

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 24-02
FEBRUARY 23, 2024

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 24-02

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m. on February 23, 2024, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Mr. Stefan presided as President/Chair and called the meeting to order.

Ms. Herman took a roll call:

Present: Copper, Cycholl, Henry, Kosiba*, Miller, Stanish, Stefan

Absent: Kuehne

*Trustee Kosiba attended the meeting via MS Teams.

Ms. Bewick and Messrs Kazemi and Caumo from Wilshire Associates were also present at the meeting. There were also two people present to address the Board with Public Comments.

Mr. Jordan Ash, a member of the Private Equity Stakeholder Project (PESP), addressed the Board regarding concerns with Blackstone Real Estate acquiring Tricon and how it will worsen the housing crisis. Currently, IMRF is an investor in Blackstone Real Estate Partners X or Blackstone Real Estate Investment Trust. They fear if Blackstone acquires Tricon Residential, it will worsen the housing affordability crisis and harm tenants. They urged the Board to tell Blackstone not to invest IMRF money in this deal unless Blackstone agrees to a set of standards that would ensure basic protections and protect investors from potential headline and repetitional risks.

Mr. Jack Bower, Executive Director of Broadview Public Library District, was present and addressed the Board regarding the Executive Trustee election. He was the other candidate in the election running against Sue Stanish. He wanted to congratulate Sue on her re-election to the IMRF Board and he was present to observe.

(24-02-01) (Board President Comments) Mr. Pete Stefan, Board President, presented the following initiatives and discussion topics he would like to pursue in 2024.

- *Developing a More Dynamic and Flexible Assumed Investment Rate of Return Assumption.* Although changes in the assumed investment rate of return are certainly not frequent as 25 years had passed between the last two. Changes in 1993 and 2018, the magnitude of those changes did have a noticeable impact on employer funding rates. He would like for the Board to have a discussion on this topic at some point in 2024 to see if a consensus could be built to have a long-term assumption (that could actually change on an annual basis) but making slow and methodical progress toward attaining that level in

small annual increments of 5 or 10 basis points that would theoretically move in either direction (increases or decreases) based on investment results in any particular year. Sort of like "two steps forward and one step back." Even that that pace, progress would be made in the long term and would be much more palatable to employers compared to the previous one-time 25 basis points adjustments approved in the recent past. Since he considers IMRF to have an "infinite" investment horizon, time should be our friend rather than an obstacle to overcome.

- *Advocating for a Voluntary Program Allowing an Employer to Fund the 13th Payment at a 100% Level.* Similar to the Early Retirement Incentive Program, Mr. Stefan believes employers could benefit from a voluntary program to offer a 100% funding of the 13th Payment for its members as an employee recruitment and retention tool. He is frequently hearing from employers how hard it is to recruit and retain top tier talent, especially for part-time positions. While there may be other hurdles to overcome such as generational differences in work ethics, compensation expectations, remote work capabilities, and work/life balance issues, providing employers with another tool to attract and retain a better workforce would be a welcome option to some employers. Making this available on a voluntary basis would leave the decision of whether or not to offer this benefit completely up to each employer. Mr. Stefan would welcome the opportunity to have a discussion with the Board on this topic in 2024.
- *Revisiting the Definition of Service Credit.* The current method of how a member earns a month of service credit seems inequitable at times and not entirely dependent on a member's own decisions but is, at times, subject to an employer's payroll cycle. For example, by making assumptions on a member's hire date and retirement date, as well as an employer's payroll practices, Mr. Stefan can come up with two members who have worked a total of 19 years - 10 months - 10 days and 20 years - 0 months - 12 days respectively, yet when they retire they both will receive a pension based on 20 years-0 months of service credit even though one of those members will have actually worked for more than 2 months more than the other member over the course of their careers. Clearly, during the bulk of their careers they are receiving one month of service credit for each month worked, however, the partial months of when they start their journey into the IMRF pension system and when they separate from service is where the discrepancies arise. In this day and age, he believes we can develop a more accurate method of calculating service credit and he would like the Board to have a discussion on this topic at some point in 2024.

Mr. Stefan realizes that some of these changes would require legislative approval if the Board decided to make any changes and some would be under the purview of the Board itself. Regardless of how many hoops we need to jump through, he believes a healthy discussion is warranted for each of the three topics in 2024. Therefore, starting at the May Board meeting, Mr. Stefan would like to discuss one of the topics; and then at the August Board meeting, he would like to discuss another topic; and finally at the November Board meeting, he would like to discuss the final topic.

(24-02-02) (4th Quarter 2023 Manager Performance Report - Wilshire Associates) Ms. Bewick and Messrs Kazemi and Caumo from Wilshire Associates were present at the meeting and provided information on IMRF's performance in the 4th Quarter of 2023.

Below are the highlights as of December 31, 2023:

- IMRF ended December 2023 with a market value of \$52.2 billion.
- IMRF total fund return for 4Q 2023 was 7.67% versus the Total Fund Benchmark return of 6.91%.
- U.S. equity markets posted positive returns for the quarter, ending the year on a strong note.
- IMRF U.S. Equity Portfolio outperformed the benchmark during the quarter, returning 12.66% versus 11.99%.
- International equity markets were also up for the quarter, despite a mild recession in the Eurozone and an increasingly negative outlook in China.
- IMRF International Equity Portfolio outperformed the benchmark during the quarter, returning 10.25% versus 9.75%.
- Fixed income markets were positive as yields fell and credit spreads tightened.
- IMRF Fixed Income Portfolio outperformed the benchmark during the quarter, returning 6.41% versus 6.27%.
- All asset allocations remain within the rebalancing range in the Investment Policy.

Wilshire also informed the Board that Ativo's performance has turned around. Ativo was put on the "watchlist" in August 2023. They outperformed the benchmark by 1.7%, but for now, Wilshire is recommending keeping them on the watchlist. They are currently closely monitoring 3 other managers to decide whether or not to put them on the watchlist.

(24-02-03) (Investment Reports - Angela Miller-May) - CIO Angela Miller-May reported that the total fund value as of February 21, 2024, was \$52.6 billion. She further reported that as of February 21, 2024, the Domestic Equity portfolio was up 2.74%; the International Equity portfolio was up 1.25%; the Fixed Income portfolio was down -2.51%; the Private Real Assets portfolio was down -1.10%; the Alternative Investments portfolio was up .99%; and the cash portfolio was up 9.50%. Overall, IMRF's portfolio was up in value by .67% on February 21, 2024, compared to what it was on December 31, 2023. Furthermore, the following MTD benchmark returns were reported as of February 21, 2024:

S&P 500	2.93%
Custom U.S. Equity Benchmark	2.78%
93% Russell 3000 Index	
7% FTSE Global Core Infrastructure 50/50 Index (Net)	
MSCI ACWI Ex-U.S.	1.63%
Broad International equity market benchmark	
Bloomberg Aggregate	1.90%
Broad U.S. bond market benchmark	

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.

Monthly Minority Manager Utilization and Brokerage reports were given as information as well. It was noted that Minority/Persons with Disabilities owned companies comprise 26.2% of IMRF's total assets.

(24-02-04) (Consent Agenda) The President/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.

