

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 22-08
AUGUST 19, 2022

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 22-08

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m. August 19, 2022, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

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

Ms. Herman took a roll call:

Present: Copper, Henry, Kuehne, Miller, Stanish (via MS Teams), Stefan

Absent: Kosiba, Mitchell

Ms. Rose Dean and Mr. Ali Kazemi from Wilshire Associates were also present.

(22-08-01) (2nd Quarter 2022 Investment Manager Report) Ms. Dean and Mr. Kazemi presented a summary of IMRF's performance for the 2nd Quarter of 2022.

Highlights of the presentation included:

- IMRF ended June 2022 with a market value of \$48.4 billion.
- IMRF total fund return for SQ 2022 is -9.89% versus the Total Fund Benchmark return of -9.53%.
- US Equity markets saw its worst quarter since early 2020 from impact of high inflation on economic growth.
- IMRF U.S. Equity Portfolio underperformed the benchmark during the quarter, returning -16.64% versus -16.08%.
- International stocks also struggled due to European growth slowing and China's zero COVID policy.
- IMRF International Equity Portfolio underperformed the benchmark during the quarter, returning -14.01% versus -13.73%.
- Challenging fixed income environment driven by aggressive Fed tightening.
- IMRF Fixed Income Portfolio underperformed the benchmark during the quarter, returning -5.29% versus -5.10%.
- All asset class allocations remain within the rebalancing range in the Investment Policy.

The following additional market factors contributed to the losses:

- The U.S. stock market was down -16.8% for the second quarter, the largest quarterly drop since the global COVID shutdown in early 2020.
- Rising inflation, which began in late 2020-early 2021, continues to accelerate this year, reaching levels not seen in four decades.
- High inflation has become a global issue with rates in Europe approaching U.S. levels.

- The U.S. Treasury yield curve was up across all maturities with the 10-year at 3.02%, up 68 basis points from March.

Ms. Dean and Mr. Kazemi also mentioned that they placed Genesis (emerging market manager) on the watch list due to team changes, including retirements and departures. They will have a discussion with staff to bring on another emerging market manager to split with Genesis.

(22-08-02) (Monthly Manager Report - Wilshire Associates) Mr. Kazemi and Ms. Dean from Wilshire Associates presented investment activity for the month of July 2022. Highlights of the monthly findings include:

- The Illinois Municipal Retirement Fund ("IMRF") ended July 2022 with a market value of \$50.3 billion, up for the month by approximately \$1.9 billion. IMRF returned +4.26% during the month, outperforming the Total Fund Benchmark, which returned +3.80%. Global financial markets rose in July. While the Federal reserve hiked interest rates by an expected 75 basis points, a strong U.S. jobs report exceeded expectations.
- The U.S. Equity Market rebounded strongly in July. The U.S. Equity Portfolio underperformed the benchmark during the month, returning 8.29% versus 9.05%. In aggregate, investment manager performance in Large Cap Value was the largest contributor to relative underperformance.
- Developed International Equity markets were up in July, while Emerging Markets fell. The U.S. dollar strengthened against foreign economies. The International Equity Portfolio outperformed the benchmark during July, returning 3.64% versus 3.42%. Investment manager performance in Large Cap Growth was the largest contributor to relative outperformance.
- U.S. Treasury yields fell in July as credit spreads tightened and bond prices rose. The Fixed Income Portfolio underperformed the benchmark during the month, returning 2.66% versus 2.67%. Investment manager performance in High Yield was the largest contributor to relative underperformance.
- As of July month-end, all underlying asset class allocations in the Portfolio are within the stated four percentage point rebalancing range as outlined by the current Statement of Investment Policy.

