

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 21-05

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held electronically via GoToWebinar at 9:00 a.m. on May 28, 2021, per Executive Order 2021-09 and 5-ILCS 120/7(e). The Public was able to attend by registering at www.imrf.org/05-2021-board.

Ms. Henry presided as Chair and called the meeting to order.

Ms. Herman took a roll call:

Present: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan
Absent:

Ms. Dean and Mr. Kazemi from Wilshire Associates, and Ms. Frankowiak and Mr. Buis and Mr. Pieterse from Gabriel Roeder Smith were also present electronically via GoToWebinar.

(21-05-01) (Gabriel, Roeder Smith & Company 2020 Actuarial Valuation Report and 2020 Gain (Loss) Analysis) Mr. Buis, Mr. Pieterse and Ms. Frankowiak from Gabriel Roeder Smith Company presented IMRF's Annual Actuarial Valuation as of December 31, 2020, and IMRF's Gain/Loss Analysis, noting that the objective of the Analysis is to calculate employer rates for 3,365 plans for the 2022 calendar year; measure financial position and funding progress; substantiate changes in financial position that occurred during the year; and what was experienced during the Pandemic.

Highlights of the presentation included:

- IMRF experienced a net gain in 2020 mostly due to economic experience and changes in actuarial assumptions.
- Average 2022 rates will be lower than 2021 rates.
- 2023 rates will be affected by:
 - Continued emergence of Tier 2;
 - Continued recognition of 2020 unrecognized investment gains;
 - Market volatility (up and down tendencies); and
 - Potential ongoing Pandemic impact
- IMRF is now 94.1% funded (102.7% based on market value); which is well above the national average.

(21-05-02) (1st Quarter 2021 Investment Performance Report - Wilshire Associates) Ms. Dean and Mr. Kazemi from Wilshire Associates presented a report on IMRF's investment performance during the 1st quarter of 2021.

Ms. Dean and Mr. Kazemi presented the following 1st Quarter 2021 performance highlights as of March 31, 2021:

- IMRF ended March 2021 with a market value of \$51.6 billion, up for the quarter by approximately \$1.7 billion.
- For the quarter, IMRF outperformed its benchmark +3.71% (Net of Fees) versus +2.53%. The Fund's 1st Quarter 2021 return ranks at the 37th percentile relative to peers. Over the trailing one year, IMRF outpaced its benchmark +37.50% versus +30.76% and ranks in the top quintile relative to peers (18th percentile).
- Domestic Equity composite (+7.01%, Net of Fees) outperformed the Russell 3000 benchmark (+6.35%), and continues to rank well relative to peers (39th percentile).
- International Equity composite (+3.48%, Net of Fees) performed in-line with the MSCI ACWI ex-US benchmark (+3.49%), and ranked at the 74th percentile during the 1st Quarter.
- Fixed Income composite return (-2.73%, Net of Fees) provided strong downside protection relative to the Bloomberg Barclays US Aggregate Index benchmark (-3.38%) and ranked at the 43rd percentile for the quarter.
- As of March 2021 quarter end, Domestic Equity and International Equity were 4.9% and 4.2%, respectively, over their targets. The current Statement of Investment Policy states that when actual allocations of the asset classes differ by more than four percentage points from their policy target, a recommendation for rebalancing will be made to the Board of Trustees.
- The Interim Chief Investment Officer, Investment Staff and Consultant are actively reviewing portfolio rebalancing considerations at this time.

(21-05-03) (Investment Manager Activities - Wilshire Associates)

Ms. Dean and Mr. Kazemi from Wilshire Associates presented a report on IMRF's Performance for the month of April 2021.

Ms. Dean and Mr. Kazemi presented the following monthly performance highlights as of April 30, 2021:

- The market value of IMRF ended April 2021 with a market value of \$53.1 billion, up for the month by approximately \$1.5 billion. IMRF returned +3.60% for the month of April, outperforming the Total Fund Benchmark of +2.72%.
- The U.S. Equity Portfolio outperformed the benchmark for the month of April returning +5.25% versus 5.15%.
- The Public Real Assets Portfolio outperformed its benchmark for the month of April returning +4.53% versus +3.90%.
- The International Equity Portfolio outpaced the return of the benchmark for the month of April, +3.97% versus +2.94%.
- The Fixed Income Portfolio outperformed its benchmark during the month of April, +.95% versus +.79%.
- As of April 2021 month end, Domestic Equity and International Equity were 5.6% and 4.4%, respectively, over their targets. The current Statement of Investment Policy states that when actual allocations of the asset classes differ by more than four percentage points from their policy target, a recommendation for rebalancing will be made to the Board of Trustees.
- The Interim Chief Investment Officer, Investment Staff and Consultant are actively reviewing portfolio rebalancing considerations at this time.

