

**ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 18-02
FEBRUARY 23, 2018**

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 18-02

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m. on February 23, 2018, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

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

Ms. Enright called the roll:

Present: Copper, Henry, Kuehne, Stanish, Thompson, Wallace
Absent: Miller, Williams

Ms. Becker-Wold and Mr. Ball from Callan Associates were also present.

(18-02-01) (Board of Trustees) The Chair reported that Thomas Kuehne had subscribed to the constitutional oath of office that was filed in the Fund's records.

(18-02-02) (4th Quarter Investment Performance Report - Callan Associates) Ms. Becker-Wold from Callan Associates presented an evaluation of IMRF's investment performance for the period ending December 31, 2017.

Questions and discussion followed.

(18-02-03) (Investment Manager Activities - Callan Associates) Mr. Ball of Callan Associates presented the following IMRF Performance Portfolio Highlights for the month of January 2018:

- Total Fund assets increased approximately \$1.4 billion during the month ending January at \$42.55 billion.
- The Fund added 3.30% during the month, and beat the 2.67% return of its benchmark.
- Alternatives are 4.6% below target, International Equity is 5.0% above target and Domestic Equity is 5.9% above target.
 - o No rebalancing is recommended at this time.
- For the third consecutive month, Domestic Equity slightly trailed its benchmark. International Equity outperformed its benchmark in January.

- o The IMRF Domestic Equity composite increased 5.26% relative to the 5.27% return of the Russell 3000 Index.
 - The large cap component added 6.09% (Russell 1000: +5.49%)
 - The small cap component added 2.63% (Russell 2000: +2.61%)
- o The IMRF International Equity composite gained 5.74% (ACWI ex-U.S.Index: +5.57%)
- The Fixed Income composite lost 0.67%, 48 basis points ahead of the Bloomberg Aggregate Index (-1.15%).

Discussion followed.

(18-02-04) (Consent Agenda) The Chair presented an agenda consisting of a Consent Agenda. The following items remained on the Consent Agenda since no Board member asked for their removal.

Approval of Minutes

Regular Meeting 17-12-15

Schedules - Dated January 2018

- Schedule A - Benefit award listing of retirement, temporary disability, death benefits, and refund of employee contributions processed during the preceding calendar month under Article 7 of the Illinois Pension Code.
- Schedule B - Adjustment of Benefit Awards showing adjustments required in benefit awards and the reasons therefore.
- Schedule C - Benefit Cancellations.
- Schedule D - Expiration of Temporary Disability Benefits terminated under the provisions of Section 7-147 of the Illinois Pension Code.
- Schedule E - Total and Permanent Disability Benefit Awards recommended by the Fund's medical consultants as provided by Section 7-150 of the Illinois Pension Code.
- Schedule F - Benefits Terminated.
- Schedule G - Administrative Benefit Denials.
- Schedule P - Administrative Denial of Application for Past Service Credit.

Schedules - Dated February 23, 2018

- Schedule A - Benefit award listing of retirement, temporary disability, death benefits, and refund of employee contributions processed during the preceding calendar month under Article 7 of the Illinois Pension Code.
- Schedule B - Adjustment of Benefit Awards showing adjustments required in benefit awards and the reasons therefore.
- Schedule C - Benefit Cancellations.
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- Schedule E - Total and Permanent Disability Benefit Awards recommended by the Fund's medical consultants as provided by Section 7-150 of the Illinois Pension Code.
- Schedule F - Benefits Terminated.
- Schedule G - Administrative Benefit Denials.
- Schedule P - Administrative Denial of Application for Past Service Credit.

Bids

3-Year Maintenance Renewal for Avaya Support Advantage Renewal

Sole Source: CCC Technologies

Approved Bid: \$55,376.97 - 3 year agreement, to be paid annually at \$18,458.99

Cat6 Cabling Project

Approved Bidder: Russ King Electric

Approved Bid: \$105,200.00

Triennial Compensation Study

Single Source: CBIZ Talent and Compensation Solutions

Approved Bid: \$59,450

Data Closet Equipment

Approved Bidder: Zones

Approved Bid: \$37,463.04

Dell Hardware Equipment

Approved Bidder: Software House, Inc.