(22-08-03) (Investment Reports) Ms. Angela Miller-May, CIO for IMRF, reported the following changes to asset classes for the month-to-date period ending August 17, 2022:

- Domestic Equity increased 3.74% from \$18,816 million to \$19,519 million
- International Equity increased by 1.17% from \$8,415 million to \$8,514 million
- Fixed Income decreased by -.66% from \$12,912 million to \$12,827 million
- Real Estate decreased by -.22% from \$4,691 million to \$4,681 million
- Alternative Investments decreased by -.69% from \$5,116 million to \$5,081 million
- Cash decreased by -49.07% from \$312 million to \$159 million
- The overall fund saw an increase of 1.03% going from \$50,263 million to \$50,782 million

Furthermore, the following benchmark returns were reported:

S&P 500	+3.59% (MTD)
Custom U.S. Equity Benchmark	+3.84%
<i>93% Russell 3000 Index</i>	
<i>7% FTSE Global Core Infrastructure 50/50 Index (Net)</i>	
MSCI ACWI Ex-U.S.	+1.34%
<i>Broad International equity market benchmark</i>	
Bloomberg Barclays Aggregate	-1.19%
<i>Broad U.S. bond market benchmark</i>	

Ms. Miller-May reminded everyone of IMRF's Investment Philosophy which includes the following:

- IMRF is a long-term and patient investor that has exceeded its expected rate of returns over the long investment horizon.
- Asset allocation is the primary driver of long-term total fund returns and IMRF is disciplined to their Asset Allocation Targets.
- Strategic Decisions will prevail in determining asset allocation rather than tactical or short-term market timing decisions.
- Investment Structure and Rebalancing is vital in complying with asset allocation targets.
- Diversification is key across all asset classes and is the main defense against realizing losses.

(22-08-04) (Consent Agenda) The Chair presented an agenda consisting of a Consent Agenda. One bid was removed from the Consent Agenda to allow time to obtain more competitive bids.

The following items remained on the Consent Agenda since no Board member asked for their removal.

Schedules - Dated May 2022

- (A) 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.
- Schedule R - Prior Service - New Governmental Units
- Schedule S - Prior Service Adjustments

Schedules - Dated June 2022

- 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.
- Schedule R - Prior Service - New Governmental Units
- Schedule S - Prior Service Adjustments

Schedules - Dated July 2022

- 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.
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- Schedule S - Prior Service Adjustments

(B) Approval of Minutes

Regular Meeting minutes from May 27, 2022

(C) Approval of Minutes

Special Board Meeting minutes from July 14, 2022

(D) Bids

Three-year Document Shredding Services
Approved Bidder: Citadel Information Management
Approved Bid: \$27,450 for full 3-year term

Sitecore Support Services 2022
Sole Source: Inflection Point Systems, Inc.
Approved Bid: \$60,000 (2-year contract)

Audio-Visual (AV) Maintenance - 3-year contract
Approved Bidder: AVI-SPL, LLC
Approved Bid: \$58,714.34

Boardroom AV Refresh

**** (PULLED FROM CONSENT AGENDA TO OBTAIN ADDITIONAL BIDS)**

Dell Precision 3571 Laptops (20)
Approved Bidder: Dell Technologies
Approved Bid: \$39,696.20

Dynamics 365
Approved Bidder: Software House International
Approved Bid: \$487,335

LinkedIn - 3-year Renewal
Sole Source: LinkedIn
Approved Bid: \$73,167.60

2022 Palo Alto Maintenance Renewal
Approved Bidder: Software House International
Approved Bid: \$26,740.33

Quantum Tape Library Replacements for Oak Brook

Approved Bidder: Software House International
Approved Bid: \$220,057.42

Avaya Telephony System Enhancements & Horizon
Sole Source: Avaya Telephony System
New Ceiling Amount: \$1,145,829.66

(E) Participation of New Instrumentality - Greater Egypt Regional Planning & Development Commission

Greater Egypt Regional Planning & Development Commission
County: Williamson
2022 Employer Rate: 7.10%
Effective Participation Date: September 1, 2022
Number of Employees: 9

(F) Participation of New Unit of Government - Village of Danvers

Village of Danvers
County: McLean
2022 Employer Rate: 11.42%
Effective Participation Date: September 1, 2022
Number of Employees: 5

(G) Participation of Township - Pleasant Township

Pleasant Township
County: Fulton
2022 Employer Rate: 9.01%
Effective Participation Date: January 1, 2023
Number of Employees: 1

(H) Participation of New Unit of Government - City of Nauvoo

City of Nauvoo
County: Hancock
2022 Employer Rate: 16.07%
Effective Participation Date: September 1, 2022
Number of Employees: 7

