

IMRF
Board of Trustees
Candidate Packet

2022



June 2022

Dear IMRF Member:

Thank you for expressing an interest in becoming a Trustee of the Illinois Municipal Retirement Fund. We are frequently asked questions by prospective candidates concerning the time commitments and what it's like to be a Trustee.

This booklet was designed to help you in your decision-making process. If you are already a candidate, then it will help you better understand what being a Trustee is all about. It consists of materials found in several different sources. None of this information is confidential. Many items are on the IMRF website.

If you are elected to the IMRF Board, you will be required to file a written statement of economic interest annually. In addition, you will be required to attend at least eight hours of ethics training each year, e.g., training on ethics, fiduciary duty, and investment issues. This training is separate from the orientation and education IMRF provides to new Trustees. It is up to each Trustee to meet this ethics training requirement; however, IMRF will facilitate the training when possible.

This booklet is only a start. It is not intended to be comprehensive. You are welcome to attend a Board or Committee Meeting. Or you can give us a call. Any one of the directors is ready, willing, and able to assist you and to help you understand the operations of the organization. Current Trustees can also be an important resource and may be reached by contacting me at 630-368-5355.

We look forward to hearing from you.

Very truly yours,

Brian Collins
Executive Director



IMRF Board Candidate Packet

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Board Elections & Powers

IMRF is governed by an eight-member Board of Trustees. IMRF Board members serve five-year staggered terms:

- Four of the Board members are Executive Trustees and are elected by participating units of government,
- Three are Employee Trustees and are elected by active members of IMRF, and
- One is an Annuitant Trustee elected by IMRF retirees (annuitants).

For the 2022 election, employers will elect one Executive Trustee for a five-year term of office that will run from January 1, 2023, through December 31, 2027.

The following explains Board elections and Board powers.

Board Elections and Powers

The IMRF is governed by Article 7 of the Illinois Pension Code (40 ILCS 5/7 101 et seq.). The statute specifies how Board elections are to be conducted as well as the powers of the IMRF Board. The following is excerpted from the Illinois Pension Code (40 ILCS 5/7-174 to 201.1):

5/7-174. Board created

- (a) A board of 8 members shall constitute a board of trustees authorized to carry out the provisions of this Article. Each trustee shall be a participating employee of a participating municipality or participating instrumentality or an annuitant of the Fund and no person shall be eligible to become a trustee after January 1, 1979 who does not have the minimum service credit in this Fund to qualify for a pension.
- (b) The board shall consist of representatives of various groups as follows:
 - 1. 4 trustees shall be a chief executive officer, chief finance officer, or other officer, executive or department head of a participating municipality or participating instrumentality, and each such trustee shall be designated as an executive trustee.
 - 2. 3 trustees shall be employees of a participating municipality or participating instrumentality and each such trustee shall be designated as an employee trustee.
 - 3. One trustee shall be an annuitant of the Fund, who shall be designated the Annuitant Trustee.
- (c) A person elected as a trustee shall qualify as a trustee, after declaration by the board that he has been duly elected, upon taking and subscribing to the constitutional oath of office and filing same in the office of the Fund.
- (d) The term of office of each trustee shall begin upon January 1 of the year following the year in which he is elected and shall continue for a period of 5 years and until a successor has been elected and qualified, or until prior resignation, death, incapacity or disqualification.
- (e) Any elected trustee (other than the annuitant trustee) shall be disqualified immediately upon termination of employment with all participating municipalities and instrumentalities thereof or upon any change in status which removes any such trustee from all employments within the group he represents. The annuitant trustee shall be disqualified upon termination of his or her annuity.
- (f) The trustees shall fill any vacancy in the board by appointment, for the period until the next election of trustees, or, if the remaining term is less than 2 years, for the remainder of the term, and until his successor has been elected and qualified.
- (g) Trustees shall serve without compensation, but shall be reimbursed for any reasonable expenses incurred in attending meetings of the board and in performing duties on behalf of

the Fund and for the amount of any earnings withheld by any employing municipality or participating instrumentality because of attendance at any board meeting.

- (h) Each trustee shall be entitled to one vote on any and all actions before the board. At least 5 concurring votes shall be necessary for every decision or action by the board at any of its meetings. No decision or action shall become effective unless presented and so approved at a regular or duly called special meeting of the board.

5/7-175. Board elections

- (a) During the period beginning on August 1 and ending on September 15 of each year the board shall accept nominations of candidates for election to the trusteeships for terms beginning the next January 1, new trusteeships or vacancies to be filled by election.

- (b) All nominations shall be by petition. Three petitions for an executive trustee shall be signed by governing bodies of contributing participating municipalities or instrumentalities.

A petition for an employee trustee shall be signed by at least 350 participating employees who were participants during July of the current year and who, if their employment status remained unchanged, would be eligible to vote for such candidate at the following election.

A petition for an annuitant trustee shall be signed by at least 100 persons who were annuitants of the Fund during July of the current year and who, if their annuitant status remains unchanged, would be eligible to vote for the candidate at the following election.

- (c) A separate ballot shall be used for each class of trustee and the names of all candidates properly nominated in petitions received by the board shall be placed in alphabetical order upon the proper ballot. Where two employee trustees are elected to a full term in the same year, there shall be one election for the two trusteeships and the two candidates getting the highest number of votes shall be elected.

- (d) At any election, each contributing participating municipality and participating instrumentality and each contributing participating employee employed by such participating municipality or participating instrumentality during September of any year, shall be entitled to vote as follows:

1. The governing body of each such participating municipality and participating instrumentality shall have one vote at any election in which an executive trustee is to be elected, and may cast such vote for any candidate on the executive trustee ballot.
2. Each participating employee shall have one vote at any election in which an employee trustee is to be elected, and may cast such vote for any candidate on the employee trustee ballot.

3. Each annuitant of the Fund shall have one vote at any election in which an annuitant trustee is to be elected, and may cast that vote for any candidate on the annuitant trustee ballot.
4. A vote may be cast for a person not on the ballot by writing in his or her name.
- (e) The election shall be by ballot pursuant to the rules and regulations established by the board and shall be completed by December 31 of the year. The results shall be entered in the minutes of the meeting of the board following the tally of votes.
- (f) In case of a tie vote, the candidate employed by or retired from the participating municipality or participating instrumentality having the greatest number of participating employees at the time shall be elected.
- (g) Notwithstanding any other provision of this Article, if only one candidate is properly nominated in petitions received by the Board, that candidate shall be deemed the winner. In the case of 2 employee trustees elected to a full term in the same year, if only 2 candidates are properly nominated in petitions received by the Board, those 2 candidates shall both be deemed winners. If a candidate is deemed a winner under this paragraph, no election under this Section or Section 7-175.1 shall be required.

5/7-175.1. Election of Employee and Annuitant Trustees

- (a) The board shall prepare and send ballots and ballot envelopes to the employees and annuitants eligible to vote as of September of that year. The ballots shall contain the names of all candidates in alphabetical order and an appropriate place where a name may be written in on the ballot. The ballot envelope shall have on the outside a form of certificate stating that the person voting the ballot is a participating employee or annuitant entitled to vote.
- (b) Employees and annuitants, upon receipt of the ballot, shall vote the ballot and place it in the ballot envelope, seal the envelope, execute the certificate thereon and return the ballot to the Fund.
- (c) The board shall set a final date for ballot return, and ballots received prior to that date in a ballot envelope with a properly executed certificate and properly voted, shall be valid ballots.
- (d) The board shall set a day for counting the ballots and name judges and clerks of election to conduct the count of ballots, and shall make any rules and regulations necessary for the conduct of the count.
- (e) No election under this Section shall be required if a candidate is deemed the winner under subsection (g) of Section 7-175.
- (f) Nothing in this Section shall preclude the Board from adopting rules that provide for Internet balloting or phone balloting in addition to election by mail under this Section. An Internet or phone ballot cast in accordance with rules adopted under this subsection shall be a valid ballot.

5/7-176. Board officers

The board shall elect from its members a president, vice president and secretary, to serve at the board's pleasure. They shall perform the duties designated by the board and serve without compensation.

5/7-177. Board meetings

The board shall hold regular meetings at least 4 times in each year and such special meetings at such other times as may be called by the executive director upon written notice of at least 3 trustees. At least 5 days' notice of each meeting shall be given to each trustee. All meetings of the board shall be open to the public and shall be held in the offices of the board or in any other place specifically designated in the notice of any meeting.

5/7-178. Board powers and duties

The board shall have the powers and duties stated in Sections 7-179 to 7-200, inclusive, in addition to such other powers and duties provided in this Article.

5/7-179. To authorize and suspend annuities

To authorize or suspend the payment of any annuity or benefit in accordance with this Article.

5/7-180. To prepare and approve budget

To prepare and approve, prior to the beginning of each calendar year, a budget of operating expenses for such year.

5/7-181. To subpoena witnesses

To compel witnesses to attend meetings and to testify upon any necessary matter concerning the fund and allow fees not in excess of \$10 to any such witness for such attendance upon any one day.

5/7-182. To authorize municipality contribution rates and adopt actuarial tables and interest rates

To authorize municipality contribution rates and adopt actuarial tables and establish effective and prescribed rates of interest.

5/7-183. To request information

To request such information from any participating or covered employee or from any participating or covered municipality or instrumentality thereof or participating instrumentality as is necessary for the proper operation of the fund.

5/7-184. To determine prior service

To determine the length of prior service from such information as is available. Any such determination shall be conclusive as to any such period of service, unless the board reconsiders the case and changes the determination.

The change to this Section made by this amendatory Act of the 91st General Assembly applies without regard to whether the individual is in service on or after the effective date of this amendatory Act.

5/7-185. To establish offices

To establish an office or offices with suitable space for meetings of the board and for use of the necessary administrative personnel. All books and records of the fund shall be kept in such office or offices or in such other places as the board shall designate for safekeeping.

5/7-186. To appoint executive director

To appoint an executive director to manage the office and carry out the technical administrative duties of the fund.

5/7-187. To appoint actuary

To appoint an actuary to perform all the necessary actuarial requirements of the fund.

5/7-188. To appoint investment counsel

To appoint such investment counsel as, in the opinion of the board, may be required from time to time.

5/7-189. To obtain additional services

To obtain by employment or by contract such additional actuarial services and such legal, medical, clerical or other services as is required for the efficient administration of the fund.

5/7-190. To fix compensation of employees

To determine and fix the rate of compensation to be paid to the executive director, actuary, investment counsel, auditor, legal or medical counsel, and employees.

5/7-191 To have accounts audited

To have the accounts of the fund audited annually by a certified public accountant approved by the Auditor General.

5/7-192. To submit annual statements

To submit an annual statement to the governing body of each participating municipality and governing body of each participating instrumentality and to any participating employee upon request, as soon after the end of each calendar year as possible. The statement shall include the following:

- a. A balance sheet, showing the financial and actuarial condition of the fund as of the end of the calendar year;
- b. A statement of receipts and disbursements during such year;
- c. A statement showing changes in the asset, liability, reserve and surplus accounts during such year;
- d. A detailed statement of investments as of the end of such year;
- e. Such additional statistics as are deemed necessary for a proper interpretation of the condition of the fund.

5/7-193. To provide individual statements

To submit an individual statement to any participating employee upon his reasonable request. The statement shall indicate the amount of accumulations of each type to the employee's credit, as of the latest date practicable.

5/7-194 To accept gifts

To accept any gift, grant or bequest of any money or securities for the purposes designated by the grantor if such purpose is specified as providing cash benefits to some or all of the participating employees or annuitants of this fund, or if no such purposes are designated, for the purpose of distribution to all the participating employees at the end of the year in the same proportion as the interest at the effective rate is allocated for the year.

5/7-195. To make investments

To determine the limitations on the amounts of cash to be invested in order to maintain such cash balances as may be deemed advisable to meet current annuity, benefit and expense requirements, and invest the available cash within these limits in securities, in accordance with Section 7-201.

5/7-195.1. To establish and maintain a revolving account

To establish and maintain a revolving account in a bank or savings and loan association, approved by the State Treasurer as a State depository and having capital funds, represented by capital, surplus, and undivided profits, of at least 5 million dollars, for the purpose of making payments of annuities, benefits, and administrative expenses and payments to the State Agency provided in Section 7-170. All funds deposited in such account shall be placed in the name of the Fund and shall be withdrawn only by a check or draft upon the bank or savings and loan association signed by the president of the board or the executive director, as the board may direct. In case the president or executive director, whose signature appears upon any check or draft, after attaching his signature ceases to hold office before the delivery thereof to the payee, his signature nevertheless shall be valid and sufficient for all purposes with the same effect as if he had remained in office until delivery thereof. The revolving account shall be created by resolution of the board. The monies in the revolving account shall be held and expenditures shall be made by the Fund for the purposes herein set forth. The Fund shall reimburse the revolving account for expenditures for such purposes.

No bank or savings and loan association shall receive investment funds as permitted by this Section, unless it has complied with the requirements established pursuant to Section 6 of the Public Funds Investment Act, as now or hereafter amended. The limitations set forth in such Section 6 shall be applicable only at the time of investment and shall not require the liquidation of any investment at any time.

5/7-196. To keep data

To keep in convenient form the data necessary for all required calculations and valuations as required by the actuary.

5/7-197. To keep permanent records

To keep a permanent record of all the proceedings of the board and such other records as shall be necessary or desirable for administration of the Fund. For the protection of participating employees and their beneficiaries, the Board, the Executive Director, and its agents and employees are prohibited from disclosing the contents of an employee's files, records, papers or communications relating to individual employees, except for purposes directly connected with the administration of the Fund. In any judicial or administrative proceeding except as such proceeding is directly concerned with the administration of the Fund, such files, records, papers and communications shall be deemed privileged communications. The proceedings of the Board and reports of participating municipalities and instrumentalities shall be public records open to inspection.

5/7-197.1. To reproduce records

To have any records kept by the board photographed, microfilmed or otherwise reproduced on film. The photographs, microfilm and reproductions shall be deemed original records and documents for all purposes, including introduction in evidence before all courts and administrative agencies.

