Miller, seconded by Mr. Kuehne to approve the Benefits Structure package as presented:

Insurance Package

- Provide staff health: insurance coverage through the current Blue Cross/Blue Shield HMO and PPO program, with no benefit changes, and a premium increase of 1.90%.
- Move to Lincoln High/Low PPO Dental Plan for one year.
- Continue the current split between employee-paid insurance premiums and employer-paid insurance premiums.
- Continue to offer a Supplemental Vision Insurance Plan through EyeMed. Participation in this plan is optional, and is paid by the employee.
- Renew with MetLife as our Life and accidental death and dismemberment (AD&D) Insurance Provider with a premium increase of 0%.
- Continue with NCPERS and MetLife as an additional provider of Voluntary Life/AD&D Insurance.

Vote:

Aye: Wallace, Williams, Copper, Henry, Kuehne, Miller
Nay: None
Absent: Stanish

(19-11-12) (2020 Proposed Budget and Strategic Plan Document) The Chief Financial Officer presented the following overview of the proposed 2020 Proposed Budget for approval by the Board:

OVERVIEW

**Proposed
2020
Budget**



■ **2019 Expense Summary**

■ **2020 Budget Summary**

■ **Capital Additions Overview**

■ **Changes/Staffing**

■ **Malcom Baldrige Award**

Questions

2019 Budget

11/22/2019

2019 Operating Budget

\$36,194,326

2019 Estimated Year-End Expenses

\$34,983,862

(Includes Horizon Operating Expenses.)

Variance

(\$1,210,464)

**Open positions, delay of third party assistance for
Horizon (correspondence).**



2019 Investment Expenses **\$136,326,741**

2019 Estimated Year-End Expenses **\$139,702,095**

(Includes new IEM department.)

Variance **\$3,375,354**

Growth of the portfolio's net assets from \$38.4 million to over \$42.0 million.



2020 Proposed Budget

11/22/2019

2020 Operating Budget

\$39,438,517

(Includes Horizon operating expenses.)

2019 Operating Budget

\$36,194,326

Variance

\$3,244,191

Horizon expense for 2020)

(Expense variances are on page 62 & 63.)

2020 Investment Expenses

\$149,996,022

2019 Investment Expenses

\$136,326,741

Variance

\$13,669,281

(Includes new IEM department)



2019 Capital Budget

\$13,458,538

2020 Proposed Capital

\$15,963,403

Variance

\$2,504,865

**Please note the majority of the capital is related to the Horizon project.
Five Year Capital Schedule is on Page 61.**



Capital Purchases

Horizon	\$ 13,237,495
VMWare Software and Installation	730,000
Load Balancers (4)	600,000
Network Device Replacement - Cisco 9710R (6)	342,000
Data Center Printers (2)	280,000
High Speed Color Copier/Printer	168,000
Oak Brook Leasehold Improvements	162,708
GP HR/Payroll/Accounts Receivable	145,000
Storage Area Network (SAN) Disk	140,000
Investment Conference Room Video Conferencing Updates	50,000
Power Vault (4)	48,000
HPE SAN Monitoring/Analysis License	20,000
Envelope Opener	17,100
Color Copier/Printer	11,500
Springfield Office Soundproofing	6,600
Office Entry Keypad Printer	5,000

Total Capital Budget \$ 15,963,403



| 2020

11/22/2019

Third Year of Horizon and Modernization

Technical Writing

Licensing and Subscription fees

Training

Reflects reorganization implemented in 3rd quarter 2019

Full staffing

New Strategic Plan initiatives

Tenant Improvements

Video Conferencing

Mass Notification System

Flooring/Painting/Sound Proofing

Upgrade Board Kitchen



11/22/2019

No increase

2020 Proposed staffing 223

2019 staffing 223

Note:

Staffing is presented on page 17 with a detailed breakdown on page 44. Each respective area has an organization chart with the staffing detail.



Malcom Baldrige Award Ceremony March 24, 2020

2020 budget includes \$55,975 for:

Award Ceremony Board and Staff \$20,000

(Not including 20 registration fees granted at \$100)

Year of speaking events

\$22,975

Miscellaneous (TBD)

\$13,000

\$55,975



Next, the Performance Excellence Officer presented a new three-year (2020-2022) Strategic Plan for Board approval.

She stated the new Strategic Plan consists of four Key Result Areas: *Financial Health; Customer Engagement; Workforce Engagement; and, Operational Excellence.*

After questions and discussion, it was moved by Mr. Kuehne, seconded by Ms. Henry, to approve the 2020 Budget and Strategic Plan.