The Investment Officer - Public Markets reported that for the month to date period ending May 26, 2021, the S&P 500 benchmark returned .48%; the Russell 3000 (Broad U.S. equity market benchmark) returned .16%; the MSCI ACWI Ex-U.S. (Broad International equity market benchmark) returned 2.38%; and the Bloomberg Barclays Aggregate (Broad U.S. bond market benchmark) returned .32%. She further reported that the total fund value as of May 26, 2021 was \$53.8 billion, up 1.17%.

(21-05-04) (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 Meeting 21-03-26

Schedules - Dated April, 2021

- 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 - Expiration of Temporary Disability Benefits approved 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.

Schedules - Dated May, 2021

- 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 - Expiration of Temporary Disability Benefits approved 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.

Bids

Bloomberg AIM Renewal - 2 years
 Sole Source: Bloomberg Finance, L.P.
 Approved Bid: \$562,500.

Cisco Smartnet Co-Term Renewal
 Approved Bidder: Software House International (SHI)
 Approved Bid: \$125,294.50.

Disaster Recovery (DR) Circuit Bandwidth Upgrades
 Extend existing Agreement to 36 months for Oak Brook office with Vinakom Communications for a monthly recurring cost of \$1,495; AND
 Amend current Agreement (co-terminus) with Sungard Availability Services (AS) for the Wood Dale location to increase speed to 1 Gbps which will increase the monthly fee by \$1,500/month for the next 7 months.

Qualys Renewal
 Approved Bidder: Konsultek
 Approved Bid: \$82,598.87

Software Assurance (SA) Renewal for Windows Data Center Server 2016
 Approved Bidder: Zones, LLC
 Approved Bid: \$29,388.24.

Software Assurance (SA) Renewal for Microsoft SQL Server
 Approved Bidder: Zones, LLC
 Approved Bid: \$33,533.64.

Temporary IS Project Manager
 Approved Bidder: Robert Half Technology
 Approved Bid: \$270,400 per year for 2 years.

VMware Maintenance Renewal
 Approved Bidder: Software House International (SHI)
 Approved Bid: \$277,492.79.

April and May 2021 Financial Reporting Packages

Impact of 2021 Year-To-Date Investment Income of Employer Reserves, Funding Status and Average Employer Contribution Rate (April & May 2021)

Statement of Fiduciary Net Position (February and March 2021)

Schedule T - Report of Expenditures (April and May 2021)

It was moved by Mr. Kuehne, seconded by Mr. Kosiba to approve the items on the consent agenda.

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan

Nay: None

Absent: None

(21-05-05) (Approval of Intergovernmental Agreement with Collinsville Area Recreation District)

Associate General Counsel presented the Agreement with Collinsville Area Recreation District (CARD) to the Board of Trustees. He explained that CARD was voluntarily dissolved in 2018. Since then, CARD has terminated its employees and transferred most of its property. CARD also paid off the IMRF unfunded liability that existed at that time. However, as of the 12/31/2020 actuarial valuation, CARD is 108% funded with an excess balance of \$82,711. Given that CARD's IMRF account is currently overfunded, staff recommends entering into an intergovernmental agreement with CARD to distribute the overfunded balance to CARD. Under the terms of this agreement, the parties agree to use the December 31, 2020 valuation to settle CARD's IMRF account. IMRF will retain the remaining assets to pay any future claims for refunds of contributions or retirement annuities from inactive members.

Staff recommends the approval of the intergovernmental agreement with CARD.

It was moved by Ms. Stanish, seconded by Mr. Miller to approve the intergovernmental agreement with CARD.

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan

Nay: None

Absent: None

(21-05-06) (Audit Committee Meeting) The Chair of the Audit Committee reported on the Audit Committee Meeting that was held electronically via GoToWebinar on May 28, 2021, at 8:00a.m.

The Audit Committee reviewed a presentation by RSM on the SOC 1 Type 2 report for the period January 1, 2020 through December 31, 2020. RSM was not present at the meeting. A clean opinion was issued.

Michelle Watterworth and Theresa Banka from Plante Moran presented the results of the 2020 Financial Statement Audit and presented an unmodified opinion. This included the Fiduciary Net Position by Employer schedules and Census Attestation by employer with an unmodified opinion.

The internal audit plan was presented by IMRF's Internal Audit Officer, who reported on the completion of the 2020 internal audit plan including completion of 198 employer audits during 2020. It was noted that, based on the 2020 internal audit plan results, IMRF system of internal controls is operating effectively, and has earned a 96% employer satisfaction rate from the survey results presented.

Several action items were presented to the Audit Committee as well.

It was moved by Mr. Kuehne, seconded by Ms. Copper, to approve the following recommendations of the Audit Committee.