5/7-198. To make rules

To establish such rules and regulations not inconsistent with the other provisions of this Article as are necessary or desirable for the efficient administration of the fund, including, without limitation, the time and manner of reporting and making contributions by participating municipalities and participating instrumentalities.

5/7-199. To appoint committees

To appoint committees of 3 or more trustees to perform such functions as may be directed by the board.

5/7-199.1. To administer a joint group accident and health insurance program in accordance with this section

- (a) The board may purchase and administer a joint group accident and health insurance policy as defined in Section 4 of the "Illinois Insurance Code", approved June 29, 1937, as amended, for the benefit of one or more classes of employees or retired employees of participating municipalities and participating instrumentalities, or their spouses or surviving spouses.
- (b) All participating municipalities and participating instrumentalities are hereby authorized to participate in any such joint group accident and health insurance policy established under this Section.
- (c) The board may promulgate such rules as may be necessary or convenient relating to the purchase and administration of any such policy, and to the conditions and terms

of participation therein and withdrawal therefrom by participating municipalities and participating instrumentalities.

- (d) Any monies received by the board relating to its duties under this Section shall not be deemed contributions to or assets of the fund, and all such monies shall be held by the board in a separate account.
- (e) The board shall submit an annual report of its activities under this Section to each municipality and instrumentality participating in a policy administered under this Section.
- (f) The group accident and health insurance program established under this Section is not and shall not be construed to be a pension or retirement benefit for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

5/7-199.2. To determine unfunded liability

To determine unfunded liability. To cause to be actuarially determined the unfunded liability existing in the Fund as of the date provided by subsection (c) of Section 5-1 of the School Code by reason of annuities and other benefits payable and to become payable from the Fund to persons specified in that subsection with respect to periods of service ending on or before that date, to report the amount so determined to each school board required under that subsection to pay a proportionate share of that amount to the Fund, and to receive and apply in accordance with this Article all amounts so paid to the Fund by those school boards.

5/7-199.3. To establish and administer deferred compensation and tax-deferred annuity programs for units of local government

The Board may establish and administer deferred compensation, tax deferred annuity, and similar tax-savings programs for employees of units of local government, which shall be known as the "IMRF-Plus" program. The program shall provide for the Board to review proposed investment offerings and shall require that only investments determined to be acceptable by the Board may be used for investing compensation contributed to the program.

The program shall include appropriate provisions pertaining to its day to day operation, including methods of electing to contribute income, methods of changing the amount of income contributed, methods of selecting from among investment options available under the program, and any other provisions that the Board may deem appropriate.

The program shall provide for the preparation of pamphlets describing the program and outlining the options and opportunities available to local government employees under the program. These pamphlets shall be distributed from time to time to all eligible employees.

The program established under this Section shall not be implemented or amended until the Board is satisfied that compensation contributed under the program is not subject to income tax for the year in which it is earned and that the taxation of such compensation will be deferred until the time of its distribution to the employee.

The program shall also provide for the recovery of the expenses of its administration by charging those expenses against the earnings from investments, by charging fees equitably

prorated among the participating local government employees, or by some other appropriate and equitable method determined by the Board. Different methods for recovery of administrative expenses may be provided in relation to different types of investment programs, and the Board may provide for the allocation of administration expenses among varying types of programs for this purpose.

The Board shall review and oversee the administration of the program.

This Section does not limit the power or authority of any unit of local government, school district, or institution supported in whole or in part by public funds to establish and administer any other deferred compensation plans or tax-deferred annuity programs that may be authorized by law.

5/7-200. To carry on other duties

To carry on generally any other reasonable activities, including, without limitation, the making of administrative decisions on participation and coverage, which are necessary for carrying out the intent of this fund in accordance with the provisions of this Article.

5/7-201. Investments of assets

The assets of the fund in excess of the amount of cash required for current operation as determined by the board shall be invested, subject to the requirements and restrictions set forth in Sections 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114 and 1-115 of this Code.

No bank or savings and loan association shall receive investment funds as permitted by this Section, unless it has complied with the requirements established pursuant to Section 6 of "An Act relating to certain investments of public funds by public agencies", approved July 23, 1943, as now or hereafter amended. The limitations set forth in such Section 6 shall be applicable only at the time of investment and shall not require the liquidation of any investment at any time.

The board may sell any security belonging to the fund at any time in its judgment that it is necessary or desirable to do so.

The board shall have the authority to enter into such agreements and to execute such documents as it determines to be necessary to complete any investment transaction.

All investments shall be clearly held and accounted for to indicate ownership by the board. The board may direct the registration of securities or the holding of interests in real property in its own name or in the name of a nominee created for the express purpose of registration of securities or the holding of interests in real property by a savings and loan association or national or State bank or trust company authorized to conduct a trust business in the State of Illinois. The board may hold title to interests in real property in the name of the Fund or in the name of a title holding corporation created for the express purpose of holding title to interests in real property.

Investments shall be carried at cost or at a book value in accordance with generally accepted accounting principles and accounting procedures approved by the board.

The book value of investments held by any pension fund or retirement system in one or more commingled investment accounts shall be the cost of its units of participation in such commingled account or accounts as recorded on the books of the board.

5/7-201.1. Participation in commingled investment funds--Transfer of investment functions and securities

- (a) The retirement board may invest in any commingled investment fund or funds established and maintained by the Illinois State Board of Investment under the provisions of Article 22A of this Code. The book value of all commingled equity participations plus the book value of other stock investments owned by this system shall not exceed the maximum permissible percentage rate for equity investments prescribed in Section 7-201. All commingled fund participations shall be subject to the law governing the Illinois State Board of Investment and the rules, policies and directives of that Board.

- (b) The retirement board may, by resolution duly adopted by a majority vote of its membership, transfer to the Illinois State Board of Investment created by Article 22A of this Code, for management and administration, all investments owned by the Fund of every kind and character. Upon completion of such transfer, the authority of the retirement board to make investments shall terminate. Thereafter, all investments of the reserves of the Fund shall be made by the Illinois State Board of Investment in accordance with the provisions of Article 22A of this Code.

Such transfer shall be made not later than the first day of the fourth month next following the date of such resolution. Before such transfer an audit of such investments shall be completed by a certified public accountant selected by the Illinois State Board of Investment and approved by the Auditor General of the State of Illinois. The expense of such audit shall be defrayed by the retirement board.



Time Commitment

IMRF Trustees commit a significant amount of time to attending Board meetings, committee meetings, and performing other duties on behalf of IMRF. The following provides an example of the amount of time a Board member spends fulfilling his or her Board duties.

Time Commitment

An IMRF Trustee not only spends time attending Board and Committee meetings, he or she should spend time preparing for those meetings.

- On average, a Trustee will spend a minimum of five hours preparing for the Board meeting.
- If a Trustee is the member of a committee(s), he or she or she may spend several additional hours preparing for committee meeting(s).
- Trustees are required to attend at least eight hours of ethics and fiduciary training annually.
- To provide Trustees with additional educational opportunities, Trustees are encouraged to attend business and educational functions, such as workshops, conferences, and symposiums. Trustees are limited to two out-of-state and two in-state events per year.
- IMRF also provides Trustees with various pension-related and business publications.

Please note: Trustees are generally not reimbursed for time spent in their office or place of work handling IMRF-related telephone calls or document study. If you participate in committee or Board meetings by telephone, your employer is reimbursed for time spent.

Board meetings

- Board meetings are usually held the fourth Friday of the month and start at 9 AM. The meeting can last from four to six hours. Some months a Board meeting is not held.
- Trustees who live more than 50 miles from the IMRF Oak Brook office have the option of arriving the day before the Board meeting, with lodging provided by IMRF.
- Trustees have the option of participating in Board meetings from the Springfield office by videoconference.

Preparation Time for Board Meetings

- IMRF uses BoardDocs—a secure, Web-based electronic format—to distribute Board meeting materials. Approximately one week before the Board meeting, Trustees receive an email with a link to the electronic Board packet. Newly elected Trustees will receive training in how to use BoardDocs.
- This Board packet includes information related to that month's meeting agenda. See a sample Board meeting agenda on pages 20-22.
- Board packet material includes:
 - Investment Advisory report (see below for more information)
 - Reports from various investment managers and consultants (see page 18 for more information)
 - Summaries of Other Schedules
 - A - Approved Benefits
 - B - Adjusted Benefits
 - C - Benefit Cancellations
 - D - Total and Permanent Disability Benefits Denied
 - E - Total and Permanent Disability Benefits Awarded

- F - Benefit Payment Terminations
- G - Administrative (Staff) Denial of Benefit Claims
- P - Administrative Denial of Applications for Past Service Credit
- R - Prior Service - New Governmental Units
- Schedule T - Expenditure Report for previous month
- Minutes from previous month's Board meeting
- Bid Invitation acceptance letters
- Recommendations regarding units of government wishing to join IMRF
- Committee reports and/or minutes
- Litigation update
- Legislative update
- Listing of upcoming seminars and conferences

Committee meetings

- A Trustee may serve as chair and/or member of one or more Board committees. The Board President nominates membership and the full Board approves.
- Although **all Board members must fulfill their fiduciary duties as stewards of IMRF assets**, committee chairs and members are expected to develop a greater in-depth knowledge of the Committee they serve.
- Board committee charters can be found on pages 23 through 33.

Required Fiduciary Training

- Trustees are required to attend at least eight hours of ethics and fiduciary training annually. This training may be on the topics of ethics, finance, investments, actuarial and accounting principles, and other issues of pension fund administration.

Benefit Review Committee (see Charter on page 28)

- The Benefit Review Committee generally meets every month in which there is a Board meeting. Meetings are generally held the morning of the Board meeting and can last anywhere from two to four hours.
- Benefit Review Committee materials, which include information about the claims to be reviewed, e.g. medical reports, correspondence, and any other information pertinent to the claim, are available for committee members on BoardDocs.
- Time spent reviewing Benefit Review material depends on the number of appeals to be heard by the Committee, and can range from one to three hours a month.

Investment Committee (see Charter on page 31)

- The Investment Committee generally meets every month in which there is a Board meeting. Meetings are generally held the day before the monthly Board meeting and can last three to four hours.
- IMRF employs 71 individual investment managers who handle 91 separate accounts. Board members receive investment reports via the online portal BoardDocs.
- All Investment Committee materials are available for committee members on BoardDocs. The amount of time a Trustee spends reviewing Investment Committee material varies, and is based upon the level of detail that the Trustee wishes to review
- On average, if a Trustee is not a member of the Investment Committee, he or she can expect to spend five hours a month reviewing investment material. If a Trustee is a member of the Investment Committee, he or she can expect to spend an average of seven hours a month reviewing investment material.
- Investment material includes numerous reports on portfolio holdings, performance information, portfolio analytics, market strategy reports, transaction reports, and economic reports.
- In addition, all Board members receive business periodicals such as *The Wall Street Journal*, *Institutional Investor* magazine, *Pension & Investments* magazine, and *Plan Sponsor* magazine.

Legislative Committee (see Charter on page 32)

- The Legislative Committee may meet four times by telephone while the General Assembly is in session (usually four months a year). The Committee also meets in the fall to set the coming year's legislative agenda.
- Committee members can view materials on BoardDocs prior to the meeting, which include position papers and background information on House and Senate bills.
- Time spent reviewing materials can range from less than one hour to more than two hours per meeting.

Audit Committee (see Charter on page 25)

- The Audit Committee meets at least twice a year. Meetings are generally held the day of the monthly Board meeting.
- Committee members can view materials on BoardDocs prior to the meeting, which include information about IMRF's financial reporting process, internal control over financial reporting, internal and external audit process, compliance with laws and regulations, and the Board's Ethics Code and Travel Policy.
- An Audit Committee member can expect to spend an average of one hour reviewing Audit material per meeting.



Locally funded, financially sound.

Friday, December 17, 2021
Regular Board Meeting * Time Allocated

1. Roll Call

A. Meeting begins at 9:00 a.m.

2. Public Comments

3. Actuarial Report Submitted - Casualty Aug. 2020 - McDevold (Brian Collins, Mark Nannini)*15 minutes

A. Actuarial Report and Response (Mark Nannini)

4. Investment Committee *15 minutes

A. Monthly Manager Report (Angela Miller-May (Milshin Associates))

B. Investment Report (Angela Miller-May)

5. Action Item - Diversity Report * <5 minutes

A. Approval of 2021 Diversity Report (Angela Miller-May)

6. Action Item - Insurance Renewals *5 minutes

A. Insurance Renewals (Beth Janicki Clark)

7. Action Item - Consent Agenda * <45 minutes

A. Schedules A-S (Dawn Coutis)

B. Minutes of November 19, 2021 Regular Board Meeting (Beth Janicki Clark)

C. Bids (Beth Janicki Clark)

D. Review of November Financial Reporting Package (Mark Nannini)

E. Statement of Fiduciary Net Position (Mark Nannini)

F. Impact of 2021 Year-To-Date Investment Income of Employees on the Funding Status and Average Employer Contribution Rate (Mark Nannini)

G. Schedule T - Report of Expenditures (Mark Nannini)

8. Action Item - Executive Trustee Election * <5 minutes

A. Certification of Results of Executive Trustee Election (Beth Janicki Clark)

9. Action Item - Election Of 2022 Board Officers *5 minutes

A. Election of 2022 Board Officers (Taking Office January 1, 2022)(Gwen Henry, Chair)(Brian Collins)

10. Action Item - 2022 Board Meeting Dates *5 minutes

A. 2022 Board Meeting Dates (Gwen Henry, Chair)(Brian Collins)

11. Action Item-Appointment of Consultants to the Board for 2022 *5 minutes

- A. Actuary - Gabriel, Roeder, Smith & Co. (Mark Nannini)
- B. Medical Consultant/MMRO (Beth Janicki Clark)

12. Action Item - Committee Reports *10 minutes

- A. Benefit Review Committee (Natalie Copper, Chair)(Beth Janicki Clark)
- B. Investment Committee (Dave Miller, Chair)(Keyla Miller-Vivas)
- C. Legislative Committee (Suzanne Janis, Chair) (Beth Janicki Clark)

13. Action Item - Board Resolution *10 minutes

- A. Resolution on Disability Appeal Procedure (Beth Janicki Clark)
- B. Resolution on Disposal of Surplus Property (Beth Janicki Clark)

14. Staff Report *5 minutes

- A. Litigation Update (Brian Collings)

15. Report of Executive Director *10 minutes

- A. Horizon Update (Keyla Vivas)
- B. FOIA Requests (Beth Janicki Clark)
- C. Miscellaneous Report (Brian Collings)

16. Appreciation of Service *5 minutes

- A. Appreciation of Service - Belinda Davis (Brian Collings)

17. Trustee Comments

18. Trustee Forum * <5 minutes

- A. Conference/Seminar Listing (Brian Collings)
- B. Trustee Ethics Training (Beth Janicki Clark)

19. Executive Session

- A. Executive Director Performance Appraisal (Beth Janicki Clark)

20. Adjourn

- A. Motion to Adjourn
- B. Anticipated Meeting Length (including a 15 minutes break) - 2 Hours and 5 minutes)

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Committee Charters

Part of an IMRF Trustee's duties include serving on one or more Board Committees:

- Audit Committee
- Benefit Review Committee
- Investment Committee
- Legislative Committee

Each Committee's charter explains its responsibilities and relationship to the full Board.