Vote: Unanimous Voice Vote

Absent: Stanish

(19-11-13) (Final 2020 Employer Contribution Rates) The Chief Financial Officer presented the 2020 Employer Contribution Rates for Board approval.

It was moved by Mr. Miller, seconded by Mr. Kuenhe to approve the 2020 Employer Contribution Rates.

Vote:

Aye: Wallace, Williams, Henry, Kuehne, Miller

Nay: None

Abstain: Copper

Absent: Stanish

(19-11-14) (Executive Director Performance Appraisal Form and Board Self-Evaluation) General Counsel asked the Board to review a Performance Appraisal Form and Timeline for the Executive Director Performance Appraisal, along with a Timeline for the Board's Self Evaluation.

General Counsel reported that Julia Nicholson will be acting as the Board Governance Consultant.

She stated that at the December regular Board Meeting, the Board will discuss the Executive Director's evaluation. The Board will conduct their self-evaluation in early 2020.

After questions and discussion, it was moved by Mr. Kuehne, seconded by Ms. Copper, to approve the Executive Director Performance Appraisal Form and Timeline, and Board Self-Evaluation Forms as presented.

Vote: Unanimous Voice Vote

Absent: Stanish

(19-11-15) (Legislative Update) The Legislative Liaison gave an update to the Board on current legislative activity.

The Legislative Liaison reported that the fall veto session met for three days during the week of October 28th and again for three days the week of November 12th. The main pension issue discussed was the consolidation of the Article 3 police and Article 4 fire funds.

The consolidation language was included in Senate Bill 1300 which includes a provision affecting IMRF that would open a 12-month window allowing certain surviving spouses to re-establish eligibility for a surviving spouse benefit.

Discussion followed.

(19-11-16) (Litigation Update) The following is an update of the currently pending or recently concluded litigation:

IN RE TRIBUNE CO, ET AL. , THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF TRIBUNE CO, ET AL. VS. FITZSIMONS, ET AL.

Summary: The unsecured creditors in the Tribune bankruptcy sued investors who sold their Tribune stock at the time of the buyout by the Sam Zell group. The plaintiff's theory is that the buyout was fraudulent and therefore a portion of those stockholders' proceeds from the stock sale was due to the fraud and should be returned to the Tribune's bankruptcy estate.

Status: IMRF was served in January of 2012 and shares defense counsel with a group of public pension funds. The stockholders' motion to dismiss the intentional fraudulent transfer claim was granted on January 6, 2017 and the claim against them was dismissed. Another portion of this claim against the stockholders was previously dismissed on motions and that decision was upheld on appeal. No claims are currently pending against the group of shareholders that IMRF is a part of, but there is a chance that some form of a claim could be revived. These chances recently became much slimmer as the Litigation Trustee's motion to amend the complaint to include a federal constructive fraudulent conveyance claim against the shareholders was denied. IMRF continues to monitor this litigation.

THOMAS SHEAHAN v. MEABF AND IMRF (COOK COUNTY 17 CH 14040)

Summary: This is a case in which the Plaintiff is attempting to reinstate creditable service with the MEABF as a result of the prior Village of Oak Brook v. Sheahan and Sheahan v. IMRF litigation. IMRF was added as a co-defendant. MEABF also filed a crossclaim against IMRF for payment of interest on the disputed funds.

Status: Plaintiff has filed a Third Amended Complaint. The parties have agreed to proceed with cross motions for summary judgment. Plaintiff's Motion is due November 14, 2019; Defendants' Motions and Responses are due December 12, 2019; Plaintiff's Reply and Response are due on January 9, 2020; and Defendants' Replies are due February 6, 2020. Oral argument will be set by the Court thereafter.

WILLIAMSON COUNTY v. IMRF (WILLIAMSON COUNTY 18 MR 215; ILLINOIS SUPREME COURT 125330)

Summary: This is administrative review of IMRF's final administrative decision to terminate the IMRF participation of the Williamson County Commissioners.

Status: The Circuit Court judge found that Public Act 99-900 is unconstitutional; and, therefore, reversed the IMRF administrative decision. IMRF staff has filed an appeal with the Illinois Supreme Court. The Illinois Supreme Court granted IMRF's motion for partial remand requiring the Circuit Court to clarify its finding of unconstitutionality. A hearing on the partial remand is scheduled before the Circuit Court on November 20, 2019. The Illinois Attorney General's office has indicated that it will intervene in the appeal once the Circuit Court clarifies its opinion and the appeal proceeds before the Illinois Supreme Court.

JEFF BOYD v. IMRF (ROCK ISLAND COUNTY 18 MR 514)

Summary: This is administrative review of IMRF's final administrative decision to remove Plaintiff's service credit and salary related to his service as Sheriff.