- Approval of minutes from the November 13, 2020 Audit Committee Meeting.
- Approval of the SOC1 Type 2 Report for the period of January 1, 2020 through December 31, 2020.
- Approval of the 2020 Annual Comprehensive Financial Report of the Illinois Municipal Retirement Fund.
- Approval of the 2021 Plante Moran contract for audit and SOC 1 Type 2 report.
- Approval of the Addendum to the 2021 Crowe Engagement Letter

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan
Nay: None
Absent: None

(21-05-07) (Benefit Review Committee Meeting) The Chair of the Benefit Review Committee reported on the Benefit Review Committee Meeting that was held via video conference on May 27, 2021, at 1:00p.m.

The Committee approved the open session meeting minutes from March 25, 2021.

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

- To adopt the findings and conclusions of the IMRF hearing officer in the Jon Tack case.

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan
Nay: None
Absent: None

(21-05-08) (Investment Committee Meeting) The Chair of the Investment Committee reported on the Investment Committee Meeting that was held via GoToWebinar on May 27, 2021 at 9:00a.m.

The Investment Committee approved the meeting minutes from the March 25, 2021 meeting.

The Executive Director and Interim Chief Investment Officer, and the IMRF Investment Officer - Private Markets, gave a Private Equity presentation to the Investment Committee that included several recommendations, followed by

presentations from six Private Equity Managers (ABRY Senior Equity VI, L.P.; Insight Partners XII, L.P.; KKR North America Fund XIII, SCSp; Partners Group Direct Infrastructure 2020, (USD) A, L.P.; Sterling Credit Fund II, L.P.; and Vistria Fund IV, L.P.).

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

For Private Equity

Authorize the following commitments subject to satisfactory legal due diligence:

- up to \$40 million to ABRY Senior Equity VI, L.P.;
- up to \$50 million to Insight Partners XII, L.P.;
- up to \$50 million to KKR North America Fund XIII, SCSp;
- up to \$100 million to Partners Group Direct Infrastructure 2020, (USD) A, L.P.;
- up to \$40 million to Sterling Credit Fund II, L.P.;
- up to \$75 million to Vistria Fund IV, L.P., and,
- Authorize Staff to complete all documentation necessary to execute these recommendations

The Executive Director and Interim Chief Investment Officer, and the IMRF Investment Officer - Private Markets, gave a Real Estate presentation to the Investment Committee that included several recommendations, followed by a presentation from a Real Estate Manager (Artemis Real Estate Partners Healthcare Fund II, L.P.).

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

For Real Estate

- Authorize a commitment of up to \$50 million to Artemis Real Estate Partners Healthcare Fund II, L.P., subject to satisfactory legal due diligence; and,
- Authorize Staff to complete all documentation necessary to execute this recommendation

Lastly, the Executive Director and Interim Chief Investment Officer, along with consultants Friedberg, Bracamontes and Quinn from Wilshire Associates, presented the 2020 Annual Private Markets Portfolio Performance Review.

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

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan
Nay: None
Absent: None

(21-05-09) (Legislative Committee Meeting) The Chair of the Legislative Committee reported on the Legislative Committee Meeting that was held via video conference on April 6, 2021, at 9:00a.m.

The Legislative Committee approved the meeting minutes from the March 16, 2021 meeting.

The Committee then reviewed legislation affecting IMRF that had been introduced thus far in 2021.

It was the consensus of the Legislative Committee to recommend that the Board OPPOSE the following recommendations:

- House Amendment #1 to House Bill 170 - Allows firefighters that participate in IMRF with employers that meet specific criteria to participate in IMRF SLEP and creates an occupational disease disability pension program for all firefighters and paramedics who participate in IMRF.
- Senate Amendment #1 to Senate Bill 1430 - Allows participating municipalities, by ordinance, to cease participation in IMRF (for new employees) and create their own alternative retirement plans, which could be a defined benefit, defined contribution, or hybrid plan, or offer no benefits at all. It also deems employees of employers that choose an alternative retirement plan to be considered members of IMRF for purposes of maintaining Social Security coverage.

It was moved by Ms. Stanish, seconded by Mr. Kosiba, to accept the recommendation of the Legislative Committee to oppose House Amendment #1 to House Bill 170 and Senate Amendment #1 to Senate Bill 1430.

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan
Nay: None
Absent: None

(21-05-10) (Approval of Trustee Election Procedures) General Counsel presented the Trustee Election Procedures for the one open Trustee position in 2021. Employers will elect one Executive Trustee with a five-year term of office beginning January 1, 2022.

General Counsel stated that Section 7-175.1 of the Illinois Pension Code requires that the Board set dates for ballot return and counting, as well as name the judges and clerks for the election.