Approved Bid: \$121,744.00

Dell Storage Expansion for Backup Servers

Approved Bidder: Software House, Inc.

Approved Bid: \$45,168.00

Luminex Equipment Replacement

Approved Bidder: Systems Solutions, Inc.

Approved Bid: \$296,559.68

Approval of Contract for Melissa Data Services
Approved Amount: \$25,750.00

Steelcase Answer Workstation Replacement
Approved Bidder: Lincoln Office
Approved Bid: \$48,651.18

VEEAM Availability Suite Backup Software
Approved Bidder: Systems Solutions, Inc.
Approved Bid: \$201,063.65
VMWare ESXi Software & Support
Approved Bidder: Software House, Inc.
Approved Bid: \$78,592.00.

Windows Data Center Server
Approved Bidder: Systems Solutions, Inc.
Approved Bid: \$79,838.64

Workstation Equipment and Operating System
Approved Bidder: Zones
Approved Bid: \$257,331.26

Workstation Software
Approved Bidder: Systems Solutions, Inc.
Approved Bid: \$362,130.10

Participation of New Units of Government

Central Illinois Regional Dispatch Center
County: Macon
2018 Rate: 8.42%
Effective Participation Date: March 1, 2018
Number of Participating Employees: 23

West Central Consolidated Communications
County: Cook
2018 Rate: 8.42%
Effective Participation Date: March 1, 2018
Number of Participating Employees: 15

Review of January and February 2018 Financial Reporting Packages
Statement of Fiduciary Net Position for November and December 2017
Impact of 2017 Year-To-Date Investment Income on Employer Reserves
Impact of 2018 Year-To-Date Investment Income on Employer Reserves
Funding Status and Average Employer Contribution Rates
Schedule T - Report of Expenditures for January and February 2018
Approval for Provaliant Retirement, LLC Purchase Order and Contract

It was moved by Ms. Thompson, seconded by Mr. Wallace, to approve the items on the consent agenda.

Vote: Unanimous Voice Vote
Absent: Miller, Williams

(18-02-05) (Appointment of 2018 Board Committees) The Chair proposed the following list of Committees for 2018:

Audit Committee

Sue Stanish, Chair
Alex Wallace, Jr., Vice Chair
Gwen Henry

Benefit Review Committee

Dave Miller, Chair
Sharon Thompson, Vice Chair
Alex Wallace, Jr.
Tom Kuehne
Natalie Copper

Investment Committee

Tom Kuehne, Chair
Gwen Henry, Vice Chair
Sue Stanish
Sharon U. Thompson
Dave Miller
Alex Wallace, Jr.
Natalie Copper
Trudy Williams

Legislative Committee

Sharon U. Thompson, Chair
Trudy Williams, Vice Chair
Sue Stanish
Gwen Henry
Dave Miller
Alex Wallace, Jr.
Tom Kuehne
Natalie Copper

It was moved by Ms. Thompson, seconded by Mr. Kuehne, to approve the membership of Committees for 2018.

Vote: Unanimous Voice Vote

Absent: Miller, Williams

(18-02-06) (2019-2020 Projection Report - Death and Disability Rates) The Chief Financial Officer recommended the following:

- Decrease the death benefit rate in 2019 to 0.09% from 0.12% in 2018.
- Increase disability rate in 2019 to 0.09% of payroll, from 0.07% in 2018.

He further estimates:

- Benefit payments will exceed contributions by approximately \$1,001.2 million in 2018;

- IMRF credited approximately \$646.1 million of interest and \$3.760.9 million of residual investment income to employer reserves in 2017, based on investment returns of 15.7% in 2017.
- The supplemental retirement benefit for 2018 will be approximately 28% of the June benefit.