(A) Schedules - Dated December 2023 and January 2024

- 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

(B) Approval of Minutes

Regular Board Meeting minutes from December 15, 2023

(C) Participating Units of Government

City of Gillespie
County: Macoupin
2024 Employer Rate: 12.82%
Effective Participation Date: March 1, 2024
Number of Employees: 29

McHenry County ROE #44
County: McHenry
2024 Employer Rate: 15.48%
Effective Participation Date: March 1, 2024
Number of Employees: 1

(D) Bids

National Change of Address Product - Additional Services
Sole Source: Melissa Data
New Ceiling Amount: \$122,250

Offsite Record Storage and Warehousing Services - 3-year renewal
Sole Source: Vanguard Archives
Approved Bid: Fee Schedule Below - no more than 3% year over year
increase

Vault Storage

Slotted tape	\$.61 per tape per month
Hard drive	\$1.22 per drive per month
Optical disk	\$1.22 per tape per month
Storage case: small (up to 5 tapes)	\$4.50 per case per month
Storage case: medium (up to 10 tapes)	\$9.15 per case per month
Storage case: large (up to 20 tapes)	\$18.30 per case per month
Storage case: x-large (up to 40 tapes)	\$36.60 per case per month
Storage case: document box	\$15.26 per case per month
Transport case: (up to 40 tapes)	\$0.00 per case per month
Monthly minimum storage charge	\$200 per month

Transportation

Trip charge	\$50 per trip
Rush trip - 2 hours: Business hours	\$225 per trip
Rush trip - 2 hours: holidays/weekends/ And after hours	\$350.00 per trip
Slotted tape transportation	\$0.00 per tape
Storage case transportation	\$0.00 per case
Transport case transportation	\$0.00 per case
Fuel surcharges	none

Handling (RUSH)

Slotted tape	\$1.35 per tape
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Storage case	\$5.00 per case
Transport case	\$0.00 per case
Administrative monthly fees	none

2024 Qualys 3-Year Renewal of Subscriptions and Maintenance

Sole Source: Qualys, Inc.
Approved Bid: \$86,537.50

Software Assurance (SA) Renewal for Windows Data Center

Approved Bidder: Software House International (SHI)
Approved Bid: \$29,076.60

Springfield Office - 2-Year Lease Extension

Sole Source : Britton Properties
Approved Bid: \$141,882.60

2024 Windstream Renewal

Approved Bidder: Windstream
Approved Bid: 60-month proposal to receive an \$18,336.05 credit

(E) December 2023 and January 2024 Financial Reporting Packages

(F) Statement of Fiduciary Net Position

(G) Impact of Year-To-Date Investment Income of Employer Reserves, Funding Status and Average Employer Contribution Rate

(H) Schedule T - Report of Expenditures

It was moved by Ms. Stanish and seconded by Ms. Henry to approve the items on the Consent Agenda.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-02-05(a)) (Resolution on Non-Disability Appeal Procedures)

General Counsel Vladimir Shuliga explained that staff thoroughly reviewed the current resolution and recommends a change to the procedures regarding the filing of a Statement of Claim. The Statement of Claim sets forth the claimant's argument and includes any other documentation they would like considered in the appeal. Historically, the appeal procedures required the Statement of Claim to be physically mailed to IMRF. Over time, this requirement has become more cumbersome, as more interactions have occurred through email and secure messaging.

The proposed resolution removes the requirement that all Statement of Claims be physically mailed to IMRF. Instead, the default submission method is changed to electronic filing. Eligible electronic filing methods include email or secure messaging through the Member and Employer Portals. If, for any reason, the claimant is unable to electronically file their statement, they may mail in a hard copy of their statement to the Oak Brook office. The proposed resolution further requires the Statement of Claim to be signed, physically or electronically, by the claimant or the claimant's attorney. Submission of the Statement Claim through the Member and Employer Portals are considered to be signed electronically.

Staff recommends that the Board adopt the following proposed resolution which supersedes Board Resolution 2020-02-10(c).

Non-Disability Appeal Procedures (including non-medical disability claims)

I. Administrative Staff Determination

1. **Staff Determination** The IMRF administrative staff is responsible for the daily claims - processing function of the Fund, including processing of all claims for benefits or service credit or any other claims against or relating to the Fund.
2. **Benefit Oversight Committee** The purpose of the Committee is to review all requests for hearing on non-disability claims before the Benefit Review Committee or the Administrative Hearing Officer. The Committee shall determine whether such hearing requests are appropriate and ready for a hearing before the Benefit Review Committee or the Administrative Hearing Officer. The Committee shall be composed of the Executive Director, the Customer Service Director, the General Counsel, the Disability Manager, and the Benefits Manager.

II. Hearing

- **Petition** Any person or employer adversely affected by an administrative staff determination not involving a disability claim (medical) may petition for a hearing. The petition must be in writing but may be in any format and need merely inform the Fund of the petitioner's desire for a hearing. The petition should be directed to the Associate General Counsel in the IMRF Oak Brook office and must be received by IMRF no later than sixty-three (63) days after the date of the administrative staff determination letter. Failure to timely file an appeal petition shall result in the administrative staff determination becoming a final administrative decision, for purposes of the Administrative Review Law, on the sixty-fourth (64th) day after the date of the staff determination letter.
- **Acknowledgement of Petition; Statement of Claim** Upon the filing of a petition for a hearing, the Associate General Counsel shall send an acknowledgement of the petition informing the claimant that he/she is required to file a Statement of Claim within ninety-one (91) days of the date of the appeal acknowledgment letter. On any acknowledgement of a petition by an appealing party, the Associate General Counsel shall copy any other interested party who may be impacted by the appeal. The Statement of Claim shall include:
 - The petitioner's name, MID or employer number, and address
 - The name and address of the petitioner's authorized representative, if any
 - A statement of the facts forming the basis for the appeal, which may include any new or additional evidence
 - Any documents or other materials the petitioner wishes to be considered in conjunction with the appeal
 - An explanation of the relief sought

The Statement of Claim shall be limited to 20 pages, excluding exhibits. The Statement of Claim and any exhibits shall be filed electronically with the Associate General Counsel. If the claimant is unable to submit an electronic copy of the materials,

hard copies may be mailed to IMRF's Oak Brook office, to the attention of the Associate General Counsel. The Statement of Claim shall be signed, physically or electronically, by the claimant or the claimant's attorney. Statement of Claims which are submitted electronically through the Claimant's own Member or Employer Portal shall be considered to have met the signature requirement.

In the event that a petitioner fails to submit a Statement of Claim, for matters heard by the Administrative Hearing Officer, consideration of the appeal will be based solely upon the written materials that are already in the IMRF file on the due date for the Statement of Claim and will be decided without hearing. For matters heard by the Benefit Review Committee, the appeal will be considered at the first available hearing date occurring after the expiration of the ninety-one (91) days from the date of the appeal acknowledgment letter.

If an interested party who is impacted by the staff determination wishes to file their own Statement of Claim following the acknowledgement of appeal, the interested party's Statement of Claim is subject to the same requirements as a Statement of Claim filed by the petitioner, including that it must be filed with the Associate General Counsel within ninety-one (91) days of the date of the appeal acknowledgment letter, unless the petitioner's Statement of Claim has been received and the Associate General Counsel schedules the appeal for hearing.

- **Presiding Authority** An Administrative Hearing Officer will hear appeals of staff decisions except for those decisions which are heard by the Board of Trustees Benefit Review Committee as described in this section below. The hearing officer will be an independent attorney licensed to practice law in Illinois, designated by the Board of Trustees.