It was moved by Ms. Copper, seconded by Ms. Stanish, to approve the following ballot return and counting dates and appoint the following IMRF members to serve as judges and clerks for the 2021 Trustee election:

Position	Ballot Return Date	Ballot Counting Date
Executive Trustee	December 9, 2021	December 10, 2021

Judges

Bonnie Shadid

Brandi Smith

Clerks

Rick Baier

John Krupa

Denise Streit

Arthur Castillo

Nick Kurz

Keyla Vivas

Larice Davis

Ann-marie Lilly

Jeremiah Durotola
Jennifer Ellison
Tamika Harrington

Daniel Martinez
Michael Nesson
Maureen O'Brochta

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan
Nay: None
Absent: None

(21-05-11) (Proposed Senior Quantitative Equity Trader Pay Grade and Salary Range) The Executive Director and Director of Human Resources presented a proposed New Senior Quantitative Equity Trader pay grade and salary range. The newly created role will require 10 or more years of related experience and would also strongly prefer the achievement of a Chartered Financial Analyst (CFA) and Chartered Market Technician (CMT) designation. This role would also set the stage that if the current incumbent were to leave, IMRF would have a choice to fill the position at the five (5) or ten (10) year senior level of related trading experience.

Staff is recommending that the Board approve the following recommendation:

- IMRF create a new Senior Quantitative Equity Trader Pay Grade and corresponding Salary Range at \$136,000 - \$170,000 - \$204,000.

It was moved by Ms. Stanish, seconded by Ms. Mitchell to approve staff's recommendation to create a new Senior Quantitative Equity Trader Pay Grade and corresponding Salary Range at \$136,000 - \$170,000 - \$204,000.

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan
Nay: None
Absent: None

(21-05-12) (Approval of Resolutions) General Counsel presented the following seven resolutions for Board approval.

Resolution To Amend Surviving Spouse Repayment Rules

General Counsel recommended that the Board adopt the following resolution (Resolution 2021-05-12(a)) which grants the ability for a member who re-retires after a period of service with a qualified spouse to reestablish previously annuitized surviving spouse credits.

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

WHEREAS, Section 7-159 of the Illinois Pension Code provides that when a member retires with no spouse eligible for a surviving spouse benefit, the retiree may take a lump-sum refund of their surviving spouse contributions, or may annuitize the refund into a monthly annuity; and

WHEREAS, Section 7-159(a) provides that when a retiree who receives a refund of surviving spouse contributions reenters service and later re-retires with a qualifying spouse, the retiree repay the previously received surviving spouse refund; and

WHEREAS, the Pension Code does not specifically provide for the repayment of an annuitized surviving spouse refund when a member returns to service and subsequently retires with a qualifying spouse; and

WHEREAS, Section 7-159(b) specifically authorizes the Board of Trustees to implement any rules necessary for the implementation of annuitized refunds of surviving spouse contributions; and

WHEREAS, the Board of Trustees has determined that the following rules are necessary and appropriate for the efficient administration of the fund in accordance.

NOW THEREFORE BE IT RESOLVED that the following rules shall govern the repayment of annuitized surviving spouse refunds:

1. If an employee annuitant who previously retired with no qualifying spouse as defined in Section 7-154 of the Pension Code and took an annuitized refund of the surviving spouse contributions under Section 7-159(b) later reenters service and subsequently retires with a spouse who would qualify for a surviving spouse annuity, the employee annuitant may pay the Fund the amount of the annuitized refund payments received plus interest at the effective rate at the date of payment.
2. Once payment is received by the Fund pursuant to (1), the retiree's spouse shall be qualified for a surviving spouse annuity and the amount paid shall be considered as survivor contributions.

Resolution to Amend Social Security Offset Rules

General Counsel presented the following resolution (2021-05-12(b)) for Board approval. This resolution supersedes Resolutions 1961-5021, 1962-5174, and 1966-6602 and streamlines the rules surrounding Social Security offsets for disability benefits.

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, Section 7-152(b) of the Illinois Pension Code provides for the reduction of IMRF disability benefits when a member becomes eligible for Social Security disability benefits;

THEREFORE BE IT RESOLVED, that the Board of Trustees adopt the following procedures regarding the payment of disability benefits to those participating employees who are eligible for a disability benefit under the federal Social Security Act:

1. In all cases the participating employee shall be required to file an application for disability benefits with the Social Security Administration.
2. The full IMRF disability benefits shall only be restored upon receipt of an official Notice of Determination by the Social Security Administration denying payment of disability benefits.
In all cases where the member has been denied disability benefits by the Social Security Administration, the participating employee shall

be required to re-apply for disability benefits with the Social Security Administration upon becoming eligible for re-application under the rules and regulations of the Social Security Administration. The full IMRF disability benefit shall only be restored upon receipt of a subsequent official Notice of Determination by the Social Security Administration denying payment of disability benefits.

Resolution to Establish Prepayment Recovery Procedures

General Counsel presented the following resolution (2021-05-12(c)) for Board approval that establishes the rules for the recovery of prepayments.

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

WHEREAS, Section 7-217(c) of the Illinois Pension Code further authorizes the Board of Trustees to retain out of any annuity or benefit payable to a person amounts owed to the Fund resulting from money paid to any annuitant or employee through misrepresentation, fraud, or error; and

WHEREAS, when monies owed under Section 7-217(c) resulting from improper payment of benefits, it is the fiduciary obligation of the Board of Trustees to collect these prepayments; and

WHEREAS, the Board of Trustees has determined that it is desirable that rules be established to direct staff in the collection of such prepayments; and

WHEREAS, the Board of Trustees has determined that the following rules are necessary and appropriate for the efficient administration of the fund.