Status: Plaintiff has filed an amended complaint and IMRF has filed its responsive pleading. Plaintiff previously filed a motion to supplement the record and a motion to continue the hearing. Both motions were denied by the Court and a briefing schedule was entered on the substantive administrative review action. Since then, Plaintiff has filed a new motion seeking a default judgment against IMRF. Plaintiff's most recent motion is meritless and is set for argument on December 4, 2019.

BRENDA HORTON v. IMRF (COOK COUNTY 18 CH 10774)

Summary: This is administrative review of IMRF's closure of Plaintiff's disability claim.

Status: IMRF's Motion to Dismiss the Amended Complaint is currently pending. IMRF filed a supplemental brief on October 30, as requested by the judge. Oral argument on the Motion to Dismiss will be heard on December 6, with a ruling to follow.

RICHARD CHAPPELL v. IMRF, ET AL. (COOK COUNTY 18 CH 12400)

Summary: This is administrative review of IMRF's final administrative decision to remove omitted service credit from the Plaintiff based on the employer conducting its own audit and determining that the Plaintiff was not an employee during the months in question. Plaintiff has named both IMRF and his former employer, River Forest Township, as defendants in the lawsuit.

Status: The Circuit Court reversed the IMRF administrative decision. The

Circuit Court found that IMRF does not have the authority to revisit its granting of omitted service credit more than 35 days after it initially granted the service. Staff believes that the Court misapplied the 35 day appeal deadline from the Administrative Review Law. An appeal has been filed with the First District Appellate Court. No briefing schedule has yet been entered.

GORDON v. IMRF (U.S. EEOC 440-2019-00509)

Summary: This is an EEOC charge of discrimination by a current employee.

Status: IMRF filed its position statement and is awaiting further direction from the EEOC.

MOYLEN-KREY v. IMRF and MAINE TOWNSHIP (COOK COUNTY 2019 CH 439)

Summary: This is administrative review of IMRF's final administrative decision to remove certain service credit from Plaintiff based on the governing board's failure to recertify the elected assessor position as an IMRF qualifying position. Plaintiff has named both IMRF and Maine Township, as defendants in the lawsuit.

Status: IMRF filed the administrative record and a briefing schedule has been entered. Plaintiff's opening brief is due December 2, 2019; Defendants' responses are due January 15, 2020; Plaintiff's reply brief is due January 29, 2019; and this matter is set for status on February 19, 2020.

LYMORE v. IMRF (IDHR 2019 CF 2599)

Summary: This is a claim of wrongful termination before the Illinois Department of Human Rights filed by a former employee.

Status: IMRF filed its position statement and is awaiting further direction from the IDHR.

NAMEOKI TOWNSHIP v. IMRF (MADISON COUNTY 2019MR1345); RANDALL PRESSWOOD v. IMRF (MADISON COUNTY 2019MR1346); TAMMY HANFELDER (MADISON COUNTY 2019 MR1347)

Summary: This is administrative review of IMRF's decision to deny claims for retroactive service by the Township Supervisor and Assessor of Nameoki Township. The denials were based on the Township's failure to recertify the eligibility of the elected positions during the 2017 recertification cycle.

Status: Three separate cases were filed. Staff has filed appearances and motions to consolidate the three cases into a single proceeding in Madison County. The motion to consolidate is scheduled for December 13, 2019.

HOUSTON v. IMRF (SANGAMON COUNTY 2019 MR 726)

Summary: Plaintiff is appealing the closure of her claim for temporary disability. She failed to submit the necessary documentation after multiple written requests. Pursuant to Board Resolution 2011-12-13, her claim for disability was closed.

Status: IMRF filed a motion to dismiss which is set for presentment on November 18, 2019.

(19-11-17) (Endorsed Plan Update) General Counsel presented an overview of the health plan that IMRF administers to its employers.

General Counsel stated that Section 7-199.1 of the Illinois Pension Code was added in 1985 allows for IMRF to administer a health plan for its employers. The Municipal Health Insurance Continuation (215 ILCS 5/367j) became effective in 1991. These changes left a group without coverage (IMRF employees who don't immediately retire after terminating IMRF employment- or those whose employer had no health insurance program to continue)

She reported that Doyle Rowe approached IMRF in 1994 with the goal of providing coverage for this group of retirees. Throughout the years, Doyle Rowe has proposed the addition of new plans which have gone to the Board for approval, and for all of these plans, IMRF deducts from the annuitants monthly pension payment and pays the carriers directly through wire transfer.

General Counsel noted Doyle Rowe contracts with the various insurance companies of which IMRF is not a party.

Discussion followed.