(I) Participation of New Unit of Government - Illinois Police Investment Fund

Illinois Police Investment Fund
County: Peoria
2022 Employer Rate: 8.44%
Effective Participation Date: September 2022
Number of Employees: 3

(J) Review of June, July, and August Financial Reporting Packages

(K) Impact of 2022 Year-To-Date Investment Income of Employer Reserves, Funding Status and Average Employer Contribution Rate (June, July & August 2022)

(L) Statement of Fiduciary Net Position

(M) Schedule T - Report of Expenditures

It was moved by Mr. Miller, seconded by Mr. Stefan, to approve items A-M on the consent agenda after pulling the Board Refresh bid in order to receive multiple bids for that project.

ALL VOTED AYE - MOTION CARRIED

6 AYES; 2 ABSENT

(22-08-05) (Benefit Review Committee Report) The Chair of the Benefit Review Committee reported on the Benefit Review Committee meeting that was held on August 18, 2022, at 1:00p.m.

The Committee approved the open session meeting minutes from May 26, 2022.

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

- To deny total and permanent disability benefits in the Curtis Lackner case. (After deliberation, the Committee recommends that the Board affirm the staff decision denying total and permanent disability benefits in the Curtis Lackner case. The Committee finds that Mr. Lackner's own physician released him to sedentary work meaning there is no physician who has opined that Mr. Lackner is totally and permanently disabled. Mr. Lackner admitted that he has not sought any employment after terminating from the school district. Therefore, the Committee finds that Mr. Lackner does not meet the eligibility requirements for total and permanent disability benefits as set forth in Section 7-150.)
- To adopt the findings and conclusion of the IMRF hearing officer in the Vernon Township case.
- To deny total and permanent disability benefits in the Paul Timmerman case. (After deliberation, the Committee recommends that the Board affirm the staff decision denying total and permanent disability benefits in the Paul Timmerman case. The Committee finds that there is no objective evidence showing that shortness of breath is preventing Mr. Timmerman from performing his job duties. The Committee is persuaded by the FCE findings showing that Mr. Timmerman can perform the physical requirements of the job. Additionally, Mr. Timmerman admitted that, if the hearing was limited to shortness of breath, he was not entitled to disability benefits. Therefore, the Committee finds that Mr. Timmerman does not meet the eligibility requirements for temporary disability benefits as set forth in Section 7-146.
- To write-off the surviving spouse benefits in the George Lanning case. (After further discussion, the Committee recommends the write-off of surviving spouse benefits in the amount of \$19,182.90 erroneously paid to George Lanning due to the murky marriage history, the processing errors that occurred in 1987, and the unlikelihood of collecting the overpayment.

ALL VOTED AYE - MOTION CARRIED

6 AYES; 2 ABSENT

The Board requested a Roll Call vote for the Marcia Gillespie case. The Committee's recommendation in this case is to affirm the separation of service violation, to assign 50% of the prepayment liability to the employer, and to make a recommendation to the Legislative Committee regarding clarification that the previous employer liability legislation applies to situations like this.

It was moved by Mr. Miller, seconded by Mr. Kuehne to assign the employer 50% of the \$5,000 penalty imposed in the Gillespie case and attempt to clarify legislation regarding the Return to Work Policy.

ROLL CALL VOTE:

AYE: COPPER, HENRY, KUEHNE, MILLER, STANISH

NAY: STEFAN

ABSENT: KOSIBA, MITCHELL

5 AYES; 1 NAYS; 2 ABSENT - MOTION CARRIED

(22-08-06) (Investment Committee Meeting) The Vice Chair of the Investment Committee reported on the Investment Committee Meeting that was held on August 18, 2022, at 9:00a.m.

The Investment Committee approved the meeting minutes from the May 26, 2022 meeting.

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:

- A commitment of up to \$50 million to Chicago Pacific Founders Fund III, L.P.
- A commitment of up to \$20 million to Agent Capital Fund II, L.P.
- A commitment of up to \$15 million to Red Arts Capital Opportunities Fund I, L.P.
- Authorize Staff to complete all documentation necessary to execute these recommendations.