NOW THEREFORE BE IT RESOLVED that the following rules shall govern the collection of prepayments:

1. IMRF will make all attempts to recover any payment of benefits made due to misrepresentation, fraud, or error. Such erroneous payment constitutes a prepayment.
2. If there is a payable benefit from which the prepayment can be collected, then the benefit(s) will be withheld at a rate of 100% until the prepayment is recovered. This includes both recurring benefit payments and lump sum benefit payments.
 - a. If a payee wishes to enter into a repayment agreement at a rate of less than 100% withholding due to financial hardship, such request may be made and approved by the Benefits Manager or Disability Manager. The approved repayment schedule must be no longer than 5 years, or 60 months.
 - b. When a prepayment accrues as a result of retiree return to work or another retiree benefit recoupment, then the payee will be given appeal rights. If the appeal is not taken, the prepayment will be recovered at 100% withholding unless another schedule is approved in accordance with Section 2(a). If the appeal is

taken, it will be resolved in accordance with the IMRF Non-Disability Appeal Procedures.

3. In the event that there is no payable benefit from which the prepayment may be collected, staff is directed to make contact with the payee, financial institution, or any other party who may assist in the collection. These efforts will be conducted in accordance with staff procedure.
4. If the prepayment cannot be entirely recovered after all collection efforts have been exhausted:
 - a. For amounts less than \$1000, the Benefits Manager or Disability Manager may approve a write-off of the remaining prepayment amount.
 - b. For amounts of \$1000 or greater, the appropriate Manager will refer the prepayment to the Legal Department to determine what collection efforts, if any to pursue. A recommendation will be made to the Benefit Review Committee who will determine whether to pursue legal action or approve a write-off of the remaining amount. The Benefit Review Committee will make a recommendation on the disposition of the prepayment(s) to the Board of Trustees.

Resolution to Amend Benefit Payment Procedures

General Counsel presented the following resolution (2021-05-12(d)) for Board approval. This resolution supersedes 1962-5173 and updates the procedures regarding the granting of a retirement benefit.

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;

WHEREAS, Section 7-178 authorizes the Board to authorize or suspend the payment of any annuity or benefit in accordance with Article 7 of the Illinois Pension Code;

WHEREAS, Section 7-212 authorizes the Board to delegate certain duties to the Executive Director of the Fund, including without limitation, the computation and processing of annuities and benefits; and

WHEREAS, the Board finds it necessary and desirable to adopt rules for the efficient administration of benefits.

THEREFORE BE IT RESOLVED, that this Board adopt the following rules and regulations in respect to the payment of annuities and other benefits:

1. The Executive Director, upon receipt of a proper application, shall process such application and, if it is found to be in order, shall recommend the granting of the benefit.

2. Upon the Executive Director's determination that the annuity or benefit should be granted, the Fund shall make initial payment to the person to whom the annuity or benefit is to be paid.
3. If the date for payment(s) precedes the Board Meeting at which the annuity or benefit is to be approved by the Board, the payment(s) which precede the Board's approval of the benefit are subject to Board's review. The Board reserves the right to revoke any benefit paid pursuant to the Executive Director's authority in this resolution.
4. The authority and duties delegated to the Executive Director pursuant to these rules and regulations are to be considered purely ministerial and they shall not have the right to waive any of the requirements set forth in the applications for benefits. The Executive Director shall not have the power to grant annuities or any other benefits and such power is specifically reserved in the Board.

Resolution to Amend Inactive Member Contributions Procedures

General Counsel presented the following resolution (2021-05-12(e)) for Board approval. This resolution supersedes Resolution 2005-10-04(b) and updates the procedures regarding inactive employee accounts with minimal balances which have ceased receiving contributions.

WHEREAS, there are employee accounts of former participating employees which have balances of \$100.00 or less; and

WHEREAS, the cost of refunding this amount in these accounts would be more than the amount thereof and the employees have not requested refunds of their contributions.

THEREFORE BE IT RESOLVED that the monies in inactive employee accounts, which have opening contribution balances of \$100.00 or less and to which no contributions are credited during the preceding three years (with the exception of the annual granting of interest), shall be transferred to undistributed income as of the end of the year.

BE IT FURTHER RESOLVED that upon the request of any person entitled to this transferred amount, monies shall be transferred back into the member account and it shall be paid to him/her.

Resolution to Amend Rules on Death Benefit During the Retirement Process

General Counsel presented the following resolution (2021-05-12(f)) for Board approval. This resolution supersedes Resolution 2005-12-10(e) and updates the procedures which detail the death benefit payable when a death occurs around a member's retirement date or during the retirement process.