IMRF Board of Trustee Committees

2022 Board Committees

Audit Committee

Sue Stanish, Chair
Gwen Henry, Vice Chair
Louis Kosiba
Natalie Copper
Peter Stefan
Tom Kuehne
Tracie Mitchell

Benefit Review Committee

Peter Stefan, Chair
Tracie Mitchell, Vice Chair
David Miller
Natalie Copper
Tom Kuehne

Investment Committee

Louis Kosiba, Chair
Gwen Henry, Vice Chair
David Miller
Natalie Copper
Peter Stefan
Sue Stanish
Tom Kuehne
Tracie Mitchell

Legislative Committee

Tom Kuehne, Chair
Louis Kosiba, Vice Chair
David Miller
Natalie Copper
Peter Stefan
Sue Stanish
Tracie Mitchell

IMRF Committee Charters

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- Benefit Review Committee Charter - Page 28
- Investment Committee Charter - Page 31
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Audit Committee Charter

This Audit Committee Charter has been adopted by the Board of Trustees of the Illinois Municipal Retirement Fund. The Audit Committee of the Board shall review and reassess this charter annually and recommend any proposed changes to the Board for approval.

Purpose

To assist the Board of Trustees in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the internal and external audit process, and the Fund's process for monitoring compliance with laws and regulations and the Board's Ethics Code and Travel Policy. Other duties may be assigned to it by the Board.

Authority

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to: Retain outside counsel, accountants, or others to advise the committee or assist in the conduct of an investigation. Seek any information it requires from employees--all of whom are directed to cooperate with the committee's requests--or external parties. Meet with Fund directors, internal auditors, external auditors, or outside counsel, as necessary.

Composition

The audit committee will consist of at least three members of the Board of Trustees. The president of the Board will appoint and the full Board will approve committee members, the committee chair, and vice-chair for one-year terms. The members of the audit committee collectively shall possess the expertise and experience in accounting, auditing, and financial reporting needed to understand and resolve issues raised by the internal and external auditors. Each committee member will be both independent and financially literate, as determined by the Board of Trustees.

Meetings

The committee will meet at least twice a year, with authority to convene additional meetings, as circumstances require. Meetings are subject to the Open Meetings Act. All committee members are expected to attend each meeting, in person or via teleconference or videoconference. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It may hold private meetings with auditors and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. The internal auditor or the external auditor may request to meet privately with the committee if there are significant matters involving the office of the executive director or any other part of the organization or if the executive director has failed to respond to recommendations of either the internal or external auditors.

Responsibilities

The Audit Committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the financial statement audit, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.
- Review with management and the external auditors any reports on any additional work for which the external auditors have been engaged.

Internal Control

- Consider the effectiveness of the Fund's internal control over annual and interim financial reporting, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Inquire of management, the internal and external auditors about significant risks or exposures and assess steps management has taken to minimize such risk to the Fund.

Internal Audit

- Review with management and the internal auditor the charter, the annual internal audit plan, activities, staffing, and organizational structure of the internal audit function.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the internal auditor.
- Review the effectiveness of the internal audit function, including compliance with professional standards for the practice of internal auditing.
- Review with management and the internal auditor significant findings during the year and management's responses.
- On a regular basis, meet separately with the director of internal audit to discuss any matters that the committee or internal audit believes should be discussed without management present.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed without management present.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the Ethics Code and Travel Policy to Fund personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and Fund legal counsel regarding compliance matters.

Reporting Responsibilities

- Regularly report to the Board of Trustees about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and the Board of Trustees.
- Review any other reports the Fund issues that relate to committee responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Trustees.
- Institute and oversee special investigations as needed.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance on a regular basis.

Benefit Review Committee Charter

The Board of Trustees of the Illinois Municipal Retirement Fund has adopted this Benefit Review Committee (“Committee”) Charter. The Benefit Review Committee of the Board shall review and reassess this charter annually and recommend any proposed changes to the Board for approval.

Purpose

To assist the Board of Trustees in fulfilling its oversight responsibilities for the process of hearing appeals of certain staff determinations regarding members’ claims for benefits, benefit calculation errors and resulting benefit recoupment and non-ERI related return to work issues. The Committee will review written findings and conclusions of the IMRF Hearing Officer related to employer contribution delinquencies, employer rates, accelerated payments, eligibility for participation, IMRF reportable earnings, felony forfeitures, contested beneficiary designations, ERI return-to-work violations and other appeals assigned to the IMRF Hearing Officer for determination. The Board may assign other duties to the Committee.

Authority

The Benefit Review Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Utilize outside medical consultants or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it requires from Fund employees--all of whom are directed to cooperate with the Committee’s requests--or external parties.
- Meet with Fund staff, medical consultants, outside counsel, and members as necessary.

Composition

The Benefit Review Committee will consist of at least three members of the Board of Trustees. At the January Board Meeting, the president of the Board will nominate, and the full Board will elect, committee members, the committee chair, and vice-chair for one-year terms.

Meetings

The Committee will generally meet as scheduled, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via teleconference or videoconference. In the absence of the

Chairperson, the vice chairperson shall preside. In absence of both the chairperson and vice chairperson the other members of the Committee shall designate a chairperson pro tem to preside over the Committee meeting.

The Committee will require that staff, medical consultants, and others attend meetings to provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance of the meetings. Staff will provide the Committee with a copy of the statement of claim, a statement of the position of the administrative staff, and any other documentation (medical records, etc.) available to the Fund. For appeals heard by the IMRF Hearing Officer,

the Committee will be provided with the written findings and conclusions. Members of the Committee may ask questions necessary for better understanding of the facts or law.

All Committee hearings shall be open to the public unless the chairperson, for good cause shown and pursuant to the applicable provisions of the Open Meetings Act, shall determine otherwise. The member/claimant is not required to attend the meeting, and may be represented solely by the statement of claim on file. However, he/she may appear at the meeting in person, by teleconference, or by videoconference. The member may come alone, with an attorney, or with any other authorized representative. An attorney or other authorized representative may represent the member in his/her absence.

Staff will prepare minutes for each meeting. These minutes will serve as a record of proceedings in the form of a non-verbatim report. The claimant may obtain a verbatim record of hearing taken by a court reporter provided he/she makes a timely request for a court reporter to be present. The claimant must pay the full cost for the services of a court reporter.

Benefit Review Committee Responsibilities

The Committee will carry out the following responsibilities:

- Hear appeals of certain staff determinations regarding members' claims for disability benefits, benefit calculation errors and resulting benefit recoupment and non-ERI return to work issues.
- Review the findings and conclusions of the IMRF Hearing officer related to employer contribution delinquencies, employer rates, accelerated payments, eligibility for participation, IMRF reportable earnings, felony forfeitures, contested beneficiary designations, ERI return-to-work violations and any other appeals assigned to the IMRF Hearing Officer for determination.

Staff will schedule the hearings on the meeting dates selected by the Committee.

Determination by the Committee

Upon conclusion of all evidence and arguments, the Benefit Review Committee will make a decision as to the disposition of the claim. At least a majority vote is required for any decision of the Benefit Review Committee. The Committee will render one of the following decisions: affirmance of the staff recommendation, reversal of the staff recommendation, remand of the proceedings to staff for further investigation, request the development of an alternative resolution, or, in the case of deadlock, continuation of the claim for consideration by the full Board of Trustees. The decision will be in the form of a recommendation to the full Board of Trustees or, in the case of deadlock, without recommendation.

Immediately following each Committee meeting staff will prepare the chairperson's summary report to the Board of Trustees.

The Benefits Manager, or other staff designee, will send written notice of the decision of the Board of Trustees to the claimant, and if applicable, to the claimant's representative.

Reporting Responsibilities

- Regularly report to the Board of Trustees about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication between medical consultants and the Board of Trustees.
- Review any other issues that relate to Committee responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Trustees.
- Institute and oversee special investigations as needed.
- Make recommendations to the Board of Trustees concerning policies related to the responsibilities set forth herein.
- Confirm annually that all responsibilities outlined in this charter have been carried out.

Investment Committee Charter

The Board of Trustees of the Illinois Municipal Retirement Fund has adopted this Investment Committee Charter.

Purpose

The Investment Committee, as trustees and fiduciaries, is responsible for the proper oversight of the IMRF assets. The committee members shall carry out their functions solely in the interest of the IMRF members and benefit recipients and for the exclusive purpose of providing and defraying reasonable expenses incurred in performing such duties, as required by law.

Composition

The Investment Committee will consist of at least six members of the Board of Trustees. Annually, the President of the Board will appoint the Investment Committee members, Chair and Vice Chair of the Investment Committee and the full Board will approve the Committee Chair, Vice-Chair and committee members for a one-year term.

Meetings

The Committee will meet as necessary. A quorum of at least 5 members must be physically present for all meetings of the Committee. Meetings are subject to the Open Meetings Act. Each meeting agenda will be posted in advance and in accordance with the Illinois Open Meetings Act. Meeting materials will be prepared by Staff and Consultant, as necessary.

Staff will prepare minutes for each meeting. These minutes will serve as a record of proceedings in the form of a non-verbatim report.

Responsibilities

Investment Committee members, as Trustees, shall act in accordance with the provisions of State Statute and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims by diversifying the investment of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The Investment Committee of the Board is responsible for the following investment related activities, subject to approval by the Board of Trustees:

- Set the policies, objectives, and guidelines for investment of the Fund's assets and oversee compliance with investment policy and the laws of Illinois.
- Study thoroughly each issue affecting the Fund's investments to make educated and prudent decisions.
- Select qualified professionals to assist in implementing investment policies and evaluate their services.
- Consider Staff recommendations for selecting or terminating investment managers.
- Consider investment actions recommended by staff.
- Evaluate total fund performance including performance of all investment managers.

Reporting Responsibilities of the Committee

- Regularly report to the Board about activities, issues and related recommendations.
- Report on any issues relating to its responsibilities.

Other Responsibilities

- Perform any activities related to this charter as directed to the Board of Trustees.

Meetings

This Charter may be amended by a majority vote of the Board. Recommendations for policy changes should be directed to the Chief Investment Officer. The Chief Investment Officer shall review all such recommendations and is responsible for submitting necessary changes to the Board for approval.

The Investment Committee Charter shall be reviewed annually.

Legislative Committee Charter

The Legislative Committee Charter was adopted by the Board of Trustees of the Illinois Municipal Retirement Fund. The Committee shall review and reassess this Charter annually, and recommend any proposed changes to the Board for approval.

Purpose

The purpose of the legislative committee is to assist the Board in determining its legislative agenda and positions on legislation. Other duties may be assigned to it by the Board

Authority

The Legislative Committee is empowered to:

- Authorize the drafting of legislation for review and approval by the Board;
- Request the preparation of cost studies by IMRF's actuaries covering proposed or introduced legislation, as necessary;
- Meet with parties that have an interest in legislation affecting IMRF; and
- Seek any information it requires from internal or external parties.

Composition

The Legislative Committee will consist of at least three members of the Board of Trustees. At the January Board meeting, the President of the Board will appoint and the full Board will approve the Committee chair, vice-chair, and members for a one-year term

Meetings

The committee shall meet at least twice per year, with the authority to convene additional meetings, as circumstances require. One meeting shall be to determine the Board's legislative agenda for the following year. The committee shall also meet as soon as possible after new legislation is introduced affecting IMRF, but no later than the next scheduled Board meeting.

All committee members are expected to attend each meeting, in person or via tele-conference or video-conference. The committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared

Responsibilities

The Legislative Committee will carry out the following responsibilities:

- Review all legislation affecting IMRF and determine its potential financial and administrative impact on the Fund, the members, and the employers;
- Recommend Board positions on all legislation affecting IMRF;
- Determine the concerns of the various IMRF constituencies to develop legislative solutions;
- Develop a legislative agenda for the Fund;
- Regularly report to the Board of Trustees about committee activities, issues, and related matters;
- Review any other reports the Fund issues that relate to committee responsibilities;
- Obtain regular reports from staff regarding legislative matters;
- Perform other activities related to this charter as requested by the Board of Trustees; and
- Confirm annually that all responsibilities outlined in this charter have been carried out.



Board of Trustees Job Descriptions

The following pages provide position descriptions for Trustee, Board President, Board Vice-President, Board Secretary, and Committee Chairperson.

Position Descriptions

Trustee

Primary Responsibility

Each Trustee is a fiduciary responsible for the governance and oversight of IMRF. Trustees are obliged to act solely for the exclusive benefit of the IMRF members and beneficiaries and to act prudently under the circumstances. Each year, Trustees shall obtain eight hours of ethics training as required by the Illinois Pension Code (40 ILCS 5/1-113.18).

Although Trustees are elected by a specific constituency, upon taking office they represent all groups within IMRF. Trustees with conflicts must either avoid the conflict in advance or terminate it when it arises. A Trustee cannot ignore breaches of fiduciary duties by co-Trustees and must report breaches or potential breaches to the Board's Ethics Commission, Board President or Executive Director.