For Real Estate

Authorize the following commitments subject to satisfactory legal due diligence:

- A commitment of up to \$75 million to Blackstone Debt Fund V, L.P.
- A commitment of up to \$50 million to Long Wharf Fund VII, L.P.
- An increase of up to \$50 to Security Capital - Preferred Growth LLC
- Authorize Staff to complete all documentation necessary to execute these recommendations.

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

ALL VOTED AYE - MOTION CARRIED
6 AYES; 2 ABSENT

(22-08-07) (Resolution Allowing Waiver of Employer Reporting Fees and Interest (post Horizon/Go Live)) General Counsel presented the following resolution for Board approval.

WHEREAS, sections 7-172(h) and 7-198 of the Illinois Pension Code authorize Board of Trustees of the Illinois Municipal Retirement Fund to establish rules regarding the time and manner of reporting and paying IMRF contributions by participating employers; and

WHEREAS, section 7-209(c) of the Pension Code provides for interest charges at the rate of 1% per month on municipality accounts receivable unpaid for one month or more; and

WHEREAS, the Board of Trustees has previously determined that employer reports of member wages and contributions must be made monthly; and

WHEREAS, the upcoming implementation of the Horizon system will change the manner in which employers report wages and make contributions; and

WHEREAS, it is necessary and desirable to issue a temporary rule regarding fees and interest imposed on employer account delinquencies during the Horizon transition.

NOW THEREFORE BE IT RESOLVED that the Chief Financial Office or Comptroller shall be authorized to waive the fees and penalties for employers who need additional time to adjust to the new reporting module. The waiver may only be granted upon determination of the Chief Financial Officer or Comptroller that the employer has demonstrated a good-faith effort to conduct business with IMRF notwithstanding any difficulties of the Horizon system.

This resolution becomes effective on the date upon which the IMRF Horizon system goes live for use by employers and waivers may be granted for six months from that date. Employers shall be given advance notice of the transition to Horizon.

It was moved by Mr. Stefan, seconded by Ms. Henry to approve the Resolution Allowing Waiver of Employer Reporting Fees and Interest (post Horizon/Go Live).

ALL VOTED AYE - MOTION CARRIED
6 AYES; 2 ABSENT

(22-08-08) (Resolution Concerning Accelerated Payments) General Counsel presented the following resolution for Board approval.

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 7-172(k) of the Pension Code provides for the Accelerated Payment of pension costs attributable to earnings increases over the

previous year, paid during the Final Rate of Earnings period, of more than the higher of 6% or 1.5 times the CPI-U; and

WHEREAS, it is necessary to adopt rules for the efficient administration of section 7-172(k).

THEREFORE BE IT RESOLVED that the following administrative rules be and are hereby adopted by the Board of Trustees:

- A. The employer contribution required under section 7-172(k) ("Accelerated Payment") shall be determined as follows:
 1. Member has only one employer during the Final Rate of Earnings ("FRE") period:
 - a. Calculate the member's retirement annuity using earnings as reported and determine its present value;
 - b. Calculate the member's retirement annuity excluding excess earnings and determine its present value;
 - c. Subtract the present value of (b) from the present value of 9a);
 - d. The result from (c) is the amount of the required Accelerated Payment;
 - e. For purposes of this rule, "excess earnings" are defined as: the amount, if any, of reported earnings in any of the 12-month periods in the FRE period that exceed the previous 12 months by the greater of 6% or 1.5 times the Consumer Price Index-Urban. (The CPI-U is determined per paragraph B, below.) Excess earnings are determined on a 12-month basis.
 - f. For purposes of this rule, the "Final Rate of Earnings" period for a Tier 1 member is 48 months and shall consist of four 12-month periods. The Final Rate of Earnings period for a Tier 2 member is 96 months and shall consist of eight 12-month periods.
 2. Member has more than one employer during FRE period:
 - a. The employer that paid the excess earnings (defined in A.1.e., above) will be responsible for the Accelerated Payment.
 - b. If more than one employer paid excess earnings, the Accelerated Payment will be split based on the proportion of excess earnings from each employer compared to the total excess earnings.
- B. If 1.5 times the Consumer Price Index-Urban (CPI-U), as announced in September, is greater than 6%, that greater amount will be used to determine excess earnings for each of the 12-month periods that begin between January and December of the following calendar year. The CPI-U for each year (as announced in September) will be considered only for the 12-month periods beginning during January and December of the following calendar year.
- C. If a member's retirement annuity is calculated pursuant to section 7-142(a)(1)(a) of the Pension Code, an employer contribution under section 7-172(k) is not required.
- D. If the FRE is calculated with earnings from employment covered by another participating system under Article 20 of the Pension Code (Retirement Systems Reciprocal Act), no Accelerated Payment will be assessed for any earnings attributable to that employment.
- E. The exceptions as set forth in 40 ILCS 5/7-172(k) shall not be considered when determining excess earnings.