WHEREAS, retirement annuity initial payments are issued after an employee has terminated service; and

WHEREAS, in the normal course the initial retirement benefit is paid 15 to 30 days after an employee has terminated service, but additional delay may occur by reason of adjustment of employee's earnings, establishing prior

service records and other service credit adjustments or because of delay in receiving payroll information from the employing municipality; and

WHEREAS, a participating employee may die after termination of service but before the initial payment of the retirement annuity.

RESOLVED, that the following rules and regulations apply to payment of death benefits on behalf of a member who dies while the retirement is pending:

1. If the applicant for a retirement annuity is living on the day the initial benefit payment is made by IMRF, he shall be considered to be an annuitant and the charges for the retirement annuity shall be made in the normal manner. The death benefits shall be those payable upon the death of an annuitant as described in Section 7-164;
2. If a participating employee applies for a retirement annuity but dies before the date of termination of employment, the death benefits shall be those payable upon the death of an employee occurring while in an employment relationship with a participating employer as described in Section 7-164;
3. If an employee dies after the termination date but before receiving the first retirement annuity payment, the death benefits shall be those payable upon the death of an employee who has separated from service and was entitled to a retirement annuity on the date of death as described in Section 7-164.

Rescinding Outdated Resolutions

General Counsel presented the following resolution (2021-05-12(g)) for Board approval. This resolution supersedes Resolutions 1992-06-2 and 2010-01-07.

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 2010-01-07 and 1992-06-2 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 2010-01-07 and 1992-06-2 be and are hereby rescinded.

It was moved by Mr. Kosiba, seconded by Mr. Kuehne to approve the seven resolutions presented.

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan

Nay: None

Absent: None

(21-05-13) (Legislative Update) The Legislative Liaison gave a report on current legislative activity.

She informed that the General Assembly has met over most weeks since the March Board meeting, except for the two weeks before and after Easter. While

there has been little activity, only six bills that affect IMRF are still active. She presented a chart showing the status of pending legislation that affects IMRF.

The Legislative Liaison reported that the general deadline for bills to pass their chamber of origin passed on April 23rd and for bills to pass out of committee in the second chamber was originally set for May 14th in both chambers. The Senate delayed that committee deadline for one week until May 21st. While the House has not officially extended their deadline overall, they are extending it for some individual bills. The adjournment deadline is still scheduled for Monday, May 31st.

(21-05-14) (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 as the result of further appeals. 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. The Trustee sought review of the denial by the U.S. Supreme Court, which the shareholders opposed, and the Court has now declined to take up the case. IMRF continues to monitor the remaining issues pending before the Second Circuit Court of Appeals.

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 cross-claim against IMRF for payment of interest on the disputed funds.

Status: IMRF was dismissed from this litigation for satisfaction of judgment once IMRF returned Sheahan's funds back to MEABF. Sheahan filed a post-judgment brief seeking for additional findings related to a potential MEABF pension, which was denied without prejudice, allowing Sheahan to file an amended version of the motion. Sheahan's amended motion was denied with prejudice. The time period for appealing the denial has not yet expired. If no appeal is filed, this matter will be closed and will be removed from the litigation report.

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. The Appellate Court reversed the Circuit Court and affirmed the IMRF final administrative decision. The matter has been remanded to the Circuit Court for further proceedings on an alternative theory that the Plaintiff is pursuing against the Township. Chappell has been granted leave by the Court to file an amended complaint pursuing new theories of liability against IMRF. As of the writing of this report, no amended complaint has been filed.

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

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

Status: The EEOC dismissed this charge for lack of substantial evidence. The plaintiff has requested that the IDHR review the EEOC's determination in this matter. Staff is cooperating with the IDHR's investigation procedures.

**MAINE TOWNSHIP v. IMRF and SUSAN MOYLEN-KREY
(DUPAGE COUNTY 2020 CH 1)**

Summary: In addition to the pending administrative review action filed by Maine Township Assessor Susan Moylen-Krey in Cook County, Maine Township has filed a declaratory judgment action in the Circuit Court for DuPage County challenging IMRF's authority to investigate and determine the eligibility for participation by elected officials. Maine Township currently has an administrative appeal pending with IMRF but is asking the Court to stop the administrative appeal through this lawsuit.

Status: Staff filed a motion to dismiss the Township's complaint in which a briefing schedule has been entered; however, the argument has been continued due to the pandemic. IMRF's motion to dismiss was granted based on the Township's failure to exhaust its administrative remedies. The Court directed the Township to proceed with its administrative appeal which is still pending before the administrative hearing officer. The appeal is now pending before the IMRF administrative hearing officer.

**COLLINSVILLE AREA RECREATION DISTRICT v. IMRF, et al.
(MADISON COUNTY 2018 MR 1093)**

Summary: In the 2018 election, the voters approved a resolution to dissolve the Collinsville Area Recreation District ("CARD"). By law, it cannot legally dissolve until its debts are paid. It has ceased operating and accruing additional debt, but CARD has a substantial amount of debt unrelated to its IMRF liability. CARD brought this action seeking a declaration from the court as to how it should continue to exist and operate while it pays down its substantial debt. IMRF, along with nearly all of the surrounding municipal entities, were named as nominal parties in order to bring all potentially interested parties before the court.