The Duties of Trustees shall include:

1. Prepare for and attend scheduled Board meetings and Committee meetings to which you are appointed.
2. Be an informed and active member of the Board, fully participating in the decisions and actions of the Board by making independent assessments and reasonable judgments.
3. Acquire and maintain the knowledge necessary to perform the duties of a Trustee.
4. Follow policies and procedures established by the Board.
5. Qualify statements made to outside parties as either personal opinion; or, the official position of the Board once taken.
6. Act with respect towards other Trustees and staff in the conduct of IMRF business.
7. Comply with the Board's adopted policies and required filing of Compliance Statement and file an Annual Statement of Economic Interest with the DuPage County Clerk.
8. Adhere to State law regarding confidentiality and privacy of member records and benefits.
9. Adhere to the Illinois Open Meetings Act requiring public access to Board agendas, meetings and minutes. ; including financial training as necessary.
10. Assume responsibility for evaluating of the Trustee's own performance, and the overall performance of the entire Board.
11. Evaluate the performance of the Executive Director.

Trustee Access to IMRF Resources

IMRF is operated for the benefit of its members, beneficiaries and employers. A Trustee should seek no advantage in the acquisition of resources or information over other Trustees, members or employers.

1. In pursuit of his or her fiduciary duties, a Trustee has a right to request and receive information; to ask questions; and, to receive full information and answers before required to vote on a matter pending before the Board.
2. A Trustee shall not give instructions or assign tasks to individual IMRF staff.
3. A Trustee may request from the Executive Director or IMRF staff information or assistance necessary to meet their responsibilities as an Authorized Agent, or their normal right as a member of IMRF.
4. The Executive Director may seek the advice of the President or refer the matter to the full Board before complying with individual Trustee requests that, in the Executive Director's opinion, would require a significant amount of IMRF resources or cause disruption to the regular administration of IMRF.
5. The Executive Director may refuse requests of individual Trustees that are in conflict with this policy. If the Trustee is not in agreement, he/she may appeal to the President or Vice President, as appropriate.

President of the Board of Trustees

The President holds a position of leadership for the Board and IMRF and must be willing and able to devote the time necessary to fulfill these special responsibilities as the leader of the Board. This commitment includes the responsibility to:

1. Convene and conduct Board meetings in a respectful, fair and efficient manner following Board policies, procedures and applicable Illinois law.
2. Review and approve the agenda for regular and special Board meetings and include any issues requested by the Trustees or the Executive Director in accordance with the Board Meeting Protocol.
3. Ensure proper and timely flow of adequate information to the Board.
4. Solicit input from Trustees regarding matters before the Board.
5. In setting Board Agendas, ensure adequate time is provided for effective study and discussion of business being considered by the Board.
6. Schedule executive session meetings as necessary and in compliance with the Illinois Open Meetings Act.
7. Make assignments to committees (including the committee chairperson), taking into account the desires of the Trustees.
8. Execute such documents and other legal instruments on behalf of IMRF as required by Illinois law or authorized by the Board.
9. Discuss performance and behavior issues which may be inconsistent with the Board's Leadership Agreement with Trustees who are having a negative impact on IMRF.
10. Perform all other duties specifically identified by the Board.
11. Act as a member of IMRF's Ethics Commission.

Vice President of the Board of Trustees

The Vice-President should be prepared to act as temporary President during a Board Meeting in the absence of the President. Along with the Board President, review and approve the Agenda for regular and special Board Meetings.

In case of the resignation or death of the President, the Vice-President automatically becomes President for the unexpired term.

Act as a member of IMRF's Ethics Commission.

Secretary of the Board of Trustees

The Secretary is the recording Officer of the Board and the custodian of its records. This commitment includes the responsibility to:

1. Oversee preparation of Minutes of all Board Meetings.
2. Oversee maintenance of all Committee reports.
3. In the absence of the President and Vice-President, to call the meeting to order and preside until the immediate election of a chairman pro tem.
4. Take Minutes at Executive Sessions and ensure proper recording.
5. In conjunction with the Executive Director, determine every six months if Minutes of Executive Sessions should be opened to the public.
6. Act as a conflict substitute member of IMRF's Ethics Commission, when needed.

The Secretary of the Board also has the responsibility to ensure staff:

1. Keeps the Board's official membership roll and to call the roll when it is required.
2. Makes Board and Committee Meeting Minutes and records available to members upon request.
3. Post notice of all Board and Committee Meetings.



Ethics Code

Because they are stewards of retirement assets, IMRF Trustees hold the highest positions of trust. They are required to exercise diligence and prudence, and their duties require attention to fiduciary standards. The following Ethics Code explains the guiding principles IMRF Trustees follow as they fulfill their duties to IMRF members and employers.

IMRF Ethics Policy

Preamble

IMRF is administered by a Board of Trustees comprised of representatives of sponsoring employers, participants and annuitants. The members of the Board of Trustees and IMRF staff hold the highest positions of trust because they are stewards of retirement assets. They are also persons who by their mere position are required to exercise diligence and prudence. Their duties require attention to fiduciary standards. Those fiduciary standards extend to consultants and financial advisors who serve in the administration of the goals and objectives of IMRF.

Mission Statement (40 ILCS 5/7-102)

It is the mission of this Fund to efficiently and impartially develop, implement and administer programs that provide income protection to members and their beneficiaries on behalf of participating employers in a prudent manner. (Adopted January 28, 1997)

Guiding Principles

1. Service to the beneficiaries of IMRF is the primary function of the Board of Trustees and IMRF staff.
2. The Board of Trustees and IMRF staff is ultimately responsible to the beneficiaries of IMRF.
3. In those situations where the law is not clear, the best interests of IMRF beneficiaries must be served.
4. Efficient and effective administration and investment management is basic to IMRF.
5. Safeguarding the trust of fund participants is paramount.
6. Service to IMRF participants demands fulfilling fiduciary responsibilities.
7. Timely and energetic execution of fiduciary responsibilities is to be pursued at all times by the IMRF Trustees and staff.

Standards of Conduct and Conflict of Interest

IMRF Trustees and staff shall not:

- Accept a gift having a value over \$25 or solicit any gift, favor, or service from any third party which has, is, or may do business with the Illinois Municipal Retirement Fund
- Accept other employment or engage in a business or professional activity that they reasonably expect would require or induce them to disclose confidential information acquired by reason of their official position;
- Accept other employment or compensation that could reasonably be expected to impair their independence of judgment in the performance of their official duties;
- Make personal investments that could reasonably be expected to create a substantial conflict between their private interests and the interests of the plan participants and beneficiaries; provided, however, no trustee or staff member is precluded from making any personal investment that will not create a substantial conflict.
- Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised their official powers or for having performed their official duties in favor of another;
- Transact any business in their official capacity with any entity or person in which they have an economic interest;
- Appear before the body of which they are a member while acting as an advocate for himself or any other person, group, or entity;
- Represent any business entity before the Board of Trustees, for pay;
- Represent, directly or indirectly, any business entity in any action or proceeding against the interest of the Board of Trustees, or in any litigation in which the Fund is a party;
- Use their official position to secure a special privilege or exemption for themselves or others or to secure confidential information for any purpose other than official duties; or
- Intentionally or knowingly disclose any confidential information gained by reason of their position concerning the property, operations, policies or affairs of the Board of Trustees, or use such confidential information for pecuniary gain;
- Represent a firm or solicit business on behalf of a firm (including affiliates) for whom he or she previously voted in favor of entering into a business relationship or negotiated or signed a contract binding IMRF for a period of two (2) years following the term of office or employment;
- Solicit donations for charities, not for-profit organizations and other causes from any person, organization or entity which does, has done or may do business with IMRF, including but not limited to, investment advisors and managers;
- Solicit or accept political contributions or donations for himself or herself or others from any person, organization or entity which does, has done, or may do business with IMRF,

including but not limited to, investment advisors and managers; nor may he/she solicit or accept political contributions or donations from employees or IMRF;

- Profess or imply that he/she has the endorsement of IMRF with respect to any candidacy for which he or she is running;
- Accept free travel or accommodations from any third party which has, is or may do business with the Illinois Municipal Retirement Fund; or
- Accept free attendance at any educational conference or business-related function, the cost for which has been paid directly or indirectly by any third party which has, is or may do business with the Illinois Municipal Retirement Fund; or
- Accept food or refreshments exceeding \$75 per person per day in value from any third party which has, is or may do business with the Illinois Municipal Retirement Fund; or
- Accept meals on an individual basis from any third party which has, is or may do business with the Illinois Municipal Retirement Fund unless such meal arises out of independent activities not related to the person's role with the Illinois Municipal Retirement Fund or unless it is a staff member on Fund business, under the \$75 limit set forth above.

Interpretation of Policy (Determination of Substantial Interest)

An individual has a substantial interest in a business entity if he or she or his or her spouse:

- Has a controlling interest in the business;
- Owns more than 10 percent of the voting interest in the business entity;
- Owns more than \$25,000 of the fair market value of the business entity;
- Has a direct or indirect participating interest by shares, stock, or otherwise, regardless of whether voting rights are included, in more than 10 percent of the profits, proceeds, or capital gains of the business entity;
- Is a member of the board of directors or other governing board of the business entity;
- Serves as an elected officer of the business entity; or,
- Is an employee of the business entity.

Policy on Business & Educational Functions

The Board of Trustees acknowledges it is responsible for the administration and operation of a specialized business involving great sums of money for the exclusive benefit of the plan participants and beneficiaries of the trust (Fund), and are responsible for defraying reasonable expenses which arise from the performance of duties and responsibilities under applicable trust law and universal tenets of fiduciary responsibility.

Trustees cannot rely solely on others to execute their fiduciary functions. While authority can be delegated, fiduciary responsibility rests ultimately with the trustees.

The Board of Trustees strongly encourages attendance and participation in business and educational functions which will further the performance of duties and responsibilities under applicable trust law. At a minimum, the trustees are required to attend at least eight hours of ethics and fiduciary training per year. Trustees shall annually certify to the Board compliance with this training requirement.

EXAMPLES OF CATEGORIES AND DEFINITIONS

Business Operations

Business Meetings

- Gatherings for discussions or negotiations on potential investments.
- Formal litigation procedures.
- Internal retreats of Board with or without advisors or consultants.
- Instructional gatherings to develop business acumen

Due Diligence

- Personal investigatory appearances by board members to the actual site(s) of a prospective venture, which could include the operational office of a prospective new advisor, consultant or business venture.
- This function should be repeated with existing relationships particularly when a material change has occurred, such as a change in personnel.

Site Inspections

- Primarily reserved for real estate investments in order to “kick the tires”, meet the tenants and the property management teams, check out the condition of the building(s) and other data relating to any proforma items of the investment.

Educational Operations

Conferences

- Usually week long events of an annual nature dealing with a multitude of topics and current trends and developments in the pension industry.
- One of the best forums within which to interact with peers from other jurisdictions (networking).

Workshops and Symposiums

- Events of two to three days of sessions involving discussions surrounding a single theme- or a specific topic or subject matter.

Trustee Ethics and Fiduciary Training

Trustees are required to attend at least 8 hours of ethics and fiduciary training annually. Each trustee is expected to maintain adequate documentation of such training, received in increments of no less than one-half hour of actual instruction.

Training may be conducted during Board and Board Committee meetings and Board Roundtables, provided the topic is clearly delineated as trustee ethics and fiduciary training.

Training may be undertaken at independent conferences, seminars and symposiums.

Trustee ethics and fiduciary training includes presentations by staff or consultants or training at outside seminars and conferences on topics of:

- IMRF ethics and travel policies and best practices in the industry;
- Fiduciary duties;
- Investment issues including asset allocation, training on potential investment vehicles, investment procedures, and best practices;
- Illinois pension Code;
- Actuarial issues, including presentations concerning the annual actuarial report, gain/loss analysis, and triennial experience analysis;
- Medical matters to assist in hearing disability claims;
- New trustee orientation; and
- Other issues of pension fund administration, as determined by the Board.

Not included are presentations covering:

- IMRF processes and procedures;
- Board agenda items unless specifically delineated as a training program.

Policy Against Harassment

It is the desire of the Board of Trustees that employees work in an atmosphere free from all forms of harassment. Therefore, this policy prohibits all types of harassment, including, but not limited to, harassment based on: sex, race, color, religion, national origin, age, marital status, disability, handicap, sexual orientation, gender identity, or any other classification protected under applicable law. This policy extends to each and every level of IMRF. Accordingly, harassment, whether by an employee, a Trustee, an IMRF member or annuitant, a customer, a member of management, or a visitor will not be tolerated. Activities of this nature are unlawful and serve no legitimate purpose; they have a disruptive effect on an individual's ability to perform his/her job, and they undermine the integrity of the employment relationship.

Harassment is verbal or physical conduct relating to an individual's sex, race, color, religion, national origin, age, marital status, disability, handicap, sexual orientation, gender identity, or any other classification protected under applicable law when this conduct:

1. Has the purpose or effect of creating an intimidating, hostile, or offensive working environment;
2. Has the purpose or effect of unreasonably interfering with an individual's work performance; or
3. Otherwise adversely affects an individual's employment opportunities

We recognize examples of conduct that may constitute prohibited harassment include: slurs, jokes, cartoons, stereotypes, statements, etc., based upon sex, race, color, religion, national origin, age, marital status, disability, handicap, sexual orientation, gender identity, any other classification protected under applicable law, and unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
2. An individual's submission to or rejection of such conduct is used as a basis for an employment decision affecting that individual; or
3. The purpose or the effect of such conduct is to substantially interfere with the affected individual's work performance or to create an intimidating, hostile, or offensive work environment.

Although the above defines "unlawful" harassment, it is also a violation of this policy to commit or engage in any unprofessional or inappropriate conduct based on any protected classification, whether or not such conduct rises to the level of "unlawful" harassment.

Retaliation against any individual who has complained about harassment, filed a charge of harassment, or who otherwise participated in an investigation of harassment will not be tolerated.

Reports of violations of this Policy may be made to Supervisors, Managers, Directors, the Director of Human Resources or the Executive Director.