- F. The required Accelerated Payment will be calculated when the member's retirement annuity is processed and paid. The employer will be billed and will have 90 days to make the Accelerated Payment interest free. After 90 days, interest will accrue at the assumed rate of return. In any case, the payment must be made within 3 years. For purposes of determining the 90-day interest free grace period and the three-year payment period, an employer shall be deemed to have received a bill for the Accelerated Payment on the first day of the month following the bill date indicated on the bill. Increases in the present value of less than \$5,000 shall not require an immediate employer payment but will be funded with and in the same manner as the present value of the entire pension.
- G. An employer may dispute the amount of the Accelerated Payment by applying in writing for a recalculation within 30 days of the receipt of the bill. Unless the recalculation results in a change to the original amount billed, the request for a recalculation shall not extend the 90-day grace period.
- H. An employer may claim an exemption to the Accelerated Payment by filing an exemption form with IMRF within the 30-day dispute period. The exemption claim must include documentation sufficient to substantiate the exemption. Acceptable documentation includes, but it not limited to, copies of the following:
1. The CBA:
 - a. Increases paid pursuant to a provision of a CBA in effect before 1/1/2012, but after that CBA expired, are exempt if the pre-requisite for the increase occurs during the period covered by the CBA.
 - b. Increases paid pursuant to personal services contracts entered into, amended, or renewed prior to 1/1/2012 are exempt during the term of the contract, if the contract term conforms to all applicable statutory limitations. If there are no statutory limits on the contract term, and the term of a contract exceeds that of the appointing authority and is an attempt to bind successors in matters incident to their own administration and responsibilities, such contract may not be used for purposes of an exemption.
 2. The personal services contract;
 3. Board minutes adopting personnel policies;
 - a. Personnel policies eligible for this exemption must:
 - i. be in writing, and
 - ii. specifically exclude from those payments that would trigger the Accelerated Payment employees hired no or after a certain date (but no later than 1/1/2012), and
 - iii. be formally adopted by the employer's governing body on or before 1/1/2012.
 4. Time sheets, check stubs or other statements related to employee hours and wages;
 5. Board minutes or other official announcements of promotions.
- I. An employer may appeal an unfavorable staff determination regarding a claimed exemption to the IMRF Board of Trustees Benefit Review Committee. The 90-day grace period for interest free payments will not be tolled during the appeal process.
- J. Increases paid on or before January 1, 2012 are exempt from the Accelerated Payment.
- K. Retroactive earnings paid in a lump sum upon settlement of a collective bargaining agreement will be allocated back to the period

the compensation was earned if that lump sum payment results in an accelerated payment charge.

It was moved by Mr. Kuehne, seconded by Ms. Henry to approve the Resolution Allowing Concerning Accelerated Payments.

**ALL VOTED AYE - MOTION CARRIED
6 AYES; 2 ABSENT**

(22-08-09) (Approval of Strategic Objectives and Key Strategies)
IMRF's Organizational Excellence Officer, Michael Everett, presented the updated 2023-2025 Strategic Planning Process - Steps 4 through 6.

It was moved by Mr. Kuehne, seconded by Mr. Stefan to approve the Strategic Objectives and Key Strategies (Steps 4-6) for the 2023-2025 Strategic Plan.