After questions and discussion, it was moved by Ms. Stanish, seconded by Mr. Kuehne, to approve the above recommendations from the Projection Report for 2017 and 2018 as presented.

Vote: Unanimous Voice Vote
Absent: Miller, Williams

(18-02-07) (Benefit Review Committee Meeting) The Chair of the Benefit Review Committee reported on the Benefit Review Committee Meeting held on February 22, 2018.

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

- To overturn staff's decision denying total and permanent disability benefits to Rudolph Schlecht.
- To uphold staff's decision terminating total and permanent disability benefits of Rhonda Maurer.
- To adopt the findings and conclusions of the IMRF hearing officer in the case of Cindy David, Benjamin Hollis and Village of Steeleville.
- To authorize the filing of an interpleader action regarding the death benefit payable to the estate of Don Brown.

Vote: Unanimous Voice Vote
Absent: Miller, Williams

(18-02-08) (Report of the Investment Committee Meeting) The Chair of the Investment Committee reported on the meeting held February 22, 2018.

Staff gave a Private Equity presentation to the Investment Committee that included recommendations, followed by presentations from four Private Equity managers (Inflexion Buyout Fund V, L.P., and Inflexion Partnership Capital Fund II, L.P.; Lightspeed Venture Partners XII, L.P., and Lightspeed Venture Partners Select III, L.P.; Versant Voyageurs I, L.P.; and, AUA Private Equity Fund II, L.P.).

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

- For Private Equity

- authorize a commitment of up to £100 million (approximately \$138 million) to Inflexion Buyout Fund V, L.P., and Inflexion Partnership Capital Fund II, L.P., subject to satisfactory legal due diligence;
- authorize a commitment of up to \$85 million in aggregate to Lightspeed Venture Partners XII, L.P., and Lightspeed Venture Partners Select III, L.P., subject to satisfactory legal due diligence;
- authorize a commitment of up to \$20 million to Versant Voyageurs I, L.P., subject to satisfactory legal due diligence.
- authorize a commitment of up to \$15 million to AUA Private Equity Fund II, L.P., and,
- authorize Staff to complete all documentation necessary to execute these recommendations.

It was moved by Ms. Henry seconded by Ms. Stanish, to approve the above recommendations of the Investment Committee.

Vote: Unanimous Voice Vote

Absent: Miller, Williams

Next, staff gave a MWBE Passive Equity Index Manager Search presentation to the Investment Committee that included recommendations, followed by a presentation from a MWBE Passive Equity Manager (Piedmont Investment Advisors - Russell 1000 Growth Index).

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

- For MWBE Passive Equity Index Fund Investment Manager Search

- allocate up to \$1 billion to Piedmont Russell 1000 Growth Index, subject to satisfactory legal due diligence;
- allocation to be funded from the NTI Market Cap Index; and,
- authorize Staff to complete all documentation necessary to execute this recommendation.

It was moved by Ms. Henry seconded by Mr. Wallace, to approve the above recommendations of the Investment Committee.

Vote: Unanimous Voice Vote

Absent: Miller, Williams

(18-02-09) (Report of the Legislative Committee Meeting) The Chair of the Legislative Committee reported on the meeting held February 22, 2018.

It was the consensus of the Legislative Committee to recommend the Board remain neutral on the following legislation:

- House Bill 4413 (Ammons) - would require all Board meetings, including committee meetings, be available via live stream on the Fund's website via high speed internet. This proposal applies to all pension systems.
- House Bill 4599 (Wilis) - employers who have full-time paramedics or EMTs who are not eligible for participation in an Article 4 (downstate fire) fund would be permitted to place those employees into SLEP instead of regular IMRF. SLEP participation would apply only to service occurring on or after the date of the resolution.
- House Bill 4839 (Ives) - in the provision applicable to IMRF, this bill would exclude unused sick and vacation time lump sum payments from pensionable wages. It would also terminate a provision allowing members to convert unused, unpaid sick time to service credit.