The Board of Trustees Benefit Review committee will hear appeals of staff decisions regarding the following

- Benefit calculation errors and resulting benefit recoupment
- Annuitant return to work issues (non-ERI related)
- **Scheduling of Hearing** Upon receipt of the petitioner's Statement of Claim, the claim shall be assigned to a hearing date within a reasonable time as determined by the Associate General Counsel. However, if the Statement of Claim reveals that the appeal only concerns legal, as opposed to factual issues, or if no Statement of Claim is filed and it appears from the staff determination that the appeal only concerns legal, as opposed to factual issues, a formal hearing will not be held, and the Benefit Review Committee or Administrative Hearing Office, as appropriate, will decide the appeal based solely upon the written record.
- **Notification** Upon scheduling of a hearing, a petitioner shall be provided with written notice of the date and place of the hearing and the subject matter of the hearing. The petitioner or his/her representative will be provided with all documentation and other materials to be presented at the hearing by the administrative

staff. Whenever practicable, the notice and the documentation will be provided to the petitioner electronically. An interested party who was provided notice of the appeal, will also be notified of the date and place of the hearing and its subject matter.

- **Continuances and Extensions of Time** Continuances of the hearing date and other extensions of time may be granted to the petitioner upon request, if received more than 14 days before the scheduled hearing date.

An appeal will normally be considered at the first available hearing date after the receipt of the petitioner's Statement of Claim, however, the Associate General Counsel may reasonably postpone the scheduling of a hearing at his or her discretion.

Absent extraordinary circumstances, no more than one continuance or extension shall be granted.

- **Late Submissions** Any documents or other materials that are submitted in addition to a Statement of Claim must be received by IMRF no later than twenty (20) days prior to the scheduled hearing date. In the event that the Associate General Counsel schedules a hearing prior to the ninety-one (91) day deadline for any interested party to submit a Statement of Claim, the interested party must submit any documents it wishes to be considered no later than twenty (20) days prior to the scheduled hearing date. Any additional materials received less than twenty (20) days before the hearing date will be considered a late submission. Whenever a petitioner makes a late submission, the petitioner will be offered the following alternatives:
 - The petitioner can proceed with the hearing as scheduled; however, the late submission will only be considered at the discretion of the Administrative Hearing Officer or the Benefit Review Committee.
 - The petitioner can request, and receive, a postponement of the hearing until the earliest available future date in order to allow for consideration of the late submission.

If a hearing is postponed in order to allow for consideration of the late submission, any additional materials submitted within twenty (20) days of the rescheduled hearing date will only be considered at the discretion of the Administrative Hearing Officer or the Benefit Review Committee.

- **Failure to Appear** In the event that a petitioner fails to appear on the scheduled hearing date, the consideration of the appeal will be solely based upon the written materials that are already in the IMRF file. At the request of the Administrative Hearing Officer or the Benefit Review Committee, the Associate General Counsel may present a case on behalf of the IMRF administrative staff position.
- **Representation** The petitioner may be represented by counsel or a designated spokesperson at the hearing. The Associate General Counsel or his/her designated representative shall present the IMRF administrative staff position.
- **Conduct of Hearing**

- **a. Appearance** The petitioner is not required to personally appear at the hearing and may be represented solely by the Statement of Claim on file. In the alternative, at the petitioner's discretion, the petitioner or his/her representative may appear in person or the hearing may be conducted via telephone or video conference. An interested party, or their designated representative, may also appear at the hearing.
- **b. Procedures** The Chairman of the Benefit Review Committee or the Administrative Hearing Officer shall conduct a full and fair hearing; maintain order and make a sufficient record for a full and true disclosure of the facts and issues. The hearing shall be informal and the rules of evidence shall not apply. The petitioner shall be limited to no more than 30 minutes to present their appeal. An interested party who has submitted a Statement of Claim may present their appeal subject to the 30-minute time limit only if the interested party has set forth a basis of appeal in its Statement of Claim that is different from that of the petitioner, as determined by the Administrative Hearing Officer or Benefit Review Committee.

The Benefit Review Committee or the Administrative Hearing Officer shall be provided with a copy of the Statement of Claim, a statement of the position of the administrative staff, which shall include the administrative staff determination, and such other documentation as is available.

Members of the Benefit Review Committee or the Administrative Hearing Officer may ask questions necessary for better understanding of the facts or law.

The Benefit Review Committee or the Administrative Hearing Officer may determine that additional information or further investigation is required before a decision can be made. If so, the hearing shall be continued and the staff directed as necessary.

Hearings before the Benefit Review Committee shall be open to the public, unless the chair, for good cause shown and pursuant to the applicable provisions of the Open Meetings Act, shall determine otherwise. A quorum of the Committee is needed for all of its hearings.

At the discretion of the Administrative Hearing Officer or the Benefit Review Committee, a pre-hearing meeting may be held to discuss and resolve procedural issues related to the participation of multiple parties at the hearing.

- **c. Record of Proceedings** A record of proceedings shall be kept, which shall be in the form of a non-verbatim summary report. The petitioner or other interested party may obtain a verbatim record of the hearing by arranging for a court reporter. The petitioner or other interested party is responsible for paying the actual costs entailed. The Associate General Counsel shall be the custodian of the documents and the record of proceedings.
- **d. Determination (Benefit Review Committee)** Upon conclusion of all evidence and arguments, the Benefit Review Committee shall deliberate and make its decision as to the disposition of the claim.

The vote of at least a majority of the committee shall be required for any decision of the Benefit Review Committee.

The Benefit Review Committee shall render one of the following recommendations to the full Board of Trustees:

- o Affirmance of the administrative staff determination
- o Reversal of the administrative staff determination
- o Request the development of an alternative resolution
- o In the case of deadlock, continuation of the claim for consideration by the full Board of Trustees.

When the Benefit Review Committee acts as hearing officer, the recommendation of the Benefit Review Committee will be reviewed by the full Board of Trustees.

e. Determination (Administrative Hearing Officer) Upon conclusion of all evidence and arguments, the Administrative Hearing Officer shall prepare written findings of fact and conclusions of law to support a recommendation to the Board of Trustees. That recommendation shall be:

- Affirmance of the administrative staff determination
- Reversal of the administrative staff determination
- Request the development of an alternative resolution

III. Board of Trustee Benefit Review Committee

1. Recommendation of the Board of Trustees Benefit Review Committee

When the Board of Trustees Benefit Review Committee does not act as hearing officer, the Committee will consider the recommendation of the Administrative Hearing Officer. The Benefit Review Committee shall review the recommendation of the Administrative Hearing Officer, and may, at the discretion of the committee, question the Administrative Hearing Officer about his or her recommendation. The Benefit Review Committee shall then render one of the following recommendations to the full Board of Trustees:

- Affirmance of the administrative staff determination
- Reversal of the administrative staff determination
- Request the development of an alternative resolution

Meetings of the Benefit Review Committee shall be open to the public, unless the chair, for good cause shown and pursuant to the applicable provisions of the Open Meetings Act, shall determine otherwise. A quorum of the Committee is needed in order to make a recommendation to the full Board of Trustees.

IV. Final Administrative Decision

1. Decision of the Full Board of Trustees The full Board of Trustees will consider the recommendation of the Benefit Review Committee in making the decision for the Fund as to the disposition of the appeal. At least five (5) affirmative votes shall be required for any decision of the Board of Trustees. The Board of Trustees shall render one of the following decisions:

- Affirmance of the administrative staff determination
- Reversal of the administrative staff determination
- Request the development of an alternative resolution

The Board of Trustees will normally consider an appeal at the first available meeting following receipt of the recommendation or, if the

appeal only concerns legal, as opposed to factual issues, after expiration of the aforementioned ninety-one (91) day period.