**ALL VOTED AYE - MOTION CARRIED
6 AYES; 2 ABSENT**

(22-08-10) (Executive Director Performance Appraisal/Board Self-Evaluation) General Counsel explained that this approval is usually on the November meeting agenda, but the Board requested that the timeframe be moved up. Counsel explained that IMRF retained the services of Julia Nicholson to facilitate and advise the Board with the Executive Director Performance Appraisal Process as well as the Board Self-Evaluation process. Ms. Nicholson has reviewed the Executive Director appraisal form which is the same form that was used last year. In addition, the proposed timelines provide that the Executive Director appraisal will occur at the November 18, 2022 meeting with compensation discussion to be considered at the December 2022 meeting. The Board self-evaluation discussion with Ms. Nicholson is scheduled for the March 2023 Board meeting.

It was moved by Ms. Henry, seconded by Mr. Kuehne to approve the Executive Director Performance Appraisal form.

**ALL VOTED AYE - MOTION CARRIED
6 AYES; 2 ABSENT**

(22-08-11) (Litigation Update) The following is an update of the currently pending or recently concluded litigation:

BRANDIE EDWARDS v. IMRF (COOK COUNTY 2020 CH6213)

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

Status: The Court partially granted IMRF's motion to dismiss without prejudice and granted the Plaintiff time to file an emended complaint. An amended complaint has not yet been filed.

**LARRY BAULER v. BOARD OF TRUSTEES of IMRF et al.
(DUPAGE COUNTY 2021 MR 0989)**

Summary: Bauler retired from the Wheaton Park District under the ERI enhancement in 2001. In 2013, Bauler began working for the City of Wheaton. The ERI enhancement statute prohibits an individual who received the

enhancement from working for any IMRF participating employer. After an administrative hearing, the Board found that Bauler's work for the City of Wheaton violated the ERI statute and assessed a prepayment of \$209,318.25. Bauler appeals that decision.

Status: After hearing oral argument, the Court reversed the IMRF Board's decision finding that references to participating employment in the ERI law indicate that the intent of the law was to prohibit re-employment in an IMRF qualifying position. A recent legislative change removed the reference to participating employment in the statutorily recommended resolution; therefore, staff does not recommend appealing this decision. Plaintiff has filed a post-judgment motion seeking attorney's fees and certain costs. After briefing the argument, the Court denied Plaintiff's motion for payment of additional fees and costs. The time for appealing the post-judgment denial has not yet run.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM ET AL, v.
PETROBRAS-PETROLEO BRASILEIRO S.A. (MARKET ARBITRATION CHAMBER,
ARBITRAL PROCEEDING No. 72/2016)**

Summary: A group of investors is seeking recovery through arbitration proceedings against Brazilian corporation, Petrobras, related to the overstatement of the corporation's assets and earnings along with potential liabilities that the corporation was exposed to as a result of a widespread bribery and kickback scheme. Once knowledge of the bribery and kickback scheme became public, the price of Petrobras securities declined significantly, causing substantial losses for investors.

Status: A U.S. District Court for the Southern District of New York declined to exercise jurisdiction over claims related to Petrobras shares traded in Brazil. Therefore, these claims are pending before the Market Arbitration Chamber of the Brazilian Stock Exchange. IMRF has participated in proceedings to establish its right to a claim, but the actual calculation of individual damages for each claimant has not yet been addressed.

**KEITH GARDNER v. BOARD OF TRUSTEES OF IMRF et al.
(DUPAGE COUNTY 2021 MR 1377)**

Summary: Gardner was a sheriff's deputy for the Kane County Sheriff's Office. He then received temporary disability benefits for a number of months. Upon evaluation of his claim for total and permanent disability benefits, IMRF received new information showing that Gardner had refused to attempt to return to work with medical accommodations offered by Kane County. Therefore, the IMRF Board retroactively terminated Gardner's temporary disability benefits rendering the question of total and permanent disability benefits moot. Gardner appeals the decision.

Status: Staff have filed the administrative record and the Court has entered a briefing schedule. The matter has been fully briefed and the parties await a written ruling by the Court.

TAMEKA WILSON v. IMRF (IDHR 2022 CR0504)

Summary: This is a charge of discrimination by a former employee through the Illinois Department of Human Rights.

Status: IMRF is cooperating with the IDHR investigation.

