

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 14-09S

BOARD OF TRUSTEE

SPECIAL MEETING

The Board of Trustees held a Special Board Meeting at 2:00 p.m. on Thursday, September 25, 2014, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois. Present were Trustees: Copper, Henry, Kuehne, Piechocinski, Stanish, Stulir and Thompson. Trustee Stafford was absent. Staff members Duquette, Enright, Kosiba, Krupa, Nannini, O'Brien, Shadid and Woollen were present.

(14-09S-01) (Certification of Candidates/Trustees for Trustee Elections)The Legislative Liaison reported the following IMRF members submitted nominating petitions with signatures from at least three IMRF employers for the 2014 Executive Trustee Election (signed by either the Authorized Agent or governing body; one position; 2-year term):

- David C. Miller, Assistant General Manager and Deputy Treasurer
North Shore Sanitary District

This member meets the statutory requirement to be an IMRF Executive Trustee.

She reported the following IMRF member submitted nominating petitions with signatures from at least 350 participating IMRF members for the 2014 Employee Trustee Election (one position; 5-year term):

- Natalie Copper, School-age Child Care Site Coordinator
Evanston School District 65

This member meets the statutory requirements to be an IMRF Employee Trustee.

It was noted that Greg Dobbins, bus driver with Valley View CU SD 365U, submitted signatures that could not be verified for the 2014 Employee Trustee Election. Only 61 signatures for this member were accepted.

The Legislative Liaison recommended the Board certify as candidates:

- David C. Miller as the candidate for the Executive Trustee Election, and
- Natalie Copper as the candidate for the Employee election.

Under the provisions found in Public Act 98-0932, if there is only one candidate for a trustee election, no election need be held.

She further recommended the Board certify the following trustees:

- David C. Miller as an Executive Trustee for the term of January 1, 2015 through December 31, 2016, and

- Natalie Copper as an Employee Trustee for the term of January 1, 2015 through December 31, 2019.

Lastly, the Legislative Liaison recommended the Board not certify Greg Dobbins as a candidate for the Employee Trustee election.

It was moved by Mr. Piechocinski, seconded by Mr. Stulir, to approve the above recommendations.

Vote: Unanimous Voice Vote
Absent: Stafford

(14-09S-02)(Trustee Forum) The Chair reported the following Trustee requested authorization from the Board for the following conference she attended:

Natalie Copper "Trustee Leadership Forum"
Initiative for Responsible Investing
August 15, 2014
Chicago, IL

It was moved by Mr. Piechocinski, seconded by Mr. Kuehne, to approve the above Trustee request.

Vote: Unanimous Voice Vote
Absent: Stafford

(14-09S-03) (Report of Benefit Review Committee) The Chair of the Benefit Review Committee reported on the Benefit Review Committee meeting that was held on September 25, 2014.

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

- That contingent upon the execution by Julian "Jack" Carey of an IMRF affidavit attesting that he worked 600 hours as Guardian Ad Litem for St. Clair County from 1987-2012, that the staff determination denying Julian "Jack" Carey's participation in IMRF for the years 1987-2012 would be overturned.
- To uphold the staff decision finding that the Village of Caseyville is not exempt from the AP under Section 7-172(k).
- To uphold the staff determination that Julie Davinroy be compensated in the amount of \$1,286.40 which represents the interest payments on her loan for 335 days.
- To uphold staff's determination to deny Total and Permanent disability benefits for Marcey Senkiw.
- To uphold staff's determination to deny Total and Permanent disability benefits for Dennis L. Grove.

Vote: Unanimous Voice Vote
Absent: Stafford

(14-09S-04) (KPMG Agreement for Attestation Engagement) The Chief Financial Officer presented an engagement proposal for approval by the Board for IMRF to initiate the Attestation Engagement (SSAE 16) for 2014, noting this is the first step in the implementation process of GASB 68 for IMRF by our audit firm, KPMG. He stated the cost for this engagement is \$46,500.

It was moved by Ms. Henry, seconded by Mr. Piechocinski, to approve staff's recommendation that IMRF enter into the agreement to begin in the Attestation Review with KPMG for a cost of \$46,500. This is in addition to the annual auditing work that was budgeted for 2014. This engagement is specifically covering GASB 68 implementation and "assurance" auditing for employers' auditors.

Vote: Unanimous Voice Vote
Absent: Stafford

(14-09S-05) (Modernization Project) The Executive Director, along with the Chief Information Services Officer, the Program Management Office Manager, the Program Management Office Consultant, and a representative from Deloitte Consulting, LLP., were present to update the Board on IMRF's Modernization Initiative (Horizon) Project, along with a recommendation to authorize the Executive Director to execute a Change Order to revise the Horizon scope and approach at a net cost increase of not more than \$5 million

The Executive Director reported that Deloitte notified IMRF in April 2014 that a misalignment had existed since the beginning of the project between Deloitte's understanding of system requirements and IMRF's needs, which would result in a cost overrun. This notification was a surprise to IMRF because in October 2013 at the completion of the system requirements phase Deloitte had formally notified IMRF that no misalignment existed.

Deloitte estimates the actual direct labor cost overrun to be \$12 million. Deloitte acknowledges sole responsibility for a portion of the overrun (\$2 million), and proposes the parties split the remaining \$10 million equally. The Executive Director reported that IMRF had evaluated alternative approaches to utilizing Deloitte, and that proceeding with Deloitte was still the best option if the parties could agree to a comprehensive Change Order addressing all open items.

The Executive Director noted although the proposed \$5 million cost is significant, the revised project cost is still less than the other two final bidders that were being considered by IMRF.

After questions and discussion, it was moved by Ms. Henry, seconded by Ms. Thompson, to authorize the Executive Director to execute a Change Order pursuant to the contract with Deloitte Consulting, LLP. in an amount not to exceed \$5 million.

Vote: Unanimous Voice Vote
Absent: Stafford

(14-09S-06)(Executive Session) It was moved by Mr. Stulir, seconded by Mr. Piechocinski to go into Executive Session as the full Board to discuss a personnel matter pursuant to Section 2(c)(1)of the Open Meetings Act.

Vote: Unanimous Voice Vote
Absent: Stafford

The full Board reconvened the Board Meeting.

(14-09S-07) (Executive Director Performance Review) It was moved by Ms. Thompson, seconded by Mr. Piechocinski, to grant the Executive Director a salary increase of \$20,000 to \$250,000, retroactive to July 1, 2014. Final Board Action will occur at the Special Board Meeting to be held on October 23, 2014.

Vote: Unanimous Voice Vote
Absent: Stafford

(14-09S-08) (Adjournment) It was moved by Mr. Piechocinski, seconded by Mr. Kuehne, to adjourn the Special Board Meeting at 3:00 p.m.

Vote: Unanimous Voice Vote
Absent: Stafford

President

Date

Secretary

Date