2. **Final Administrative Decision** A decision of the Board of Trustees either affirming or reversing the determination of the administrative staff shall be a final administrative decision for purposes of review under the Illinois Administrative Review Act (735 ILCS 5/3-101 et seq). Remand of the proceedings to the Administrative Hearing Officer by the Board of Trustees shall not be considered a final decision, nor shall the development of an alternative resolution be considered a final decision.
3. **Remand** In the case of a remand of the proceedings to the Administrative Hearing Officer or the Benefit Review Committee, the Administrative Hearing Officer or the Benefit Review Committee shall present the requested information to the full Board of Trustees at the next regularly scheduled meeting, and the Board of Trustees shall make its final administrative decision.
4. **Notice of Decision** IMRF Staff shall send written notice of the decision of the Board of Trustees to the petitioner and, if applicable, the petitioner's representative. In any case where an interested party is impacted by the decision, IMRF shall also send written notice of the decision of the Board of Trustees to that interested party and its representative.

The following proposed resolution was also explained by General Counsel Vladimir Shuliga and both resolutions were voted upon as one motion.

(24-02-05(b)) (Resolution on Blind Mailing Procedures) General Counsel explained that IMRF has procedures in place for blind mailings; and it is recommended that these procedures be revised to provide more structured oversight by IMRF.

IMRF last updated its blind mailings procedures in 2015. Blind mailings are used by outside organizations, such as related labor groups, or prospective IMRF trustee candidates, to provide information directly to the IMRF population without compromising IMRF member data. IMRF members also have the ability to opt out of the mailing list.

The current procedures provide IMRF the ability to review all blind mailing correspondence to ensure the content is not illegal. The proposed resolution would expand the scope of this review for content that is illegal or deceptive, or any content that may reflect negatively on IMRF. In those cases, the mailing is categorically ineligible for the blind mailing process. It would also expand the scope of review to not only the correspondence itself, but the envelope or any other item which is part of the mailing. Additionally, the proposed resolution would require that any mailing which refers to IMRF prominently state that the correspondence is neither approved nor endorsed by IMRF. Last, it will require any mailing which has received IMRF approval to be mailed within thirty days of the completion of that review, or else the content must be resubmitted and reapproved by IMRF.

Staff recommends that the Board adopt the following proposed resolution which supersedes Board Resolution 2015-08-12(c).

WHEREAS, Section 7-197 of the Illinois Pension Code (40 ILCS 5/7-197) establishes a statutory expectation of privacy for IMRF active members and

benefit recipients by prohibiting this Board, the Executive Director, and its agents and employees from disclosing the contents of a member's files, records, papers, or communications, except for purposes directly connected with the administration of the Fund; and

WHEREAS, Section 1 of the Freedom of Information Act (5 ILCS 140/1 et seq) provides that Act is not intended to be used to violate individual privacy nor for the purpose of furthering a commercial enterprise; and

WHEREAS, Section 7 of the Freedom of Information Act exempts from inspection or copying files and personal information maintained with respect to clients or other individuals receiving financial services from public bodies and personal information maintained with respect to employees, appointees, or elected officials of any public body; and

WHEREAS, the Illinois Municipal Retirement Fund is the agency which provides death, disability, and retirement benefits for employees of participating units of local government pursuant to Article 7 of the Illinois Pension Code (40 ILCS 5/7-101 et seq); and

WHEREAS, from time-to-time IMRF is requested by outside organizations to furnish the names and addresses of active members or benefit recipients,

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE ILLINOIS MUNICIPAL RETIREMENT FUND:

1. At no time shall IMRF furnish the name, address, or any other information for IMRF active members or benefit recipients to outside organizations unless it is determined by the Fund that such disclosure is directly connected with the administration of the Fund.
2. If any outside organization wishes to correspond with IMRF active members or benefit recipients for any purpose including, but not limited to the purchase of any product or service, the participation in any organization, the promotion of any individual as a candidate in any election, or support of any legislation, IMRF shall not furnish the names or addresses of any IMRF active members or benefit recipients pursuant to such request nor shall IMRF assist in effectuating such correspondence other than through a blind mailing.
3. As defined by IMRF, a "blind mailing" is a procedure by which a list of IMRF active members or benefit recipients, who have not requested to be removed from the mailing list, is furnished to an independent mailing house. IMRF reserves the right to specify the mailing house that may be used for a blind mailing. The outside organization shall provide the correspondence to the mailing house. The mailing house will mail the correspondence to the IMRF active members or benefit recipients on the mailing list. The outside organization shall be responsible for all costs associated with the blind mailing including, but not limited to, labels computer time, labor, and postage. IMRF will bill the outside organization for its costs. The outside organization shall make arrangements directly with the mailing house for its fees. The mailing house is prohibited from disclosing the names or addresses of IMRF active members or benefit recipients to any individual or organization.
4. Prior to submission to the mailing house, IMRF shall review everything that will be mailed to IMRF members or benefit recipients, including but not limited to, the body of the

correspondence and the mailing envelope. Any material that is deemed, in IMRF's sole discretion, to be illegal, deceptive, or may otherwise reflect negatively on IMRF is not eligible for the blind mailing process.

5. Any blind mailing that refers to IMRF must prominently state that the correspondence is neither approved nor endorsed by IMRF.
6. If a blind mailing has been reviewed by IMRF pursuant to paragraph 4 of this Resolution and the mailing is not effectuated within 30 days of completion of that review, the blind mailing must be resubmitted to IMRF for another review prior to mailing.

It was moved by Mr. Miller and seconded by Ms. Copper to adopt the proposed Resolution on Non-Disability Appeal Procedures which supersedes Board Resolution 2020-02-10(c); and to also approve the proposed Resolution on Blind Mailing Procedures which supersedes Board Resolution 2015-08-12(c).

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-02-06) (Approval of 2024 IMRF Funding Policy/A Resolution On Actuarial Funding Policy) Chief Financial Officer, Mark Nannini, explained to the Board that IMRF is required by statute to review its actuarial funding policy for updates at least once every three years. The proposed resolution adopts the revised Actuarial Funding Policy to be used for the next three years and supersedes all current resolutions which hold a portion of the previous funding policies.

The Board updates IMRF's Actuarial Funding Policy every three years. This triennial review and update is required under 40 ILCS 5/7-213(1). This review is conducted by our actuaries and IMRF staff. The proposed Actuarial Funding Policy would apply for the 2024-2026 period.

In addition to adoption of the new funding policy, the proposed resolution supersedes all current board resolutions which contain part of the funding policy. Over time, as updates needed to be made to the policy, some amendments were made in standalone resolutions which referenced a prior policy. It is recommended that, moving forward, the Board readopts the policy, including any amendments to the previous policy, rather than simply amending the prior policy. This will make it easier for IMRF staff and stakeholders to locate the current Actuarial Funding Policy in its entirety at any time.

Staff recommends that the Board adopt the following proposed resolution which supersedes Board Resolutions 1978-10640; 2016-11-07; 2016-12-08; 2017-11-02; and 2020-12-02.

WHEREAS, section 70187 of the Illinois Pension Code provides the IMRF Board of Trustees with the power to appoint an actuary to perform all necessary actuarial requirements of the Fund; and

WHEREAS, the Board of Trustees is required under Section 7-213 of the Illinois Pension Code to make a general investigation, at least once every 3 years, of the experience of the participating IMRF employers as to mortality, disability, retirement, separation, marital status of

employees, marriage of surviving spouses, interest, and employee earnings rates and to make certain recommendations pertaining hereto; and

WHEREAS, the Board of Trustees has conducted such investigation and recommendations have been made as a result of such investigation pertaining to the actuarial tables to be used for computing annuities and benefits and for determining the premiums for disability and death benefit purposes; and the tables to be used in any regular actuarial valuations.

NOW THEREFORE BE IT RESOLVED that the IMRF Board of Trustees hereby adopts the attached Actuarial Funding Policy for the next three years, retroactive to January 1, 2024.