**GORDON v. IMRF , et al. (U.S. EEOC 440-2022-3068;
U.S. DIST. COURT FOR the NORTHERN DISTRICT OF ILL 2021 cv 6653)**

Summary: This is a new EEOC charge of discrimination by a current employee. Additionally, Gordon has filed a lawsuit in federal court stemming from the same allegations that were previously dismissed by the IDHR and EEOC.

Status: The Plaintiff has voluntarily requested a right to sue letter at the EEOC prior to the agency investigating her claims. The Plaintiff then filed an amended complaint to incorporate the new allegations raised at the EEOC. IMRF has filed an Answer and Affirmative Defenses and awaits a discovery schedule from the Court.

**IMRF et al. v. PACIFICORP, et al.
(DOUGLAS COUNTY, OREGON 20CV37637)**

Summary: IMRF is one of a group of landowners in Oregon bringing suit against electric company Pacificorp for the loss of Timberland due to a forest fire in the Archie Creek area of Oregon believed to be caused by the company. This litigation was previously authorized by the IMRF Board of Trustees.

Status: Although the parties have engaged in pre-litigation settlement discussions, this matter is now proceeding to formal litigation. With the filing of the initial pleading, we await a response from the defendant.

GLENCORE PLC (UNITED KINGDOM INVESTOR GROUP ACTION)

Summary: A group of investors is seeking recovery through the UK's Financial Services and Markets Act against multinational commodity trading and mining company, Glencore PLC. The claim is based on alleged misstatements and omissions concerning Glencore's operations in the Democratic Republic of Congo. Specifically, the entity failed to disclose that its business operations in the DRC were secured through possibly corrupt means. Once knowledge of the bribery and corruption scheme became public, the price of Glencore's securities declined significantly, causing substantial losses for investors.

Status: IMRF has opted to participate in one of the investor group actions. The action is still gathering qualified investors for the group action and pleadings have not yet been filed. The litigation of these claims will be handled by an outside English counsel.

**JACKIE HAYES v. BOARD OF TRUSTEES OF IMRF et al.
(SANGAMON COUNTY 2022 MR 126)**

Summary: Plaintiff's claim for total and permanent disability was denied by the IMRF Board of Trustees in December 2021 with a final written decision being sent to the Plaintiff in early January 2022. Plaintiff filed a claim for judicial review in March 2022, but the IMRF defendants were not served with a summons until late July 2022.

Status: Based on the filing of this lawsuit, staff intends to file a motion seeking dismissal for failing to meet the filing deadline in the Administrative Review Law.

(22-08-12) (Legislative Update) IMRF's Government Affairs Manager gave a report on current legislative activity.

She informed that the General Assembly has scheduled its 2022 veto session for the weeks before and after Thanksgiving. It is unclear if they will use all six scheduled days or if some may be canceled.

She further explained that only six bills that pertained to IMRF passed the General Assembly and all have now been signed into law. Two of the three bills that make up the Board's 2022 legislative agenda are now law. Four of the bills were signed by the Governor on Friday, May 13th, all four of which were sent on April 29th. None of the bills to which IMRF is opposed were even voted on in committee or the floor.

Senate Bill 3651, creates an exemption for accelerated payments that arise due to workers' compensation payments. This is part of the Board's 2022 legislative agenda. It was sent to the Governor on April 29th and signed into law as Public Act 102-0849. It was effective as of May 13th.

Senate Bill 3652, is the second active IMRF legislative agenda bill. It aligns the suggested employer resolution to adopt an Early Retirement Incentive with the statutory language regarding limitations on ERI retirees returning to work for an IMRF employer. It is now Public Act 102-0850. It was also effective on May 13th.

Senate Bill 3778, would add two additional SERS job titles to the list of those SERS members that can transfer their IMRF service to SERS. The Board was neutral on this bill. It is now Public Act 102-0856 and will be effective as of January 1, 2023.