No Supervisor, Manager or Director has the authority to condition any tangible job benefit on an employee's putting up with or agreeing to any conduct that may violate this policy. If an employee believes that he or she has been deprived of any job benefit or that he or she has been threatened, he or she should immediately report it to one of the individuals listed above. Supervisors, Managers and Directors must report immediately to the Executive Director and/or the Director of Human Resources any incidents that they hear about or observe that may constitute a violation of this policy.

If the allegations involve the Director of Human Resources, then Supervisors, Managers and Directors should report the incident(s) to the Executive Director. If the allegations involve the Executive Director, Supervisors, Managers and Directors should report the incident(s) to the President, Vice President and/or Secretary of the Board of Trustees.

The confidentiality of harassment allegations will be protected to the extent possible under the circumstances. IMRF will actively investigate all harassment complaints, and, if it is determined that harassment has occurred, management will take appropriate disciplinary action against the offending party, up to and including immediate termination of employment.

Retaliation against any person who has complained about harassment, filed a charge of harassment, or who otherwise participated in an investigation of harassment will not be tolerated. Furthermore, no Supervisor, Manager, or Director has the authority to require anyone to tolerate or agree to any conduct that violates this policy in order to receive any job benefit, including compensation, duties, assignments, promotions, etc. Such activities are unlawful and will result in severe discipline, up to and including immediate termination of employment.

Pursuant to the Whistleblower Act (740 ILCS 174/15(a)), an employer may not retaliate against an employee who discloses information in a court, an administrative hearing, or before a legislative commission or committee, or in any other proceeding, where the employee has reasonable cause to believe that the information discloses a violation of a State or federal law, rule, or regulation. In addition, an employer may not retaliate against an employee for disclosing information to a government or law enforcement agency, where the employee has reasonable cause to believe that the information discloses a violation of a State or federal law, rule, or regulation. (740 ILCS 174/15(b)).

IMRF acknowledges a person's right to contact the Illinois Department of Human Rights (IDHR) at the James R. Thompson Center, 100 Randolph Street, Suite 10-100, Chicago, Illinois 60601, about filing a formal complaint. The IDHR will investigate a complaint, and, if it determines that there is sufficient evidence of harassment to proceed further, it will file a complaint with the Illinois Human Rights Commission (HRC), located at the same address on the fifth floor. If the IDHR does not complete its investigation within 365 days, a complaint may be filed directly with the HRC between the 365th and the 395th day.

Also a complaint may be filed with the Equal Employment Opportunity Commission (EEOC) at 500 West Madison Street, Suite 2800, Chicago Illinois 60661.

Anyone filing a complaint concerning a violation or suspected violation of this Policy must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Policy. Any allegations which prove to have been made maliciously or known to be false will be viewed as a serious disciplinary offense.

Policy Against Prohibited Political Activities

The Board of Trustees recognizes that the IMRF staff is ultimately employed by the members of IMRF, the participating units of local government, and the taxpayers of those local governments. It is appropriate therefore that the restrictions against prohibited political activity found in the State Officials and Employees Ethics Act and applicable to units of local governments and school districts are applicable to IMRF staff and trustees.

The following definitions apply to this policy against prohibited political activities:

- “Campaign for elective office” means any activity in furtherance of an effort to influence the selection, nomination, election, or appointment of any individual to any federal, State, or local public office or office in a political organization, or the selection, nomination, or election of Presidential or Vice-Presidential electors.
- “Candidate” means a person who has filed nominating papers or petitions for nomination or election to an elected public office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at a regular election, as defined in section 1-3 of the Election Code.
- “Compensated time” means, with respect to an employee, any time worked by or credited to the employee that counts toward any minimum work time requirement imposed as a condition of employment, but, does not include any designated holidays, vacation periods, personal time, or compensatory time off.
- “Contribution” has the same meaning as that term is defined in section 9-1.4 of the Election Code.
- “Employee” means a person employed by the Illinois Municipal Retirement Fund, whether on a full-time or part-time basis or pursuant to a contract, whose duties are subject to the direction and control of IMRF with regard to the material details of how the work is to be performed, but does not include an independent contractor.
- “Employer” means the Illinois Municipal Retirement Fund.
- “Political activity” means any activity in support of or in connection with any campaign for elective public office or any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action; (ii) relating to collective bargaining; or (iii) that are otherwise in furtherance of the person’s official duties.
- “Political organization” means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or a county clerk under Section 9-3 of the Election Code.
- “Prohibited political activity” means:
 - Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.
 - Soliciting contributions, including but not limited to the purchase of, selling, distributing, or receiving payment for tickets for any political fundraiser, political meeting, or other political event.

- Soliciting, planning the solicitation of, or preparing any document or report regarding anything of value intended as a campaign contribution.
- Planning, conducting, or participating in a public opinion poll in connection with a campaign for elective public office or on behalf of a political organization for political purposes or for or against any referendum question.
- Surveying or gathering information from potential or actual voters in an election to determine probable vote outcome in connection with a campaign for elective public office or on behalf of a political organization for political purposes or for or against any referendum question.
- Assisting at the polls on election day on behalf of any political organization or candidate for public office or for or against any referendum question.
- Soliciting votes on behalf of a candidate for elective public office or a political organization or for or against any referendum question or helping in an effort to get voters to the polls.
- Initiating for circulation, preparing, circulating, reviewing, or filing any petition on behalf of a candidate for elective public office or for or against any referendum question.
- Making contributions on behalf of any candidate for elective public office in that capacity or in connection with a campaign for elective public office.
- Preparing or reviewing responses to candidate questionnaires.
- Distributing, preparing for distribution, or mailing campaign literature, campaign signs, or other campaign material on behalf of any candidate for elective public office or for or against any referendum question.
- Campaigning for any elective public office or for or against any referendum or against any referendum question.
- Managing or working on a campaign for elective public office or for or against a referendum question.
- Serving as a delegate, alternate, or proxy to a political party convention.
- Participating in any recount or challenge to the outcome of any public office election.
- “Trustee” means a member of the Board of Trustees of the Illinois Municipal Retirement Fund.

Prohibited Political Activities

- a. No employee shall intentionally perform any prohibited political activity during any compensated time, as defined herein. No trustee or employee shall intentionally use any property or resources of IMRF in connection with any prohibited political activity.
- b. At no time shall any trustee or employee require any employee to perform any prohibited political activity (i) as part of that employee’s duties, (ii) as a condition of employment, or (iii) during any compensated time off (such as holidays, vacation or personal time off).
- c. No employee shall be required at any time to participate in any prohibited political activity in consideration for additional compensation or any benefit, nor shall any employee be

awarded additional compensation or any benefit in consideration for his or her participation in any prohibited political activity.

- d. Nothing in this Policy prohibits activities that are permissible for a trustee or employee to engage in as part of his or her official duties, including duties or activities related to the election of IMRF trustees, or activities that are undertaken by a trustee or employee on a voluntary basis which are not prohibited by this Policy. Nothing in this Policy shall apply to or restrict the rules regarding IMRF Board elections.
- e. No person shall be denied or deprived of employment at IMRF solely because he or she is a member or an officer of a political committee, of a political party, or of a political organization or club.

Penalties

An employee who intentionally violates any provision of the IMRF Ethics Policy (including the standard of conduct and conflict of interest provisions, the travel policy, the policy against harassment, and the policy against prohibited political activities) is subject to discipline up to and including discharge.

A trustee who intentionally violates any provision of the IMRF Ethics Policy (including the standards of conduct and conflict of interest provisions, the travel policy, the policy against harassment, and the policy against prohibited political activities) is subject to public censure by the Board of Trustees and/or removal from Board office (i.e. President, Vice-President or Secretary) and/or Board committee membership.

Ethics Advisor and Ethics Commission

An ethics advisor for IMRF shall be designated by the Executive Director, with the advice and consent of the Board of Trustees. The ethics advisor shall provide guidance to the trustees and employees of IMRF concerning the interpretation of and compliance with the provisions of the IMRF Ethics Policy. The ethics advisor shall perform such other duties as may be delegated by the Board of Trustees.

An IMRF Ethics Commission shall be created, comprised of three members: the President of the Board of Trustees, the Vice-President, and the Chief Audit Officer. The Board Secretary shall be the conflict substitute.

The Ethics Commission shall have the following powers and duties:

1. To promulgate procedures and rules governing the performance of its duties and the exercise of its powers.
2. To investigate, conduct hearings and deliberations, issue recommendations for disciplinary actions regarding violations of this Ethics Policy. The Commission shall, however, act only upon the receipt of a written complaint alleging a violation of the Ethics Policy and not upon its own prerogative.

3. To receive information from the public and from trustees and employees pertaining to its investigations and to require additional information and documents from persons who may have violated the provisions of this Policy.
4. It is the obligation of all trustees and employees of IMRF to cooperate with the Commission during the course of its investigations. Failure or refusal to cooperate with requests by the Commission shall constitute grounds for discipline or censure.

Complaints alleging a violation of this Ethics Policy shall be filed with the Ethics Commission.

After receipt of a complaint, the Commission shall notify the respondent that a complaint has been filed against him or her and provide a copy of the complaint. The Commission shall also notify the complainant that the complaint was received. The notices to the respondent and the complainant shall also advise them of the date, time and place of the meeting to determine the sufficiency of the complaint and to establish whether probable cause exists to proceed.

The Commission shall meet to review the sufficiency of the complaint and, if the complaint is deemed sufficient to allege a violation of the Policy, to determine whether there is probable cause, based on the evidence presented by the complainant, to proceed. The Commission shall issue notice to the complainant and the respondent of the Commission's ruling on the sufficiency of the complaint and, if necessary, on probable cause to proceed within 10 business days after receiving the complaint.

If the complaint is deemed sufficient to allege a violation of the Policy and there is a determination of probable cause, then the Commission's notice to the parties shall include a hearing date scheduled within 45 business days after the complaint's receipt. If the complaint is deemed not sufficient to allege a violation or if there is no determination of probable cause, then the Commission shall send a notice to the parties of the decision to dismiss the complaint.

On the scheduled date the Commission shall conduct a hearing on the complaint and shall allow both parties the opportunity to present testimony and evidence.

Within 30 days after the date the hearing or any recessed hearing is concluded, the Commission shall either (i) dismiss the complaint or (ii) issue a recommendation for discipline to the Executive Director and the Board of Trustees. A copy of the recommendation shall be given to the alleged violator.

A complaint alleging a violation of the Ethics Policy must be filed with the Ethics Commission within one year after the alleged violation.



Fiduciary Duties & Standards

Article 1 of the Illinois Pension Code

Fiduciary Duties

Responsibility for investing assets and paying benefits always rested with the Board of Trustees subject to a general body of law applicable to trusts. In 1982, prior limitations on the investment of assets were lifted and an approach reflecting federal law found in the Employee Retirement Income Security Act of 1974 (ERISA) was adopted. Article 1 of the Illinois Pension Code was revised establishing the Exclusive Benefit Rule which applies to both the administrative and investment responsibilities of the Board. The Rule states:

A fiduciary with respect to a retirement system or pension fund established under this code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

- (a) For the exclusive purpose of:
 - (1) Providing benefits to participants and their beneficiaries; and
 - (2) Defraying reasonable expenses of administering the retirement system or pension fund;
- (b) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.
- (c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- (d) In accordance with the provisions of the Article of the Pension Code governing the retirement system or pension fund.

Delegation of Fiduciary Duties

The day to day operation of a multi-billion dollar pension fund is beyond the realm of possibility for a “volunteer” Board of Trustees with full time employment responsibilities. The Illinois Pension Code also provides for the delegation of fiduciary duties to:

- (a) Appoint one or more investment managers to manage (including the power to acquire and dispose of) any assets of IMRF; and
- (b) Allocate duties among themselves and designate others to carry out specific activities other than the management of assets.

Towards that end, IMRF has delegated fiduciary duties to: a national bank to act as Master Trustee; over 50 investment managers in all major investment disciplines to manage assets; an independent investment consultant; and, IMRF staff.

Duty To Report Violations

Any Trustee who learns of a breach of fiduciary duty must report the incident to fiduciary counsel and the Board President or the Executive Director.

Fiduciary Standards

The following is excerpted from the Illinois Pension Code (40 ILCS 5/1-101 to 224):

5/1-101.1. Definitions

For purposes of this Article, unless the context otherwise requires, the words defined in the Sections following this Section and preceding Section 1-102 shall have meanings given in those Sections.

5/1-101.2. Fiduciary

A person is a “fiduciary” with respect to a pension fund or retirement system established under this Code to the extent that the person:

- (1) exercises any discretionary authority or discretionary control respecting management of the pension fund or retirement system, or exercises any authority or control respecting management or disposition of its assets;
- (2) renders investment advice or renders advice on the selection of fiduciaries for a fee or other compensation, direct or indirect, with respect to any moneys or other property of the pension fund or retirement system, or has any authority or responsibility to do so; or
- (3) has any discretionary authority or discretionary responsibility in the administration of the pension fund or retirement system.

5/1-101.3. Party in interest

A person is a “party in interest” with respect to a pension fund or retirement system established under this Code if the person is:

- (1) a fiduciary, counsel, or employee of the pension fund or retirement system, or a relative of such a person;
- (2) a person providing services to the pension fund or retirement system, or a relative of such a person;
- (3) an employer, any of whose employees are covered by the pension fund or retirement system;
- (4) an employee organization, any members of which are covered by the pension fund or retirement system; or

- (5) an employee, officer, or director (or an individual having powers or responsibilities similar to those of an officer or director) of the pension fund or retirement system or of a person described under item (2), (3), or (4) of this Section.

5/1-101.4. Investment adviser

A person is an “investment adviser”, “investment advisor”, or “investment manager” with respect to a pension fund or retirement system established under this Code if the person:

- (1) is a fiduciary appointed by the board of trustees of the pension fund or retirement system in accordance with Section 1-109.1;
- (2) has the power to manage, acquire, or dispose of any asset of the retirement system or pension fund;
- (3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund or retirement system; and
- (4) is at least one of the following:
 - (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.);
 - (ii) registered as an investment adviser under the Illinois Securities Law of 1953;
 - (iii) a bank, as defined in the Investment Advisers Act of 1940; or
 - (iv) an insurance company authorized to transact business in this State.