(19-11-18) (Board Resolution) General Counsel presented a Resolution to the Board for approval to rescind several Board Resolutions.

General Counsel stated that IMRF legal staff periodically reviews active IMRF Board Resolutions to recommend amendment or rescission of resolution(s) where necessary, noting several resolutions have been obsolete or rescinded.

After questions and discussion, it was moved by Mr. Miller, seconded by Mr. Kuehne, to adopt the following Resolution:

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules necessary or desirable for the efficient administration of the Fund; and

WHEREAS, the Board of Trustees has previously adopted Resolutions 1963-5714 and 1998-05S-03 establishing certain Board policies; and

WHEREAS, these policies are now obsolete because of statutory changes or passage of time; and

WHEREAS, it is appropriate that these resolutions be rescinded.

NOW THEREFORE BE IT RESOLVED that Board Resolutions 1963-5714 and 1998-05S-03 be and are hereby rescinded.

Vote: Unanimous Voice Vote

Absent: Stanish

(19-11-19) (Board Resolution) General Counsel presented a Resolution to the Board for approval increasing the Executive Director's procurement authority up to \$100,000 for renewal of hardware and software agreements and up to \$50,000 for all purchases. The contracts would still go through the competitive bidding process they currently go through. She stated that raising the threshold will enhance administrative efficiencies and expedite the procurement of required goods and services without undue risk to the Fund.

After questions and discussion, it was the consensus of the Board to table a decision on this Resolution to the December Board Meeting.

Vote: Unanimous Voice Vote

Absent: Stanish

(19-11-20) (Board Resolution) General Counsel presented a Resolution to the Board for approval amending the Staff 457 Plan to add a Roth Elective Deferred Option.

After questions and discussion, it was moved by Mr. Miller, seconded by Mr. Kuehne, to adopt the following Resolution:

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules necessary or desirable for the efficient administration of the Fund; and

WHEREAS, under sections 7-121, 7-186, 7-189, and 7-190 of the Pension Code, the Board of Trustees is the governing body of IMRF and the employer of the IMRF staff; and

WHEREAS, the Board of Trustees has previously established a Deferred Compensation Plan for the IMRF staff; and

WHEREAS, it is appropriate that this Plan be amended to provide IMRF staff with an option to make Roth Elective Deferrals from his or her compensation.

NOW THEREFORE BE IT RESOLVED that the Deferred Compensation Plan for the employees of the Board of Trustees of the Illinois Municipal Retirement Fund is hereby amended and restated in the form attached hereto and identified as Appendix A.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take such further action as may be necessary or advisable to effectuate this Resolution.

Vote: Unanimous Voice Vote
Absent: Stanish

(19-11-21) (Report of Executive Director) The Executive Director presented a proposed calendar for the 2020 Board Meeting dates.

The Board will adopt a calendar for the 2020 Board Meeting dates at its December Board Meeting.

(19-11-22) (Trustee Forum) The Chair reported the following Trustees requested authorization from the Board for the following conferences:

Natalie Copper Trustees and Administrators Conference
International Foundation
February 10-12, 2020
Orlando, FL

66th Annual Employee Benefits Conference
International Foundation
November 15-18, 2020
Honolulu, HI

Gwen Henry Systematic Investment Strategies Symposium*
Institutional Investor
November 19-20, 2019
New York

*Ms. Henry attended this conference in lieu of the October 2020 Scientific Beta Conference in Boston.

Gwen Henry ESG Summit
Pension Bridge
San Diego, CA
February 10-12, 2020

Tom Kuehne Trustees and Administrators Conference
International Foundation
February 10-12, 2020
Orlando, FL

66th Annual Employee Benefits Conference
International Foundation
November 15-18, 2020
Honolulu, HI

Alex Wallace, Jr. 66th Annual Employee Benefits Conference

International Foundation
November 15-18, 2020
Honolulu, HI

It was moved by Ms. Copper, seconded by Mr. Kuehne, to approve the above
Trustee requests.

Vote: Unanimous Voice Vote
Absent: Stanish

(19-11-23) (Trustee Vacancy Interviews) The Board conducted interviews
to fill the Trustee vacancy that was created due to the passing of Annuitant
Trustee Sharon U. Thompson.

The Board will make the appointment for the Trustee vacancy at their
December Board Meeting.

(19-11-24) (Adjournment) It was the consensus of the Board to adjourn the
Board Meeting at 2:15 p.m., to reconvene in the Fund office, 2211 York Road, Suite
400, Oak Brook, Illinois, at 9:00 a.m. on December 20, 2019.

Vote: Unanimous Voice Vote
Absent: Stanish



President

12-20-19

Date



Secretary

12-20-19

Date