BE IT FURTHER RESOLVED that the following Board resolutions are hereby superseded: Resolutions 1978-10640; 2016-11-07; 2016-12-08; 2017-11-02; and 2020-12-02.

ACTUARIAL FUNDING POLICY

A. INTRODUCTION

The purpose of this Actuarial Funding Policy is to record the funding objective and policy set by the Board of Trustees (Board) of the Illinois Municipal Retirement Fund (IMRF). The Board establishes this funding policy to help ensure the systematic accumulation of assets needed to pay future benefits for members of IMRF.

This funding policy shall be reviewed by the Board of Trustees every three years in conjunction with the triennial experience study conducted by IMRF's actuaries.

The actuary shall prepare annual actuarial valuations and calculate future employer contribution rates based upon calendar-year data. As required by statute, it shall conduct a triennial experience study to review actuarial assumptions and to recommend appropriate changes.

Summary of Key Actuarial Assumptions

- Entry-Age Normal Actuarial Cost Method
- Utilize a 5-year Smoothing Period, subject to a 20% Market v. Actual Corridor
- Amortize over/under funding over a closed period. 30-year closed period until the remaining period reaches 15 years. After that point (in 2029) a single, rolling 15-year period shall be used for all unfunded liabilities that develop after that point and the schedule for pre-existing liabilities shall continue until those liabilities are fully extinguished
- Funding Target of 100%
- Economic Assumptions:
 - o Price Inflation: 2.25%
 - o Wage Inflation: 2.75%
 - o Investment Return: 7.25%
- Mortality Assumption: Pub-2010 projected to current year and MP-2021 projected to current year with administrative factors to be implemented by the actuary when appropriate

B. Funding Objectives

1. Maintain adequate assets so that current plan assets plus future contributions and investment earnings will be sufficient to fund all benefits expected to be paid to members and beneficiaries when due.
2. Make consistent progress towards 100% funding and maintain 100% funding once it is obtained. In particular, continue progress of systematic reduction of the Unfunded Actuarial Accrued Liabilities (UAAL) through use of the Actuarial Determined Employer Contribution Rate (ADEC).
3. Maintain stability of employer contribution rates, consistent with other funding objectives, and avoid sharp increases or decreases due to specific events.
4. Maintain public policy goals of accountability and transparency, meaning that each policy element is to be clear in intent and effect, and each should allow an assessment of whether, how and when the funding requirements of the plan will be met.
5. Monitor material risks to assist in any risk management strategies the Board deems appropriate.
6. Promote intergenerational equity. Each generation of members and employers should incur the cost of benefits for the employees who provide services to them, rather than deferring those costs to future members and employers.
7. Provide a reasonable margin for adverse experience to help offset risks.
8. Review investment return assumption in conjunction with the periodic asset liability study and in consideration of the Board's risk profile.

C. Elements

1. Actuarial Cost Method (i.e. Contribution Budgeting)

An aggregate entry age actuarial cost method of valuation will be used in determining most liabilities and normal cost. An individual entry-age employer normal cost will be determined for each benefit group (Regular Tier 1, Regular Tier 2, SLEP Tier 1, SLEP Tier 2, ECO Tier 1, ECO Tier 2) as a percent of payroll. The normal cost for each employer will be calculated based on the aggregate Tier 1 and Tier 2 normal cost, weighted on the expected payroll for Tier 1 and Tier 2 members for the given employer. The aggregate normal cost rate is then multiplied by the present value of future salary to determine the present value of future normal cost for each employer. The actuarial accrued liability is then calculated by subtracting the present value of future normal cost and present value of future employee contributions from the present value of future benefits.

Differences in the past between assumed experience and actual experience ("actuarial gains and losses") will become part of actuarial accrued liabilities. Unfunded actuarial accrued liabilities are to be amortized to produce payments (principal and interest) which are level percent of payroll contributions.

Liabilities for lump sum death benefits and temporary disability benefits will be determined using a term cost approach. Under this approach, the funding objective is to receive contributions each year that approximately equal the benefits being paid.

C. Elements

2. Asset Smoothing Method

The Funding Value of Assets will recognize assumed investment return fully each year. Differences between actual and assumed investment income are to be phased-in over a closed 5-year period subject to a 20% corridor (intended to prevent excess divergence between actuarial and market values). The method also limits the adjustment to the expected actuarial return to the maximum amount of unrecognized gains or losses not yet reflected in the actuarial value of assets. In any year in which the actuarial value minus the market value of assets switches from a positive value to a negative value, or vice versa, any prior gain/loss bases are to be eliminated and the smoothing mechanism restarts.

C. Elements

3. Amortization Method

a. General

Financing Liabilities and Overfunding

The following procedures will be applied to financing liabilities.

- i. Instrumentalities: 10-year rolling period.
- ii. Early Retirement Incentive (ERI) Plan liabilities: a period of up to 10 years selected by the Employer upon adoption of ERI.
- iii. For taxing bodies (Regular, SLEP and ECO rate Groups): 30-year closed period until the remaining period reaches 15 years. After that point a single, rolling 15-year period shall be used for all unfunded liabilities that develop after that point and the schedule for the pre-existing liabilities shall continue until those liabilities are fully extinguished. In the event that a single rolling 15-year period results in negative amortization, the board shall select a lesser period such that negative amortization does not occur.

The following procedures will be applied to financing overfunding.

- i. Instrumentalities: 10-year rolling period.
- ii. For taxing bodies (Regular, SLEP and ECO rate Groups): 30-year closed period until the remaining period reaches 15 years. After that point a single, rolling 15-year period shall be used for all assets exceeding liabilities.
- iii. Assets exceeding liabilities can be used to satisfy Early Retirement Incentive (ERI) costs so long as the reserve balance (on an actuarial basis) does not drop below 100%. Those assets shall be applied to the extent they are available only at the employer's request. If those assets are insufficient to satisfy the ERI costs, then the remaining balance will be amortized for a period up to 10 years as selected by the employer.

b. SLEP Supplemental Liabilities (Public Act 94-712)

Amortize supplemental liabilities over a closed 30-year period, with an employer option of selecting a period of either 35 or 40 years.

C. Elements

4. Assumed Investment Return

The assumed rate of return is 7.25%, net of all administrative and investment expenses.

C. Elements

5. Funding Target

The targeted aggregate funded ration shall be 100%

C. Elements

6. Computation of Employer Contribution Rates

The Board shall determine the employer contribution rate annually in consultation with the actuary, based upon the actuarial valuation for the most recent completed calendar year. The rate shall be calculated and communicated to the employer as soon as practical in the following year (known as Preliminary Rate Notice) and finalized by year-end (known as Final Rate Notice). Each rate shall remain in effect for one calendar year.

Annual employer contributions will be calculated utilizing the Actuarially Determined Employer Contribution rate (ADEC). It will be expressed as a percentage of payroll to be calculated so as to include a factor for normal cost for current service for each eligible plan and tier (based upon the benefit provisions in the Illinois Pension Code) and a factor to collect or refund any under or over funded amount.

In situations where the annual contributions based upon the ADEC times employer payroll are deemed insufficient to extinguish an unfunded liability over the course of an amortization period, a minimum contribution will be calculated which will pay down the unfunded liability by the year 2043.

Economic Assumptions:

- Price Inflation: 2.25%
- Wage Inflation: 2.75%
- Investment Return: 7.25%

Non-Economic Assumptions will be based upon the latest applicable triennial experience study include:

- Rates of separation from active member status
- Rates of disability among actives
- Patterns of merit and longevity increases among actives
- Rates of retirement

Mortality Assumption:

- The Pub-2010 mortality tables with adjustments for IMRF experience and the MP-2021 projection scale with administrative factors to be implemented by the actuary when appropriate.