House Bill 4209, would open a window allowing active members of an Article 3 fund to transfer IMRF service earned in a public safety position to the Article 3 plan and makes equivalent changes for former SERS members. An amendment was filed the day before adjournment that also included language opening a six-month window allowing active SLEP members to transfer up to 10 years of Article 3 service credit to IMRF SLEP. It does not allow members to repay a refund of service credit in the Article 3 fund. It was signed into law on June 10th as Public Act 102-1061 and was effective upon signature, although the window allowing service credit to be transferred into IMRF began on July 1st and the window for allowing service to be transferred out of IMRF will begin on January 1st.

House Bill 4646, would require all employers to allow IMRF employee trustees at least 20 days to attend IMRF Board and committee meetings and seminars. It would also require IMRF to reimburse employers for the actual cost of a substitute employee during that time. The Board supports this bill. This bill was signed into law on May 27th. It is now Public Act 102-0943 and will be effective January 1, 2023.

Finally, the Government Affairs Manager informed the Board that the virtual legislator meetings continue to be a popular meeting method for legislators. Executive Director Brian Collins commented on the success of these virtual meetings, as well as the in-person pension reform meetings that he has

participated in over the last few months. He added that staff did an excellent job in scheduling and managing the virtual meetings.

(22-08-13) (Horizon Update) Executive Director Brian Collins, and IMRF's Chief Information Services Officer, Keyla Vivas, along with Karine Pettigrew from Lifeworks and Ray Smith from Provaliant, updated the Board on the status of the Horizon Project. Keyla explained each component that makes up Horizon and informed that the new Go Live date is anticipated to be November 28, 2022, which is subject to change. The top priority is to launch with a high-functioning, high-quality Horizon system. There are several "Go Live" risk factors that can delay the launch, including software readiness, data conversion readiness, employer readiness, staff readiness, staff retirements and resignations and COVID-19. Upcoming key activities include Segment 5 User Acceptance Testing (UAT) (July-September); Horizon Pilot (September-November based on the tentative November 28th "go live" date); and Training (October-November based on the tentative November 28th "go live" date).

Trustee Miller raised a concern that the Go Live date might interfere with the year-end financial closing process.

(22-08-14) (Report of the Executive Director) The Executive Director presented the highlights and the progress of the strategic objectives and key strategies during the second quarter of 2022 that support IMRF's 2020-2022 Strategic Plan.

The Executive Director also provided information on the Audit Report, FOIA requests, and personnel.

(22-08-15) (Appreciation of Service - Kathy Goerdt). This agenda item has been postponed until the November meeting since Kathy Goerdt was unavailable to attend due to an illness.

(22-08-16) (Trustee Forum) The Chair reported the following Trustees requested authorization from the Board for the following conferences:

Sue Stanish 2022 Public Funds Forum
ValueEdge Global Events
September 6-9, 2022
Laguna Beach, CA

Dave Miller 68th Annual Employee Benefits Conference
International Foundation of Employee Benefits Plans
October 22-27, 2022
Las Vegas, NV

Natalie Copper 2022 IPPFA MidAmerican Pension Conference
IL Public Pension Fund Association
October 4-8, 2022
Oak Brook, IL

It was moved by Mr. Kuehne, seconded by Mr. Stefan to approve the Trustees' requests to attend the specified conferences.

**ALL VOTED AYE - MOTION CARRIED
6 AYES; 2 ABSENT**

A list of conferences, as well as a chart listing accumulated trustee training hours, were also included as part of the Trustee Forum agenda item.

(22-08-17) (Executive Session) It was moved by Mr. Kuehne, seconded by Mr. Miller to go into Executive Session at 10:45am for the purpose of pending litigation (5 ILCS 120/2(c)(11)).

ROLL CALL VOTE:

AYE: COPPER, HENRY, KUEHNE, MILLER, STANISH, STEFAN

NAY:


ABSENT: KOSIBA, MITCHELL

Board returned to open session at 11:32am.

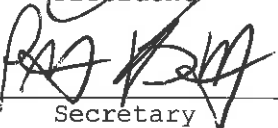
(22-08-18) (Adjournment) It was moved by Mr. Miller, seconded by Mr. Stefan to adjourn the Board Meeting at 11:33am, and to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, IL, at 9:00am, on November 18, 2022.

ALL VOTED AYE - MOTION CARRIED

6 AYES; 2 ABSENT



President



Secretary

11-18-2022
Date

11-18-2022
Date