5/1-101.5. Consultant

“Consultant” means any person or entity retained or employed by the board of a retirement system, pension fund, or investment board to make recommendations in developing an investment strategy, assist with finding appropriate investment advisers, or monitor the board’s investments. “Consultant” does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards, and investment fund of funds where the board has no direct contractual relationship with the investment advisers or partnerships. “Investment adviser” has the meaning ascribed to it in Section 1-101.4.

5/1-107. Indemnification of Trustees, consultants and employees of retirement systems and pension funds

Every retirement system, pension fund or other system or fund established under this Code may indemnify and protect the trustees, staff and consultants against all damage claims and suits,

including defense thereof, when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of employment or under the direction of the trustees. However, the trustees, staff and consultants shall not be indemnified for wilful misconduct and gross negligence. Each board is authorized to insure against loss or liability of the trustees, staff and consultants which may result from these damage claims. This insurance shall be carried in a company which is licensed to write such coverage in this State.

5/1-109. Duties of fiduciaries

A fiduciary with respect to a retirement system or pension fund established under this Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

- (a) For the exclusive purpose of:
 - (1) Providing benefits to participants and their beneficiaries; and
 - (2) Defraying reasonable expenses of administering the retirement system or pension fund;
- (b) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims;
- (c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- (d) In accordance with the provisions of the Article of the Pension Code governing the retirement system or pension fund.

5/1-109.1. Allocation and delegation of fiduciary duties

- (1) Subject to the provisions of Section 22A-113 of this Code and subsections (2) and (3) of this Section, the board of trustees of a retirement system or pension fund established under this Code may:
 - (a) Appoint one or more investment managers as fiduciaries to manage (including the power to acquire and dispose of) any assets of the retirement system or pension fund; and
 - (b) Allocate duties among themselves and designate others as fiduciaries to carry out specific fiduciary activities other than the management of the assets of the retirement system or pension fund.
- (2) The board of trustees of a pension fund established under Article 5, 6, 8, 9, 10, 11, 12 or 17 of this Code may not transfer its investment authority, nor transfer the assets of the fund to any other person or entity for the purpose of consolidating or merging its assets and management with any other pension fund or public investment authority, unless the board resolution authorizing such transfer is submitted for approval to the contributors and pensioners of the fund at elections held not less than 30 days after the adoption of such resolution by the board, and such resolution is approved by a majority of the votes cast on the question in both the contributors election and the pensioners election. The

election procedures and qualifications governing the election of trustees shall govern the submission of resolutions for approval under this paragraph, insofar as they may be made applicable.

(3) Pursuant to subsections (h) and (i) of Section 6 of Article VII of the Illinois Constitution, the investment authority of boards of trustees of retirement systems and pension funds established under this Code is declared to be a subject of exclusive State jurisdiction, and the concurrent exercise by a home rule unit of any power affecting such investment authority is hereby specifically denied and preempted.

(4) For the purposes of this Code, “emerging investment manager” means a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a “minority-owned business”, “women-owned business” or “business owned by a person with a disability” as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

It is hereby declared to be the public policy of the State of Illinois to encourage the trustees of public employee retirement systems, pension funds, and investment boards to use emerging investment managers in managing their system’s assets, encompassing all asset classes, and increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation in investment opportunities afforded by those retirement systems, pension funds, and investment boards.

On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for utilization of emerging investment managers. This policy shall include quantifiable goals for the management of assets in specific asset classes by emerging investment managers. The retirement system, pension fund, or investment board shall establish 3 separate goals for: (i) emerging investment managers that are minority-owned businesses; (ii) emerging investment managers that are women-owned businesses; and (iii) emerging investment managers that are businesses owned by a person with a disability. The goals established shall be based on the percentage of total dollar amount of investment service contracts let to minority-owned businesses, women-owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established under this subsection.

If in any case an emerging investment manager meets the criteria established by a board for a specific search and meets the criteria established by a consultant for that search, then that emerging investment manager shall receive an invitation by the board of trustees, or an investment committee of the board of trustees, to present his or her firm for final consideration of a contract. In the case where multiple emerging

investment managers meet the criteria of this Section, the staff may choose the most qualified firm or firms to present to the board.

The use of an emerging investment manager does not constitute a transfer of investment authority for the purposes of subsection (2) of this Section.

- (5) Each retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall establish a policy that sets forth goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff. Each retirement system, pension fund, or investment board shall make its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership. Each system, fund, and investment board shall annually review the goals established under this subsection.
- (6) On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for utilization of businesses owned by minorities, women, and persons with disabilities for all contracts and services. The goals established shall be based on the percentage of total dollar amount of all contracts let to minority-owned businesses, women-owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established under this subsection.
- (7) On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for increasing the utilization of minority broker-dealers. For the purposes of this Code, “minority broker-dealer” means a qualified broker-dealer who meets the definition of “minority-owned business”, “women-owned business”, or “business owned by a person with a disability”, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established under this Section.
- (8) Each retirement system, pension fund, and investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall submit a report to the Governor and the General Assembly by January 1 of each year that includes the following: (i) the policy adopted under subsection (4) of this Section, including the names and addresses of the emerging investment managers used, percentage of the assets under the investment control of emerging investment managers for the 3 separate goals, and the actions it has undertaken to increase the use of emerging investment managers, including encouraging other investment managers to use emerging investment managers

as subcontractors when the opportunity arises; (ii) the policy adopted under subsection (5) of this Section; (iii) the policy adopted under subsection (6) of this Section; (iv) the policy adopted under subsection (7) of this Section, including specific actions undertaken to increase the use of minority broker-dealers; and (v) the policy adopted under subsection (9) of this Section.

- (9) On or before February 1, 2015, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for increasing the utilization of minority investment managers. For the purposes of this Code, “minority investment manager” means a qualified investment manager that manages an investment portfolio and meets the definition of “minority-owned business”, “women-owned business”, or “business owned by a person with a disability”, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

It is hereby declared to be the public policy of the State of Illinois to encourage the trustees of public employee retirement systems, pension funds, and investment boards to use minority investment managers in managing their systems’ assets, encompassing all asset classes, and to increase the racial, ethnic, and gender diversity of their fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation in investment opportunities afforded by those retirement systems, pension funds, and investment boards.

The retirement system, pension fund, or investment board shall establish 3 separate goals for: (i) minority investment managers that are minority-owned businesses; (ii) minority investment managers that are women-owned businesses; and (iii) minority investment managers that are businesses owned by a person with a disability. The retirement system, pension fund, or investment board shall annually review the goals established under this Section.

If in any case a minority investment manager meets the criteria established by a board for a specific search and meets the criteria established by a consultant for that search, then that minority investment manager shall receive an invitation by the board of trustees, or an investment committee of the board of trustees, to present his or her firm for final consideration of a contract. In the case where multiple minority investment managers meet the criteria of this Section, the staff may choose the most qualified firm or firms to present to the board.

The use of a minority investment manager does not constitute a transfer of investment authority for the purposes of subsection (2) of this Section.

- (10) Beginning January 1, 2016, it shall be the aspirational goal for a retirement system, pension fund, or investment board subject to this Code to use emerging investment managers for not less than 20% of the total funds under management. Furthermore, it shall be the aspirational goal that not less than 20% of investment advisors be minorities, women, and persons with disabilities as those terms are defined in the Business

Enterprise for Minorities, Women, and Persons with Disabilities Act. It shall be the aspirational goal to utilize businesses owned by minorities, women, and persons with disabilities for not less than 20% of contracts awarded for “information technology services”, “accounting services”, “insurance brokers”, “architectural and engineering services”, and “legal services” as those terms are defined in the Act.

5/1-109.2. Extent of co-fiduciary duties

(a)

- (1) Except to the extent otherwise required in subsection (b) of this Section, a fiduciary of a retirement system or pension fund to whom a specified duty has not been allocated shall not be responsible or liable for an act or omission, in connection with that duty, by the fiduciary to whom that duty has been allocated, except to the extent that the allocation, or the continuation thereof, is a violation of Section 1-109 of this Code. Nothing in this paragraph (1) shall be construed to relieve a fiduciary from responsibility or liability for any act by that fiduciary.
- (2) Except to the extent otherwise required in subsection (b) of this Section a fiduciary shall not be responsible or liable for an act or omission, in connection with a specific fiduciary activity, by any other person who has been designated to carry out that fiduciary activity, except to the extent that the designation, or the continuation thereof at any time under the circumstances then prevailing, is a violation of Section 1-109 of this Code. Nothing in this paragraph (2) shall be construed to relieve a fiduciary from responsibility for any act by that fiduciary.

(b) With respect to any retirement system or pension fund established under this Code:

- (1) Each trustee shall use reasonable care to prevent any other trustee from committing a breach of duty; and
- (2) Each trustee shall use reasonable care to prevent any other trustee from committing a breach of duty; and

Nothing in this subsection (b) shall be construed to attribute a duty to a trustee which would be inconsistent with the appointment of, and delegation of authority to, an investment manager in accordance with paragraph (a) of Section 1-109.1 of this Code.

5/1-110. Prohibited transactions

- (a) A fiduciary with respect to a retirement system, pension fund, or investment board shall not cause the retirement system or pension fund to engage in a transaction if he or she knows or should know that such transaction constitutes a direct or indirect:
 - (1) Sale or exchange, or leasing of any property from the retirement system or pension fund to a party in interest for less than adequate consideration, or from a party in interest to a retirement system or pension fund for more than adequate consideration.

- (2) Lending of money or other extension of credit from the retirement system or pension fund to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to a retirement system or pension fund with the provision of excessive security or an unreasonably high rate of interest.
 - (3) Furnishing of goods, services or facilities from the retirement system or pension fund to a party in interest for less than adequate consideration, or from a party in interest to a retirement system or pension fund for more than adequate consideration.
 - (4) Transfer to, or use by or for the benefit of, a party in interest of any assets of a retirement system or pension fund for less than adequate consideration.
- (b) A fiduciary with respect to a retirement system or pension fund established under this Code shall not:
- (1) Deal with the assets of the retirement system or pension fund in his own interest or for his own account;
 - (2) In his individual or any other capacity act in any transaction involving the retirement system or pension fund on behalf of a party whose interests are adverse to the interests of the retirement system or pension fund or the interests of its participants or beneficiaries; or
 - (3) Receive any consideration for his own personal account from any party dealing with the retirement system or pension fund in connection with a transaction involving the assets of the retirement system or pension fund.
- (c) Nothing in this Section shall be construed to prohibit any trustee from:
- (1) Receiving any benefit to which he may be entitled as a participant or beneficiary in the retirement system or pension fund.
 - (2) Receiving any reimbursement of expenses properly and actually incurred in the performance of his duties with the retirement system or pension fund.
 - (3) Serving as a trustee in addition to being an officer, employee, agent or other representative of a party in interest.
- (d) A fiduciary of a pension fund established under Article 3 or 4 shall not knowingly cause or advise the pension fund to engage in an investment transaction when the fiduciary (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a business relationship with that investment adviser that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction.

Violation of this subsection (d) is a Class 4 felony.

- (e) A board member, employee, or consultant with respect to a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2, shall not knowingly cause or advise the retirement system, pension fund, or investment board to engage in an investment transaction with an investment adviser when the board member, employee, consultant, or their spouse (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a relationship with that investment adviser that would result in a pecuniary benefit to the board member, employee, or consultant or spouse of such board member, employee, or consultant as a result of the investment transaction. For purposes of this subsection (e), a consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of the consulting firm.

Violation of this subsection (e) is a Class 4 felony.

5/1-111. Ten percent limitation of employer securities

A plan may not acquire a security issued by an employer of employees covered by the retirement system or pension fund, if immediately after such acquisition, the aggregate fair market value of such employer securities held by the retirement system or pension fund exceed 10 per cent of the fair market value of the assets of the retirement system or pension fund.

5/1-113.6. Investment policies

Every board of trustees of a pension fund shall adopt a written investment policy and file a copy of that policy with the Department of Insurance within 30 days after its adoption. Whenever a board changes its investment policy, it shall file a copy of the new policy with the Department within 30 days.

The investment policy shall include a statement that material, relevant, and decision-useful sustainability factors have been or are regularly considered by the board, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include, but are not limited to: (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors, as provided under the Illinois Sustainable Investing Act.

5/1-113.9. Illegal investments

A person registered as a dealer, salesperson, or investment adviser under the Illinois Securities Law of 1953 who sells a pension fund a security, or engages in a transaction with a pension fund, that is not authorized by this Code, shall be subject to the penalty provisions of Subsection E of Section 8 of the Illinois Securities Law of 1953, if

- (1) the dealer, salesperson, or investment adviser has discretionary authority or control over the fund's assets and has acknowledged in writing that it is acting in a fiduciary capacity for the fund,
- (2) the fund has requested the investment advice of the dealer, salesperson, or investment adviser and has provided the dealer, salesperson, or investment adviser with its investment policy, and the dealer, salesperson, or investment adviser acknowledges in writing that the fund is relying primarily on the investment advice of that dealer, salesperson, or investment adviser, or
- (3) the dealer, salesperson, or investment adviser knows or has reason to know that the fund is not capable of independently evaluating investment risk or exercising independent judgment with respect to a particular securities transaction, and nonetheless recommends that the fund engage in that transaction.

A bank or trust company authorized to conduct a trust business in Illinois or a broker-dealer, and any officer, director, or employee thereof, that advises or causes a pension fund to make an investment or engages in a transaction not authorized by this Code is subject to the penalty provisions of Article V of the Corporate Fiduciary Act.