C. Elements

7. Risk Management

a. Assumption Changes

- i. The actuarial assumptions used shall be those last adopted by the Board based on the most recent experience study and upon the advice and recommendation of the actuary. In accordance with 40 ILCS 5/7-213, the actuary shall conduct an experience study at least every three years. The results of the study shall be the basis for the actuarial assumption changes recommended to the Board.
- ii. The actuarial assumptions can be updated during the three-year period if significant plan design changes or other significant events occur, as advised by the actuary.

b. Amortization Method

The amortization method, Level Percent Closed, will ensure full payment of the UAAL over a finite, systematically decreasing period not to exceed 30 years and not shorter than a rolling 15-year period.

c. Risk Measures

The following risk measures will be annually determined to provide quantifiable measurements of risk and their movement over time.

- i. Classic measures currently determined
 - A. Funded Ratio (assets/liability)
 - B. UAAL amortization period (years required to pay down the UAAL based on current funding rates)
- ii. Dollar standard deviation of investment return/Total Payroll Measures the risk associated with negative asset returns relative impact on the funded status of the plan. A decrease in this measure indicates a decrease in the investment risk.
- iii. Total UAAL/Total Payroll
 - Measures the risk associated with contribution decreases relative impact on the ability to fund the UAAL. A decrease in this measure indicates a decrease in contribution risk.
- iv. Total Assets/Total Payroll
 - Measures the risk associated with the ability to respond to asset experience through adjustments in contributions. A decrease in this measure indicates a decrease in asset risk.
- v. Total AAL/Total Payroll
 - Measures the risk associated with the ability to respond to liability experience through adjustments in contributions. A decrease in this measure indicates a decrease in experience risk. This also provides a long-term measure of the asset risk in situations where the System has a funded ration below 100%.

d. Peer Review

Conduct a peer review of the Actuary's work every five years.

e. Asset Liability Study

Conduct an asset liability study at least once every five years or as needed due to economic/financial conditions.

It was moved Ms. Copper and seconded by Ms. Stanish to adopt the proposed resolution which supersedes Board Resolutions 1978-10640; 2016-11-07; 2016-12-08; 2017-11-02; and 2020-12-02.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-02-07) (2024-2025 Projection Report - Death and Disability Rates) The Chief Financial Officer explained that every February, the Board of Trustees sets the average employer death benefit rate and the disability benefit rate for the upcoming year. The report he presented to the Board recommends those rates for 2025. The report also projects internal cash flow, details the distribution of investment earnings, and projects the percentage amount of the 13th payment.

Staff made the following recommendations for the Board to approve:

- Decrease the death benefit rate in 2025 to 0.13% of payroll, from 0.18% in 2024.
- Decrease the disability benefit rate in 2025 to 0.04% of payroll, from 0.08% in 2024.

He further estimates:

- Benefit payments will exceed contributions by approximately \$1,879.9 million in 2024.
- IMRF credited approximately \$699.7 million of interest and charged \$1,874.7 million of residual investment income to employer reserves in 2023, based on investment returns of 13.3% in 2023.
- The supplemental retirement benefit for 2024 will be approximately 24.3% of the June benefit.

It was moved by Mr. Miller, seconded by Ms. Copper, to approve the above recommendations from the Projection Report for 2024 and 2025 as presented.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-02-08) (Approval of Board Self-Evaluation Form) General Counsel, Vladimir Shuliga, informed that the IMRF Board of Trustees is scheduled to conduct its 2024 self-evaluation at the March board meeting with the assistance of board governance consultant Julia Nicholson. As part of the discussions during the 2023 self-evaluation, the Board discussed some possible revisions to the self-evaluation form. However, the Board decided against making any changes to the form at that time. Therefore, Ms. Nicholson requested that the Board propose revisions or approve the self-evaluation form prior to the March board meeting. Mr. Shuliga sent the current self-evaluation form to the Trustees on January 29th. As of February 15th he had not received any proposed revisions to the self-evaluation form. Additionally, some trustees noted that there was discussion in 2023 about including staff feedback in the Board evaluation process. This was discussed but not implemented in 2023. If the Board would like to add staff feedback to the Board evaluation process, the Board would have to approve the questions to ask staff.

After much discussion, the Board would like to include staff input, in which staff would work with the consultant to create the survey questions. However, due to Horizon Go-Live occurring on March 4th, the month of March will be tough to survey staff. Therefore, the Board decided to push their Board Self-Evaluation to May in order to include staff input. There was some concern that surveying staff and including staff input might increase costs for the additional work of the consultant. Executive Director Brian Collins suggested discussing the proposed plan with the consultant and determine a cost to create a staff survey and incorporate the input into the self-evaluation process; and then bring any cost and plan details to the Board at the March meeting. The actual Board Self-evaluation process will be conducted at the May meeting. The Board agreed to table the Board Self-evaluation line item to the March meeting.

(24-02-9) (Report of the Investment Committee Meeting) Ms. Stanish, Chair of the Investment Committee, gave a report of the meeting that was held on February 22, 2024.

It was moved by Ms. Stanish and seconded by Mr. Miller to approve the following recommendations of the Investment Committee:

- Strategic Asset Allocation as of January 1, 2024
 - 33.5% - U.S. Equity
 - 18.0% - International Equity
 - 24.5% - Fixed Income
 - 10.5% - Private Real Assets
 - 12.5% - Alternative Investments
 - 1.0% - Cash
- Policy Benchmark effective on December 31, 2024
 - 33.5% - Custom U.S. Equity Benchmark
 - 18.0% - MSCI All Country World Index ex USA (Net)
 - 24.5% - Custom Fixed Income Benchmark
 - 10.5% - Custom Private Real Assets Benchmark
 - 12.5% - Custom Alternative Investments Benchmark
 - 1.0% - 3 Month T-Bills
- For Private Equity
 - Authorize a commitment of up to \$50 million to Clearlake Capital Partners Fund VIII, L.P., subject to satisfactory due diligence;
 - Authorize a commitment of up to \$75 million to Sterling Group Fund VI, L.P., subject to satisfactory due diligence; and,
 - Authorize staff to complete all documentation necessary to execute these recommendations.
- Reviewed Recommended Changes to Investment Committee Charter and Statement of Investment Policy
 - Approve 2024 Investment Committee Charter as amended
 - Approve 2024 Statement of Investment Policy as amended

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-02-10) (Report of the Benefit Review Committee Meeting) Ms. Natalie Copper, Chair of the Benefit Review Committee gave a report on the meeting that was held on February 22, 2024.

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

- Affirm the staff decision denying temporary disability benefits in the Laura Zillges case. Based on the medical documentation provided by Ms. Zillges, as well as the Disability reviewer Report and addendum, Ms. Zillges' course of treatment is not consistent with a disabling condition. No treatment has been sought by a psychologist or specialist against her personal doctor recommendation. Therefore, the Committee finds that Ms. Zillges does not meet the eligibility requirements for temporary disability benefits as set forth in Section 7-146.
- Adopt the findings and conclusions of the IMRF hearing officer in the Brian Brucato case.