Status: IMRF has filed an appearance and will participate in the litigation. Staff believes that it will be able to resolve CARD's IMRF liability separate from its other substantial debts. The parties continue to work towards a solution which will effectuate an orderly winding down of the Plaintiff's operations. A proposed IGA is pending consideration which would resolve all open IMRF issues.

BRANDIE EDWARDS v. IMRF (COOK COUNTY 2020 CH 6213)

Summary: IMRF denied Ms. Edwards' claim for temporary disability benefits at the August Board meeting. Ms. Edwards has filed a Complaint for Administrative Review seeking the reversal of the Board decision.

Status: IMRF staff has filed a motion to dismiss this complaint for, among other reasons, failure to file the claim within the 35-day appeal period required under the Administrative Review Law. After completion of the briefing, the court has taken the motion under advisement and the parties await a ruling.

**DUNDEE TOWNSHIP PARK DISTRICT v. IMRF, et al.
(KANE COUNTY 2021 MR 581)**

Summary: IMRF found that annuitant Sherylynn King returned to work in an IMRF qualifying position with the Dundee Township Park District. IMRF further found that the employer knowingly failed to enroll Ms. King or otherwise notify IMRF to suspend her pension. Therefore, IMRF assigned one-half of the prepayment liability to the employer. The Park District has filed a Complaint for Administrative Review and Declaratory Judgment challenging the assignment of liability to the employer on several grounds. The Park District disputes that it "knowingly" failed to notify IMRF; that its conduct in this case did not warrant the maximum 50% liability; and that the assignment of liability to the employer constitutes an unconstitutional excessive fine.

Status: Staff has filed a motion to do dismiss Count II, which challenges the constitutionality of the employer liability provision. The motion is pending presentment to the Court.

(21-05-15) (Report of the Executive Director) The Executive Director gave an update to the Board on IMRF's Horizon Project.

The Executive Director gave an update on the 1st Quarter 2021 Strategic Goals. He also reported on IMRF's partial return to office plan that will begin on June 1st.

Lastly, the Executive Director recognized five (5) employees who are retiring from IMRF. He asked the Board to adopt the following resolutions for Appreciation of Service for:

Tammie Chan (26 years of service to IMRF)
Maureen Enright (27 years of service to IMRF)
Marianne Millburg (13 years of service to IMRF)
Jackie Montgomery (34 years of service to IMRF)
Karen Seplak (34 years of service to IMRF)

Resolution for Appreciation of Service for Tammie Chan

WHEREAS, Tammie Chan, Technical Architect, has faithfully served IMRF from July 1995 through June 2021, and;

WHEREAS, Tammie Chan held positions in the Information Services Department, first as a Programmer, then as a Programmer Analyst, and since January 2000 as a Technical Architect, and;

WHEREAS, Tammie Chan developed, enhanced, and fixed functionality by documenting requirements, designing solutions, and then testing code, and;

WHEREAS, Tammie Chan supported many business areas in SPECTRUM including the SPECTRUM enrollment process, member employment maintenance, and accounting, and;

WHEREAS, Tammie Chan played a significant role in supporting the Horizon Project by providing statistics to the Horizon Project Team, leveraging her knowledge of existing Member Access functionality. Tammie Chan also contributed to the data conversion project, helping ensure IMRF will be ready to launch Horizon, and;

WHEREAS, Tammie Chan modernized some areas of SPECTRUM correspondence by applying new technologies, enabling the production of more professionally branded business correspondence, and;

WHEREAS, during her tenure, Tammie Chan demonstrated IMRF's Values of Accountability and Accuracy by working many hours of overtime to ensure deadlines were met and functionality was thoroughly tested, and;

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

Resolution for Appreciation of Service for Maureen Enright

WHEREAS, Maureen Enright, Administrative Assistant to the Executive Director and the Board of Trustees, has faithfully served IMRF from February 1994 through May 2021, and;

WHEREAS, Maureen Enright held positions in the Investments Department and Executive Department, first as a Secretary, and since November 1995 as the Administrative Assistant to the Executive Director and the Board of Trustees, and;

WHEREAS, during her tenure, Maureen Enright provided administrative support for three Executive Directors (Robert L. Cusma, Louis W. Kosiba and Brian F. Collins) and supported more than 35 IMRF Trustees, and;

WHEREAS, Maureen Enright coordinated materials and recorded notes for 240 IMRF Board Meetings. In addition to the 240 Board Meetings, Maureen coordinated materials and recorded notes for many special Board Meetings, and;

WHEREAS, Maureen Enright recorded notes for 260 Senior Manager Meetings to distribute to staff, and;