5/1-113.16. Investment transparency

- (a) The purpose of this Section is to provide for transparency in the investment of retirement or pension funds and require the reporting of full and complete information regarding the investments by pension funds, retirement systems, and investment boards.
- (b) A retirement system, pension fund, or investment board subject to this Code and any committees established by such system, fund, or board must comply with the Open Meetings Act.
- (c) Any retirement system, pension fund, or investment board subject to this Code that establishes a committee shall ensure that the majority of the members on such committee are board members. If any member of a committee is not a member of the board for the system, fund, or board, then that committee member shall be a fiduciary.
- (d) A retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2, shall maintain an official web site and make available in a clear and conspicuous manner, and update at least quarterly, all of the following information concerning the investment of funds:
 - (1) The total amount of funds held by the pension fund, retirement system, or investment board.
 - (2) The asset allocation for the investments made by the pension fund, retirement system, or investment board.

- (3) Current and historic return information.
 - (4) A detailed listing of the investment advisers for all asset classes.
 - (5) Performance of investments compared against established benchmarks.
 - (6) A detailed list of all consultants doing business with the retirement system, pension fund, or investment board.
 - (7) A detailed list of all contractors, other than investment advisers and consultants, doing business with the retirement system, pension fund, or investment board.
 - (8) Any requests for investment services.
 - (9) The names and email addresses of all board members, directors, and senior staff.
 - (10) The report required under Section 1-109.1 of this Code, if applicable.
 - (11) The description of each contract required under subsection (g) of Section 1-113.14 of this Code, if applicable.
- (e) A pension fund whose investments are restricted by Section 1-113.2 of this Code shall make the information required in subsection (d) of this Section available on its web site or in a location that allows the information to be available for inspection by the public.
- (f) Nothing in this Section requires the pension fund, retirement system, or investment board to make information available on the Internet that is exempt from inspection and copying under the Freedom of Information Act.

5/1-113.18. Ethics training

All board members of a retirement system, pension fund, or investment board created under this Code must attend ethics training of at least 8 hours per year. The training required under this Section shall include training on ethics, fiduciary duty, and investment issues and any other curriculum that the board of the retirement system, pension fund, or investment board establishes as being important for the administration of the retirement system, pension fund, or investment board. The Supreme Court of Illinois shall be responsible for ethics training and curriculum for judges designated by the Court to serve as members of a retirement system, pension fund, or investment board. Each board shall annually certify its members' compliance with this Section and submit an annual certification to the Division of Insurance of the Department of Financial and Professional Regulation. Judges shall annually certify compliance with the ethics training requirement and shall submit an annual certification to the Chief Justice of the Supreme Court of Illinois. For an elected or appointed trustee under Article 3 or 4 of this Code, fulfillment of the requirements of Section 1-109.3 satisfies the requirements of this Section.

5/1-113.20. Investment strategies; explicit and implicit costs

Investment strategies; explicit and implicit costs. Every pension fund, retirement system, and investment board created under this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall instruct the fund's, system's, or board's investment advisors to utilize investment strategies designed to ensure that all securities transactions are executed in such a manner that the total explicit and implicit costs and total proceeds in every transaction are the most favorable under the circumstances.

5/1-114. Liability for breach of fiduciary duty

- (a) Any person who is a fiduciary with respect to a retirement system or pension fund established under this Code who breaches any duty imposed upon fiduciaries by this Code, including, but not limited to, a failure to report a reasonable suspicion of a false statement specified in Section 1-135 of this Code, shall be personally liable to make good to such retirement system or pension fund any losses to it resulting from each such breach, and to restore to such retirement system or pension fund any profits of such fiduciary which have been made through use of assets of the retirement system or pension fund by the fiduciary, and shall be subject to such equitable or remedial relief as the court may deem appropriate, including the removal of such fiduciary.

- (b) No person shall be liable with respect to a breach of fiduciary duty under this Code if such breach occurred before such person became a fiduciary or after such person ceased to be a fiduciary.

5/1-115. Civil enforcement

A civil action may be brought by the Attorney General or by a participant, beneficiary or fiduciary in order to:

- (a) Obtain appropriate relief under Section 1-114 of this Code;

- (b) Enjoin any act or practice which violates any provision of this Code; or

- (c) Obtain other appropriate equitable relief to redress any such violation or to enforce any such provision

Notwithstanding any other provision of the Administrative Review Law or this Code to the contrary, a civil action may be brought by the Attorney General to enjoin the payment of benefits under this Code to any person who is convicted of any felony relating to or arising out of or in connection with that person's service as an employee under this Code.



Employer Reimbursement Policy

An IMRF Trustee's duties often occur during the time when a Trustee would normally be at work for his or her employer. To avoid having a Trustee's employer withhold earnings, the employer can be reimbursed for time a Trustee spends attending Board meetings and performing duties on behalf of IMRF. The following Employer Reimbursement Policy explains which Board duties are eligible for reimbursement and procedures for reimbursement.

Employer Reimbursement Policy

Trustees are to serve without compensation, but shall be reimbursed for any reasonable expenses incurred in attending meetings and in performing duties.

Earnings of Trustees withheld by employers due to Trustee activities are also to be reimbursed.

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

1. These policies shall be known as: Trustee Employer Reimbursement Policy
2. In lieu of requiring an employer to withhold earnings from a Trustee, an employer shall be reimbursed for time spent by the Trustee in attending Board Meetings and performing duties on behalf of the Fund.
3. Employers shall be reimbursed for loss of an employee's services in hourly increments; except for telephone conferences which shall be reimbursed in fifteen minute increments. No reimbursement shall be made for time spent on weekends, holidays, and evenings (unless the Trustee's normal work day occurs during one of those periods).
4. Reimbursement shall be for wages, equivalent social security and Medicare charges, and required employer contributions for the IMRF benefit program.
5. The reimbursement shall be made for time spent attending Board Meetings, telephone conferences, manager meetings and approved conferences (in-state and out-of-state), including reasonable travel time.
6. Reimbursement shall be made for not more than the length of the normal work day.
7. No reimbursement shall be made for time spent reading materials on employer time.
8. No reimbursement shall be made for telephone calls which are not part of a Board or Committee Meeting.
9. Reimbursement may be in hourly blocks consistent with work assignments which are not divisible into hourly increments.



TRUSTEE EMPLOYER CERTIFICATION

IMRF Form AD-71 (3/2003)

TRUSTEE NAME	EMPLOYER NAME
CONTACT PERSON	CONTACT TITLE
CONTACT TELEPHONE NO.	ANNUAL SALARY OR HOURLY WAGE (PLEASE UPDATE AS NEEDED)

ANNUAL HOLIDAYS: CHECK WHICH OF THE FOLLOWING ARE SCHEDULED PAID DAYS

- | | |
|---|--|
| <input type="checkbox"/> New Year's Day | <input type="checkbox"/> Independence Day |
| <input type="checkbox"/> Martin Luther King Day | <input type="checkbox"/> Labor Day |
| <input type="checkbox"/> Lincoln's Birthday | <input type="checkbox"/> Columbus Day |
| <input type="checkbox"/> President's Day | <input type="checkbox"/> Memorial Day |
| <input type="checkbox"/> Casimir Pulaski Day | <input type="checkbox"/> Thanksgiving |
| <input type="checkbox"/> Good Friday | <input type="checkbox"/> Thanksgiving Friday |
| <input type="checkbox"/> Easter Monday | <input type="checkbox"/> Christmas Eve |
| <input type="checkbox"/> Memorial Day | <input type="checkbox"/> Christmas Day |
| <input type="checkbox"/> Juneteenth | |

CONDITIONS OF EMPLOYMENT

NORMAL WORK YEAR: CHECK WHICH ONE APPLIES:

- 12 months
- Seasonal: if seasonal, list months not worked _____

NORMAL WORK HOURS PER DAY: (CHECK WHICH ONE APPLIES):

- 7 hours 7.5 hours 8 hours Other _____

NORMAL WORK PERIOD _____

WORK DAY CAN BE BROKEN DOWN INTO (CHECK THOSE WHICH APPLY)

- Hourly increments Half day increments
- Other _____

I certify the above information to be correct to the best of my knowledge.

SIGNATURE

PRINT NAME

DATE

Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook IL 60523-2337 FAX: 630-368-5383

Member Services Representatives 1-800-ASK-IMRF (1-800-275-4673)

IMRF Form AD-71 (3.03)

www.imrf.org



TRUSTEE REIMBURSEMENT CERTIFICATION

IMRF Form AD-72 (02/15)

TRUSTEE NAME	PERIOD
--------------	--------

REIMBURSABLE TIMES:			
	DATE	HOURS	ACTIVITY
1			
2			
3			
4			
5			
TOTAL REIMBURSEMENT			

Prepared by Jodi Herman, Executive Assistant _____
DATE

I certify the dates and hours are correct (as amended) and that no hours occurred on a paid holiday or vacation day. I further certify that the hours submitted for reimbursement are consistent with the guidelines established by the IMRF Ethics Code and IMRF Travel Policy.

TRUSTEE _____
DATE

APPROVED _____
DATE

APPROVED _____
DATE



Travel Policy

IMRF Trustees serve without compensation, but are reimbursed for expenses they incur while performing duties on behalf of IMRF. The following Travel Policy explains which expenses are eligible for reimbursement, limitations on expenses, and procedures for reimbursement.

IMRF Board of Trustee Travel Policy

The Illinois Pension Code [40 ILCS 5/7-174(g)] offers guidance regarding how IMRF Trustees are to be reimbursed for expenses:

“...Trustees shall serve without compensation, but shall be reimbursed for any reasonable expenses incurred in attending meetings of the Board and in performing duties on behalf of the Fund and for the amount of any earnings withheld by any employing municipality or participating instrumentality because of attendance at any Board Meeting...”

In addition, the Board has adopted a formal Travel Policy:

General Policies

1. Trustees are fiduciaries, accountable to the beneficiaries of the Fund, who serve without compensation and/or financial gain.
2. “Reimbursement” of reasonable expenses means IMRF will pay back to the Trustee such expenses he or she incurs as a result of his or her activities as a Board Member subject to dollar limits adopted in this policy by the Board.
3. “Documented” means submission of factual or substantial support for expenses acceptable to the internal auditor. Receipts for items of \$25.00 or more are required.
4. Typically, travel is limited to one day before and after the event scheduled dates. However, an exception is allowed to travel earlier or later when there is a savings to IMRF in an amount which exceeds the cost of an additional night’s stay plus meals and incidental expenses, as determined by the Board.
5. Board Members are encouraged to use credit cards to pay expenses. If an IMRF credit card is needed, the Trustee is to request a credit card in advance of the travel to the full Board of Trustees. Issuance of a credit card to a Trustee is permitted with Board approval. Any Trustee can request a credit card as long as it is properly placed on a Board agenda and approved by a vote of five Board members. Credit cards will be activated by the Chief Financial Officer upon request for each travel event and subsequently deactivated ten days after the travel event.
6. When a Trustee travels on Fund Business by commercial airlines, he or she may stop over at other cities as long as the airfare does not exceed the cost of economy plus fare obtained with a two week advance purchase or such other advance purchase standard recognized at that time by the airline industry. No expenses at such other cities are reimbursable.
7. Trustees can use IMRF office telephones for any purpose. While traveling on Fund Business, Trustees will be reimbursed for all business calls. Personal call reimbursement limits appear in “Incidental Expenses” for use of personal cellular phones, if itemized.
8. Trustee travel expenses: Trustees shall submit requests for reimbursement of travel expenses within 30 days of the event for proper reimbursement and accountability.

9. Trustee employer reimbursements: Requests for reimbursements to the Trustee's employer should be submitted on a timely basis. Requests submitted more than 30 days after the close of a calendar year will be submitted to the Board for approval.
10. Trustee travel must have prior approval by the Board of Trustees. Trustees shall submit travel requests to be placed on a Board Meeting Agenda for Board action. Trustee travel expense reports are to be reviewed by the Chief Financial Officer and the Internal Audit Officer for conformance to this policy. Any issues will be addressed with Trustee, the Board President, and the Executive Director.
11. Tips are limited to a maximum of 20% of item of service received (i.e. taxi, meals, etc.).
12. Receipts for expense reports are to be turned into Accounts Payable, including itemized credit card receipts. IMRF business expenses are subject to the Freedom of Information Act (FOIA), and IMRF must have proper documentation.

Board and Committee Meetings

1. **Transportation Expenses:** Actual transportation expenses are reimbursable. For use of a personal automobile, reimbursement of mileage will be at the current amount permitted by the Internal Revenue Service.
2. **Lodging:** Board Members residing within 50 miles from the meeting place will receive no reimbursement for lodging for a one day meeting. For a two day meeting, lodging for one night will be reimbursable. Lodging reimbursement will be limited to the government rate or, if not available, a hotel within 5 miles of the IMRF office. For Board Members residing more than 50 miles from the meeting place, normally one night's lodging is reimbursable. However, if travel arrangements necessitate two nights, lodging will be reimbursed. One additional night's lodging before or after the meeting may be reimbursed if there is a medical need.
3. **Meals:** Actual meal expenses are reimbursable up to \$100.00 per day.
4. **Incidental Expenses:** Reasonable tips (no more than 20%), personal phone calls, and other incidentals not specified above shall be reimbursed up to a limit of \$25.00 per day for those days when overnight lodging is reimbursable.

Other Events - Board of Trustees

1. **Limitations:** Trustees are permitted to attend two out-of-state and two in- state events per calendar year: conferences, seminars, investments seminars, and client conferences. There are no limits on attending IMRF programs and other events organized by IMRF staff, speaking engagements related to IMRF, and meetings with members of the Illinois General Assembly. No foreign travel is permitted.
2. **Transportation Expenses:** Actual transportation expenses shall be reimbursed, but the amount reimbursable shall not exceed economy plus airfare. For automobile travel, reimbursement of mileage will be at the current amount permitted by the Internal

Revenue Service. Automobile travel reimbursement cannot exceed the highest airfare incurred by a Trustee attending the event, or if no other Trustee attends, then to an amount equal to airfare charges based on a two week advance purchase or such other advance purchase standard recognized at that time by the airline industry, plus the normal and reasonable charges which would have been incurred for transportation to and from the airport, parking, tolls and cabs/transportation at the destination.