- Adopt the findings and conclusions of the IMRF hearing officer in the Bryan Smith case. Additionally, the Committee recommended that the prepayment of \$316,475.21 should be assessed to Mr. Smith, to be collected over an eight-year term.
- Edwin Lee ERI Overpayment - Edwin Lee appeared in person to address the issue of his ERI overpayment. Attorney Carl Draper appeared via videoconference on behalf of Mr. Lee. Mr. Lee explained his hardship to the committee. Mr. Lee outlined that he began work with Springfield School District 3186 without knowledge that they were an IMRF employer. Mr. Lee further discussed that once he found out that the School District was an IMRF employer, he quit immediately and reported himself to the IMRF Springfield office. Mr. Lee stated he earned as little as \$900.00 as a result of this work. Mr. Draper noted that Mr. Lee did not receive the initial staff determination regarding the underlying ERI violation and requested the Committee hear his case as if it were an appeal of the violation itself rather than just the repayment schedule. After further discussion and consideration of the evidence presented, a motion was made to hear this matter as an appeal of the underlying ERI violation and reverse staff. The Committee finds that encouraging members who unintentionally violate the Pension Code to self-report the violations would better fulfill the Committee's fiduciary obligation to the Fund.
- Adopt the findings and conclusion of the IMRF hearing officer in the Deon Little case.
- In the Donna Gray case, Committee recommends that the Board uphold the determination that Ms. Gray violated the separation of service rules. Additionally, the Committee recommended that the prepayment of \$8,150.22 should be assessed to Ms. Gray at 100% of the prepayment, to be collected over a ten-year term.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-02-11) (Legislative Update) IMRF's Government Affairs Manager gave a report on current legislative activity. She reported that the General Assembly met during the weeks of January 16th and February 6th for the start of the spring session of the 103rd General Assembly. No pension legislation was discussed in either week.

She continued to report that the deadline for new bills to be introduced was Friday, February 9th in both chambers. Fifteen new bills that pertain to IMRF were introduced, three of which make up the Board's 2024 Legislative Agenda. Many of them are similar or even identical to legislation introduced in 2023 or even other bills introduced this year. The next deadline is Friday, March 15th by which all Senate bills must have passed out of committee. The corresponding House deadline is not until Friday, April 5th.

The three bills that make up the Board's legislative agenda are being sponsored by Senator Karina Villa (D-West Chicago). First, Senate Bill 2913 includes the updated language that would allow the Board to weight the equities depending on the specific facts of the situation to determine how much of the liability for overpayments arising from return-to-work violations should be assigned to the member and/or to the employer. Next, Senate Bill 2914 would correct a problem that occurs when a member works in a regular position for an employer and then becomes an elected official with

that same employer. It would allow the member to remain in IMRF as long as the employer and member continued to include the employee on their monthly wage reports and contributions from each for that member were made if the member failed to affirmatively opt in to IMRF participation for that elected service. Finally, Senate Bill 2915 would increase the lump sum death benefit from the current \$3,000 to \$8,000 for all members who retire on or after the effective date of the legislation.

Three legislators introduced six bills that make various enhancements to Tier 2 benefits. In each of the bills, these changes would be retroactive to the start of Tier 2. None of the bills pertain to IMRF alone. House Bill 4873, introduced by Rep. Stephanie Kifowit (D-Oswego), makes various changes to Tier 2 benefits for the state-funded systems and makes changes to the state's calculation of their annual contribution to those funds. In the provision that applies to IMRF, it would create a Deferred Retirement Option Plan (DROP) for IMRF SLEP members, as well as members of SERS, SURS, TRS, and CTPF (not limited to public safety members of those plans). It would also put Article 3 & 4 downstate police & fire funds into the Reciprocal Act. House Bill 5211, also sponsored by Rep. Kifowit, is the companion bill to HB 4873 and pertains to the local funds (except CTPF, which is in the state-funded systems' bill). This bill only includes the Tier 2 benefit enhancements from the state systems' proposal and no other provisions are included in this bill. The Tier 2 changes are identical in the two bills. It would make changes to the wage cap, retirement eligibility, and annual increase.

Senator Doris Turner (D-Springfield) also introduced two bills that would make various Tier 2 enhancements: Senate Bills 3627 and 3628. Both are applicable to IMRF, Chicago Municipal, Cook County, SERS, and SURS. They would both make changes to retirement eligibility and the timing of the annual increases. They both also make changes to the Chicago Municipal and SERS Articles that do not apply to IMRF. SB 3628 would also change the amount of the annual increase. SB 3627 would also place county correctional and county probation officers into IMRF SLEP, rather than regular IMRF.

Two of the bills would make Tier 2 changes only for IMRF SLEP, along with the other public safety funds. House Bill 4334, sponsored by Rep. John Cabello (R-Machesney Park) would, in the provisions applicable to IMRF members, return SLEP members to the Tier 1 benefit calculations. Equivalent changes are made for the downstate and Chicago police and fire funds, as well as public safety members in the State Employees' and the State Universities Retirement Systems. It also makes various changes to non-pension benefits for public safety retirees and requires the State Comptroller to make contributions to employers for those amounts. House Bill 4336, also sponsored by Rep. Cabello includes all of the provisions in House Bill 4334 and would also reinstate the death penalty for certain crimes and rescind some criminal law changes that were made in 2020-2022. None of the additional provisions would affect IMRF.

There are also three bills that would allow members to return to work for additional hours without jeopardizing their pension (none of the bills increase the hours to more than 1,000 hours, so only 600-hour employers would be affected). They were all intended to address various worker shortage areas. Senate Bill 2775, sponsored by Sen. Steve Stadelman (D-Rockford) would set the return-to-work standard for annuitants who return to work as a school bus driver for less than 750 hours. This bill would

sunset as of June 3, 2026. House Bill 4983, sponsored by Rep. Tim Ozinga (R-Mokena) and House Bill 5174, sponsored by Rep. Jackie Haas (R-Bourbonnais) would both allow SLEP annuitants to return to work as a school security officer for more hours without affecting their pension. HB 2983 would allow these annuitants to return for up to 799 hours while HB 5174 would allow up to 999 hours.

Also introduced were two bills that pertain to investments. House Bill 5201 from Rep. Brad Halbrook. That bill would repeal the Sustainable Investing Act. As a reminder, the Sustainable Investment Act applies to all public entities (not just pension funds) and requires certain "sustainability factors" as defined in the statute, including environmental, human capital, and corporate governance factors, to be considered when evaluating investments. It does not require any specific action be taken regarding those factors. IMRF was neutral when the original Act passed. Senate Bill 3717, sponsored by Sen. Adriane Johnson (D-Riverwoods), would require funds to divest from all fossil fuels. This bill is identical to House Bill 3037 from 2023, which was sponsored by Rep. Will Guzzardi (D-Chicago), which never moved out of the House Rules Committee. Because it would limit the Board's authority to invest under the Prudent Person Standard, the Board is opposed to both bills.

Finally, House Bill 4820, sponsored by Rep. Curtis Tarver (D-Chicago) would require forfeiture due to a job-related felony to begin when the "felony conviction is entered" regardless of whether the person has been sentenced. Because there is no real difference between the "date of conviction" and the "date" the conviction is entered, it would likely have no real effect. The intent is to have the forfeiture begin as of the date the member was found guilty. This bill falls under the provision in Board Resolution 2023-12-13(a), which provides that IMRF staff will oppose any legislation that potentially violates state law, *including the Pension Protection Clause of the Illinois Constitution*. Because the bill applies to current as well as prospective members, it increases the penalty currently imposed for felony forfeiture by attempting to begin forfeiture earlier, which would have the effect of reducing the amount of pension they could receive.

(24-02-12) (Litigation Update) The following is an update of the currently pending or recently concluded litigation:

**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. The parties have recently agreed to a list of qualified experts. The experts will assist the arbitration panel in resolving questions of econometric causation and calculation of alleged damages. On November 28, 2023, a hearing before the arbitration panel was held to discuss the liability, standing, and a plan for prosecution.