WHEREAS, Maureen Enright played a key role in overseeing the annual Executive Department budget and the Board of Trustees budgetary account, and;

WHEREAS, in partnership with the Organizational Excellence Department, Maureen Enright organized hospitality arrangements for the Baldrige Examiners during IMRF's Baldrige Site Visits in 2018 and 2019, and;

WHEREAS, during her tenure, Maureen Enright demonstrated IMRF's Values of Empathy and Respect as a member of the ILPEX Staff Recognition Committee, the Philanthropy Committee, the Enhancing Inter-Departmental Relationships Committee, and the Fire Safety Team, and;

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

Resolution for Appreciation of Service for Marianne Millburg

WHEREAS, Marianne Millburg, Senior Member Services Representative, has faithfully served IMRF from February 2008 through March 2021, and;

WHEREAS, Marianne Millburg held positions in the Member Services Department throughout her tenure at IMRF, first as a Member Services Representative, and since February 2014 as a Senior Member Services Representative, and;

WHEREAS, Marianne Millburg answered more than 95,000 calls to IMRF's Member Services Department, and;

WHEREAS, Marianne Millburg provided more than 15,600 pension calculations for IMRF's members, and;

WHEREAS, Marianne Millburg counseled more than 2,600 walk-in clients, and;

WHEREAS, Marianne Millburg played a key role in identifying the need for new business correspondence to benefit members and created more than 20 unique letter templates, and;

WHEREAS, during her tenure, Marianne Millburg demonstrated IMRF's Values of Empathy and Respect by building rapport with members and employers and being a great mentor to colleagues, and;

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

Resolution for Appreciation of Service for Jackie Montgomery

WHEREAS, Jackie Montgomery, Programmer Analyst, has faithfully served IMRF from March 1987 through June 2021, and;

WHEREAS, Jackie Montgomery held positions in the Information Services Department, first as a Programmer, and since April 1990 as a Programmer Analyst, and;

WHEREAS, Jackie Montgomery developed, enhanced, and fixed functionality by documenting requirements, designing solutions, and then testing code, and;

WHEREAS, during her tenure, Jackie Montgomery supported many business areas in SPECTRUM including member claims, payments, member information, correspondence, and the annual close, and;

WHEREAS, Jackie Montgomery was the key developer of SAM, IMRF's internally developed attendance system that was coded in SPECTRUM, and;

WHEREAS, Jackie Montgomery ensured the eventual transition from SAM to the NOVAtime attendance system was successful, and;

WHEREAS, Jackie Montgomery played a significant role in learning new technology to support IMRF's secure sites (Member Access and Employer Access), and;

WHEREAS, during her tenure, Jackie Montgomery demonstrated IMRF's Value of Accountability by working many hours of overtime to ensure deadlines were met and functionality was thoroughly tested, and also demonstrated IMRF's Value of Empathy by always remembering colleagues' birthdays and anniversaries, and;

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

Resolution for Appreciation of Service for Karen Seplak

WHEREAS, Karen Seplak, Investment Officer, has faithfully served IMRF from November 1987 through June 2021, and;

WHEREAS, Karen Seplak held positions in the Finance Department and Investment Department, first as an Accountant, then Assistant Internal Auditor, then Investment Analyst, and since June 2014 as an Investment Officer, and;

WHEREAS, as part of a team, Karen Seplak successfully grew IMRF's investment portfolio from more than \$3 billion in 1987 to more than \$50 billion in 2021, and;

WHEREAS, Karen Seplak prepared materials for more than 200 Investment Committee meetings, and;

WHEREAS, Karen Seplak played a significant role in establishing IMRF's Minority and Women-Owned Business manager program, and;

WHEREAS, during her tenure, Karen Seplak participated in numerous searches for investment managers, investment consultants, and other investment service providers, and;

WHEREAS, Karen Seplak demonstrated IMRF's Value of Empathy as a member of the ILPEX Staff Recognition Committee and the 75th Anniversary Committee, and;

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

It was moved by Mr. Kosiba, seconded by Mr. Kuehne, to adopt the five (5) resolutions for Appreciation of Service as presented.

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan

Nay: None

Absent: None

Miscellaneous

The Executive Director presented the most recent personnel report.

He asked the Board if they had any general comments. Discussion ensued regarding an RFP for actuarial services. The Executive Director said that he will give a presentation and recommendation at the next board meeting in August.

Ms. Mitchell asked when meetings will be back in-person. The Executive Director explained that he is waiting for the Governor's office to make the announcement allowing in-person meetings.

(21-05-16) (Trustee Forum) The Chair reported that there was nothing to report under this line item.

(21-05-17) (Adjournment) It was the moved by Ms. Copper, seconded by Ms. Mitchell, to adjourn the Board Meeting at 10:57 a.m., and to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m., August 27, 2021.

Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Mitchell, Stanish, Stefan

Nay: None

Absent: None



President



Date



Secretary



Date