3. **Lodging:** Reimbursement for lodging shall be limited to event hotels at rates for double rooms. For events, reimbursement shall be allowed for one day prior through the one day after the event period only at the event hotel. If a Trustee's personal choice is to stay at a different hotel, reimbursement will be limited to the government rate or event hotel rate.
4. **Meals:** Actual meal expenses are reimbursable up to \$100.00 per day.
5. **Incidental Expenses:** Reasonable tips (limited to 20%), personal phone calls, and other incidentals not specified above shall be reimbursed up to a limit of \$25.00 per day for those days when overnight lodging is reimbursed.

U.S. General Services Administration (GSA) Per Diem

In lieu of the meal and incidental expense reimbursement limits set forth above, a trustee, in his or her discretion, may elect reimbursement following the GSA per diem without submitting documentation or receipts. This election applies to the entire travel event indicated and is not a permanent election.



TRUSTEE TRAVEL REQUEST

IMRF Form AD 70 (4/92)

INSTRUCTIONS

- This form is to be used to request all IMRF trustee travel arrangements.
- If possible, this form should be submitted to IMRF 10 days prior to a board meeting.
- The travel request will be acted upon by the Board at the following board meeting.

_____ requests authorization from the Board of Trustees
NAME OF TRUSTEE

to attend the following conference/seminar:

Name of conference/seminar
Sponsoring organization
Dates from _____ to _____
Location

_____ SIGNATURE _____ DATE

Board meeting agenda date: _____



BUSINESS EXPENSE REIMBURSEMENT

IMRF Form AD-90 (5/07)

Please Print or Type

To: Board of Trustees
Illinois Municipal Retirement Fund

Date:

The following expenses were incurred on behalf of the Fund:

Reason:	Date:
Transportation:	
From: _____ To: _____	
and return to _____	
Mileage: _____ miles at _____	\$ _____
Carrier: _____	\$ _____ (Attach receipts)
_____	\$ _____
	Total Transportation: \$ _____
Lodging:	
_____	\$ _____
	Total Lodging: \$ _____
Meals:	
_____	\$ _____
	Total Meals: \$ _____
Incidental Expenses:	
_____	\$ _____
_____	\$ _____
_____	\$ _____
	Total Incidental \$ _____
	Total Reimbursement Requested: \$ _____
Advances: _____	\$ _____
Advances: _____	\$ _____
Enter advances as a negative number, e.g., -500.00	Less Total Advances: \$ _____
	Net Reimbursement Requested: \$ _____

I hereby certify and warrant that, to the best of my knowledge and belief, the foregoing information is true and correct, no material fact has been concealed or omitted, and that the expenses submitted for reimbursement are consistent with the guidelines established by the IMRF Ethics Code and IMRF Travel Policy.

Name:

Signature:

Address:

City, State, Zip:



Trustee Orientation & Education Policy

To assist new Trustees to get “up to speed” regarding their Board duties, IMRF developed a “New Trustee Orientation.” The following pages provide a summary of the material covered in the orientation.

Trustee Orientation and Education Policy

General

The Board finds that it is critical for the sound governance of IMRF for Trustees to be fully informed with regard to the nature, purposes, structure, operational systems and processes of IMRF. The Board further finds that it is important that Trustees are provided with education and training in areas that will facilitate the performance of their governance and oversight responsibilities as Trustees and fiduciaries.

The Board believes the following orientation and education policies will increase Trustee understanding and effectiveness:

New Trustee Orientation Policy

1. The Executive Director will develop an in-depth New Trustee Orientation Program designed to fully inform new Trustees of the key functions of IMRF and their responsibilities as Trustee.
2. It is preferable for new Trustees, as part of their fiduciary responsibilities to IMRF, to participate in the New Trustee Orientation Program following their election or appointment. If training cannot take place before their first Board meeting, then they are encouraged to schedule suitable time thereafter.
3. The orientation program will address, at a minimum, the following:
 - a. History and background of IMRF.
 - b. The governance role of the Board and the management role of the executive staff of IMRF.
 - c. The obligations of a fiduciary and the duties of loyalty and prudence in the service as Trustees to IMRF.
 - d. The structure and model for the management and operation of IMRF.
 - e. Introduction to the executive management team and other staff as determined by the Executive Director.
 - f. The Illinois laws establishing IMRF and the application of other State and federal laws.
 - g. A description and tour of IMRF offices.
 - h. A briefing on the fiduciary duties and liabilities of Trustees and other fiduciaries of IMRF.
 - i. A briefing on conflicts of interest and ethics laws.
 - j. A review of the Board Governance Manual and other relevant information and documentation.

- k. A review of general actuarial funding terminology and principles and the most recent actuarial reports.
- l. A review of general institutional investment principles, adopted investment policies; current asset allocation; strategies and performance measurement principles.
- m. A review of the reporting and disclosure requirements of IMRF.
- n. A review of the legal (State and federal) and political environment in which IMRF operates.
- o. A review of the current strategic plan for IMRF and new issues, trends and developments affecting IMRF.
- p. A review of the Board's current Committee structure.
- q. A review of the current benefit structure.

Trustee Education Policy

1. Each Trustee is responsible for evaluating his or her own educational needs and obtaining knowledge in specific subject matters. The Executive Director will assist you in determining which conferences or seminars meet your educational needs.
2. Trustees are encouraged to attend select conferences and seminars relating to:
 - a. Investment issues and trends
 - b. Pension and benefits design
 - c. Fiduciary management of employee benefit trusts
 - d. Actuarial concepts
 - e. Other subjects related to the oversight of IMRF
3. The Executive Director will provide the Board information on available conferences and seminars each month.
4. A list of conferences and seminars attended by Trustees shall be maintained and distributed to fellow Trustees. Trustees are encouraged to furnish staff copies of conference or seminar materials which will be developed into a reference guide.

Reimbursement of Education Expenses

Reimbursement of travel-related expenses for Trustee orientation and education will be in accordance with the IMRF Travel Policy.

The Travel Policy also specifies the number of events which may be attended each year.



Strategic Plan

The IMRF Strategic Plan sets goals and objectives for improving customer service, increasing efficiencies, enhancing the IMRF brand, and advocating the preservation of a prudent defined benefit plan for our membership. These goals and objectives are supported by a comprehensive set of strategies critical to the success of our plan.

The current Plan covers the 2020-2022 period.

IMRF Strategic Plan

Executive Summary

IMRF implemented a formal strategic planning process and methodology in 2005 to ensure the IMRF Board of Trustees and staff had a mechanism to plan for the future needs of the Fund. This systematic process facilitates discussion and agreement between the Board of Trustees, staff, and key stakeholders on the appropriate direction for IMRF. Consistent with the spirit of our continuous process improvement program, the process was updated and improved in 2007, 2010, 2013, and again in 2016.

IMRF has a long history of implementing operational improvements in response to the increasing needs and demands of our stakeholders. These changes allowed the Fund to effectively and efficiently respond to many challenges, including new benefit programs and ever-increasing workloads. Our success continues to be validated through the high marks received on customer satisfaction surveys and through outside benchmarking services.

We expanded our strategic planning process in 2010 to include elements of the Baldrige Criteria for Performance Excellence to ensure we align our objectives, processes, and resources with our Vision. Our application for the 2009 Lincoln Award for Performance Excellence (renamed Illinois Performance Excellence {ILPEX} in 2011) was a logical extension of our continuous process improvement program and provided a new sense of direction for our planning process. The feedback from our additional applications was used to identify 32 key business approaches, which we evaluate and improve. Feedback from our 2018 Baldrige application provided a new overview of our strengths, opportunities for improvement, and an update on the progress we made over the past several years.

While the measures of success that we use for our strategic objectives may change over time, we will strive to achieve top 10% performance for most Key Result Areas. Baldrige recipient organizations often set their overarching strategic objectives to achieve a top 10% ranking in each key area of importance to their stakeholders. We are following that same path. We believe this high level of performance is how we should benchmark ourselves. This is consistent with our Values, and provides a means to assess progress toward realization of our Vision. Our Strategic Objectives force us to think strategically about how we can achieve and/or maintain excellence in each of our Key Result Areas. They provide a target we can aspire to over the three years of this Strategic Plan.

As a critical part of our formal 12-step planning process, the Board of Trustees and staff completed a re-examination and validation of our Mission, Vision, and Values in February 2019. We also completed a comprehensive overview of our external environment, as well as an analysis of our strengths, weaknesses, opportunities, and threats. These analyses resulted in a list of strategic advantages, challenges, and opportunities that helped validate our four Key Result Areas and provided a framework for establishment of our new Strategic Objectives. Our four Strategic Objectives provide the basis for our 2020- 2022 Strategic Plan. Staff will develop

action plans, including milestones and timelines, for the Key Strategies associated with each of these objectives.

Strategic Objectives and Key Strategies

Our four Strategic Objectives define our approach to realize our Vision, and as such, constitute the focus of our Strategic Plan for 2020-2022. These four inter-related objectives address internal and external strategic advantages, challenges and opportunities. The objectives and corresponding strategies are aligned with our Vision across all Key Result Areas. This integration is critical to the success of our Strategic Plan, as these objectives must be considered as four parts of one plan. The Plan highlights the four Strategic Objectives. The Plan also provides an overview of the Key Strategies designed to support the Strategic Objectives. These Key Strategies may change throughout the three years of the Plan, as some will be completed or combined with another strategy. The Horizon Project (our most important strategic opportunity) will be deployed during the 2020-2022 Strategic Plan cycle. Therefore, we limited the amount of competing initiatives to help ensure the success of this critical project. Listed below are six Key Strategies we will utilize to help us achieve our four Objectives.

Key Result Area: Financial Health

Strategic Objective

To achieve and maintain a funding level that sustains the Plan

As measured by:

- Achieving top decile funding level on a market-value basis relative to a universe of public pension funds
- Achieving progress toward a 100% funding goal
- Achieving or exceeding a 7.25% annual return over the long term (over a 5, 10, and 15 year basis)
- Outperforming the total portfolio benchmark (over a 3, 5, and 10 year basis)

Key Strategies

- Utilize portfolio construction tools and principles, including asset liability models, portfolio optimization, cost control, evaluation of various investment program structures, and relevant performance measurements to increase net returns

Key Result Area: Customer Engagement

Strategic Objective

To foster and maintain engaged members and employers

As measured by:

- Achieving top decile “American Customer Satisfaction Index” (ACSI) ranking on Cobalt Survey
- Exceeding the 3 NPS Benchmarks (Financial, Business Services and Government) on Member and Employer engagement surveys

Key Strategies

- Implement a Web-Centric Customer Service Delivery Model
- Research Contact Center best practices and strategies

Key Result Area: Workforce Engagement

Strategic Objective

To foster and maintain an engaged workforce

As measured by:

- Achieving top decile ranking on the Employee Engagement Survey
- Achieving employee turnover levels below averages as measured by CompData Surveys

Key Strategies

- Develop a standardized learning and development experience for staff and leaders

Key Result Area: Operational Excellence

Strategic Objective

To provide world class customer service at a reasonable cost

As measured by:

- Achieving top decile “Overall Service Score” ranking for the CEM Benchmarking Survey
- Achieving top decile “American Customer Satisfaction Index” (ACSI) ranking for the Cobalt Retirement Fund Benchmarking Survey
- Achieving 90% “Overall Satisfaction” ratings on member and employer satisfaction surveys
- Achieving per-member-cost at or below the median of the CEM administrative cost measure

Key Strategies

- Implement the Horizon Project
- Develop and implement an organizational Risk Management Program

Implementation of the Strategic Plan

Action Plans

Each Strategic Objective is assigned sponsorship by an IMRF senior leader. These sponsors identify the appropriate employee who will serve as the single point accountable (SPA) for each Key Strategy associated with that objective. These SPAs are responsible to form teams, develop high level action plans, determine possible budget implications for each strategy, work with their sponsor to obtain resources as needed, lead the implementation of action plans, and provide regular updates to leadership on the progress and status of plans. The action plans for each key strategy are aligned with the overarching Strategic Objective. They also provide a greater level of detail, corresponding timelines and milestones for the actions, and the resources required to implement the strategy. Action plans are continually reviewed and revised to ensure the Strategic Plan remains both relevant and responsive to the needs of the organization and to all our key stakeholders.

Annual Operating Budget

Implementation of the action plans may require some incremental increases in the IMRF administrative budget. The administration of an annual employee engagement survey, an enhanced training program, voice of the customer surveying tools, and additional meeting costs highlight these incremental increases. Costs associated with the Strategic Plan will be included in the administrative budget.

Integration of Strategic Objectives with Leadership Scorecard and Performance Management

There is an adage that “What gets measured gets managed.” We apply this concept to the Strategic Plan to ensure it receives the appropriate attention needed for successful implementation. For each Key Result Area, measures are identified for the Leadership Scorecard. Monthly reviews of Leadership Scorecard measures and Action Plan updates enable leadership to track the achievement of action plans and the effectiveness of related key strategies.

We will update the performance goals of senior leadership such that they are aligned with the Strategic Plan. Senior management will complete this same exercise for the leadership team. Performance towards completing the Strategic Plan will play an important role in the evaluation of the managers’ performance.

Communication Plan

The Strategic Plan helps drive the culture of IMRF. We emphasize the communication of the Plan to our staff, Board of Trustees, and all stakeholders. Our communication plan is simple, but possesses a systematic approach for spreading our message.

- **IMRF Staff**
A formal introduction of our new Plan was made to our staff in January 2020. The full Plan was posted for review on our Intranet. The Strategic Objectives continue to be highlighted in employee meetings. All employees are reminded of our Vision, and gain an understanding of their role in achieving our Strategic Objectives.
- **Board of Trustees**
The Trustees reviewed and validated the Strategic Plan as part of the 2020 Proposed Budget document at the November 2019 Board Meeting. We provide quarterly status updates to the Trustees throughout the three-year cycle of this Plan. Another comprehensive triennial strategic planning process will be completed by staff and the Board in 2022. This started at the February 2022 Board Meeting with the completion of Step 1: Examine Mission, Vision and Values.
- **IMRF Stakeholders**
We include highlights of the Plan in our Fundamentals newsletter articles and in memos to our employers. We also post our Plan at www.imrf.org.
- **Board Authorization**
The IMRF Board of Trustees and IMRF leadership understand and support the IMRF Strategic Plan as described in this document.