KEITH GARDNER v. BOARD OF TRUSTEES OF IMRF et al.
(DUPAGE COUNTY 2021 MR 1377; THIRD DISTRICT APPELLATE COURT 3-22-0404)

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 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 appealed the decision.

Status: The retroactive denial of temporary disability benefits to Mr. Gardner was affirmed by the Circuit Court. Mr. Gardner appealed the Circuit Court's decision. The Appellate Court issued its decision on October 16, 2023, which reversed the decision of the Circuit Court. The Appellate Court determined that IMRF should not have retroactively denied Mr. Gardner temporary disability benefits. IMRF determined not to pursue an appeal to the Supreme Court. The case was remanded back to the Circuit Court, who in turn remanded it back to IMRF on December 13, 2023. IMRF is now reviewing the member's eligibility for total and permanent disability benefits. The court has left the case open in the event the total and permanent disability application is denied and the member wishes to pursue an appeal of that determination. No future status date has been set.

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 possible 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. Staff is working with English Counsel and IMRF's investment managers to establish standing for each group of shares that may be recoverable in this action.

VERONICA MONTOYA v. BOARD OF TRUSTEES OF IMRF et al.
(DUPAGE CTY 2022 MR 756)

Summary: Montoya was the transportation coordinator for Rockford School District 205. She applied for and was granted temporary disability benefits from IMRF for the maximum statutorily permitted amount of time.

Upon evaluation for total and permanent disability benefits and after an administrative hearing, the IMRF Board denied Montoya's claim for total and permanent disability benefits. Montoya appealed the decision.

Status: The Court issued its decision on October 18, 2023, which reverses IMRF's denial of total and permanent disability benefits. IMRF has filed an appeal with the Appellate Court at the Board's direction. A briefing schedule was set, and IMRF filed its initial brief on February 13, 2024. On February 7, 2024, the trial court denied IMRF's motion to stay enforcement of the judgment pending the Appellate Court's decision.

GIVENS v. IMRF (U.S. EEOC 440-2022-09088; N.D. ILL. 1:23-CV-14101)

Summary: This is a charge of discrimination by a current employee through the U.S. Equal Employment Opportunity Commission.

Status: Plaintiff's Counsel has filed an amended complaint. In turn, IMRF filed a responsive pleading. The parties currently await a discovery schedule from the court.

GREGORY PALMER v. VILLAGE OF SUMMIT, IMRF et al.
COOK COUNTY 2023 CH8087)

Summary: IMRF was named as a necessary party to litigation involving the Village of Summit and Palmer, its former employee. Palmer claims that he was eligible to participate in IMRF in 1993 but that the Township failed to enroll him. He seeks mandamus, declaratory judgment, and a civil rights claim against the Village to require the Village to execute an omitted service applications for IMRF service credit. Palmer is a current IMRF retiree. Prior to this lawsuit, Palmer submitted an omitted service application to IMRF, however, the form was denied on the basis that it was incomplete due to not providing the time period for which service was being requested.

Status: IMRF's position is that IMRF is not a necessary party to the action. IMRF has filed a motion to dismiss itself as a misjoined party, which has been stayed pending settlement discussions between the member and employer. The next status date is February 27, 2024.

MARY SERDAR v. IMRF BENEFIT REVIEW COMMITTEE, et al
(WILL COUNTY 2023 MR 382)

Summary: Ms. Serdar was the building secretary for the Village of Plainfield. She applied for and was granted temporary disability benefits from IMRF for the maximum statutorily permitted amount of time. Upon evaluation for total and permanent disability benefits and after an administrative hearing, the IMRF Board denied Ms. Serdar's claim for total and permanent disability benefits. Serdar appealed the decision.

Status: IMRF was served with the suit on October 27, 2023. IMRF has filed a motion to dismiss on the basis that Serdar did not name the IMRF Board of Trustees as a defendant. A briefing schedule on the motion to dismiss has been set. The motion hearing is set for March 28, 2024.

NEW CASE - RUBEL CHOWDHURY v.
ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY; IMRF, et al
(COOK COUNTY 2024 L 050019)

Summary: Chowdhury worked in maintenance for Glenbrook School District #225. He applied for and was granted temporary disability benefits from January 23, 2021 through July 31, 2022. Upon evaluation for continued temporary disability benefits and after an administrative hearing, the IMRF Board denied Chowdhury's claim for continued temporary disability benefits. Chowdhury appealed the decision.

Status: This suit was incorrectly filed as an employment security case, and incorrectly names IMRF as his employer as well as the Illinois Department of Employment Security ("IDES"), the Director of IDES, and the Board of Review. IMRF has filed a motion to dismiss the case, which will be presented to the court on February 28, 2024.

The Board took a break from 10:25am until 10:38am.

(24-02-13) (Strategic Plan Update) Organizational Excellence Officer, Michael Everett, presented an update of the 2023-2025 Strategic Plan and the key accomplishments for each Key Result Area: Financial Health; Customer Engagement; Workforce Engagement; and Operational Excellence.

(24-02-14) (Horizon Update) Executive Director Brian Collins gave an update on the Horizon project which included goals with timelines. He was happy to report that all goals/tasks have been met and completed and he is confident we are ready to Go Live in 6 business days, on March 4, 2024. Keyla Vivas, Chief Information Services Officer, presented the transition plan for transferring all data from Spectrum to Horizon; and Dawn Seputis, Customer Service Director, explained the plan for modified customer service delivery.

(24-02-15) (Report of the Executive Director) The Executive Director presented the 2023 Fourth Quarter Strategic Objectives Update Report which focuses on activities completed during the Fourth Quarter of 2023 that support IMRF's 2023-2025 Strategic Plan.

The Executive Director also provided information on FOIA requests and provided an audit report as well as a personnel report.

(24-02-16) (Trustee Comments) Mr. Stefan distributed a chart showing IMRF has the lowest S&P Index fee for ICMA-RC/Mission Square 457 plan. IMRF's fee is .04%, compared to the highest index fee of .95%. Mr. Miller said he hopes IMF can lock in better fees for 457 programs that employers can tap into going forward.

(24-02-17) (Trustee Forum) The Chair reported that there were 5 new requests to attend upcoming conferences. Ms. Henry requested permission to attend the FTSE World Investment Forum in June 2024; Mr. Kuehne requested permission to attend the Opal Group Public Funds Summit in July; Ms. Stanish requested permission to attend the Opal Group Public Funds Summit in July; Ms. Copper requested permission to attend the 2024 NASP Woman's Forum in March, and Mr. Kosiba requested permission to attend Institutional Investor Week in June.

It was moved by Ms. Copper, seconded by Ms. Stanish, to approve the 5 requests to attend upcoming conferences.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

Ms. Copper informed she has a conflict with the next Board meeting that is scheduled for March 29th, and she is requesting to move the meeting up a week or move to April. After discussion, the Board agreed to schedule the next Committee and Board meetings for April 11th and April 12th.

It was moved by Ms. Copper and seconded by Mr. Kosiba to reschedule the March 28th and 29th Committee and Board meetings to April 11th and April 12th.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

A list of upcoming conferences for 2024 was included as well.

Finally, a chart was included that shows the number hours of training each Trustee has earned so far in 2024.

(24-02-18) (Adjournment) It was moved by Ms. Copper, seconded by Mr. Kosiba, to adjourn the Board Meeting at 11:50 a.m., and to reconvene at 9:00 a.m. on April 12, 2024.


VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT



President



Secretary



Date



Date