Lastly, the Legislative Committee discussed several proposals that have been introduced to consolidate the downstate police and/or fire pension funds investment authority or all investment and benefits administration. Staff will continue working with the legislature and other groups to make sure IMRF is involved in future discussions.

It was moved by Ms. Thompson, seconded by Mr. Wallace, to approve the recommendations of the Legislative Committee.

Vote: Unanimous Voice Vote
Absent: Miller, Williams

(18-02-10) (Renewal of Representative Payee Designations) General Counsel presented a recommendation to the Board to adopt proposed amendments to the current resolutions for Representative Payee Designations, removing the renewal requirement from the representative payee program.

After questions and discussion, it was moved by Mr. Wallace, seconded by Ms. Thompson, to adopt the following proposed resolutions:

Individual Representative Payees

WHEREAS, Section 7-217 of the Illinois Pension Code allows the Board in its discretion to pay benefits for a minor or incompetent person to a representative payee assuming responsibility for such minor or incompetent person, and to waive guardianship or conservatorship; and

WHEREAS, it is anticipated that the requests will be made for payment to representative payees for incompetent annuitants and for minors and incompetents who are entitled to death benefits; and
WHEREAS, rules and regulations should be adopted for the direction of the staff;

NOW, THEREFORE, BE IT RESOLVED that the following rules and regulations in respect to payment to representative payees for incompetent annuitants be adopted:

1. A representative payee shall be a person assuming responsibility for an annuitant;

2. The following shall qualify as representative payees: spouse, brother, sister, child, aunt, uncle, niece, nephew, and appropriate official of a hospital, home or institution.
3. A person seeking to be a representative payee shall be required to file an application on forms provided by the Fund.
4. The application process for representative payee shall include a physician's certificate of incompetence in form and substance satisfactory to the Executive Director.
5. Each representative payee shall be required to agree that, upon the request of the Board of Trustees, he will file a statement of expenditures made for the benefit and use of the incompetent annuitant from the proceeds of funds received by him.
6. If payments to a representative payee continue for an indefinite period, staff may order a field investigation as necessary to determine whether or not the funds are being made to the benefit and use of the incompetent annuitant and whether or not s/he is still living.

RESOLVED THAT the following rules and regulations in respect to payments of death benefits to representative payees shall be adopted

1. The representative payee shall be a person assuming responsibility for a minor or incompetent.
2. The parent of a minor shall qualify as a representative payee and if the minor has no living parent or good cause is shown why a living parent should not be the representative payee, then a grandparent, brother, sister, uncle or aunt of the minor shall qualify as a representative payee.
3. The following shall qualify as representative payees of an incompetent: spouse, brother, sister, child, aunt, uncle, niece, nephew, and appropriate official of a hospital, home or institution.
4. A person seeking to be a representative payee shall be required to file an application on forms provided by the Fund. The application process for representative payee on behalf of an incompetent shall include a physician's certificate of incompetence in form and substance satisfactory to the Executive Director.
5. A death benefit up to and including the amount of \$25,000 shall be payable to a representative payee, unless the representative payee is the natural or adoptive parent of a minor, in which case payment is allowed up to and including \$50,000.
6. The representative payee shall be required to agree that, upon the request of the Board of Trustees, he will file a report or reports setting forth the expenditure of death benefit payments made to him.

Institutional Representative Payees

WHEREAS, Section 7-217 of the Illinois Pension Code allows the Fund to make benefit payments to representative payees for incapacitated annuitants; and

WHEREAS, the Board of Trustees has the power and duty to determine who shall qualify as a representative payee and has heretofore designated certain relatives of the annuitant as qualified to act as representative payees; and

WHEREAS, it has become apparent that many annuitants reside in nursing homes and hospitals, and, in some cases, the most convenient method of payment of benefits would be directly to the nursing home or hospital; RESOLVED that the director or other official of a nursing home or hospital may be accepted as a representative payee for an annuitant residing in the nursing home or hospital, on the fulfillment of the following conditions:

1. An application is received from the director or official in which s/he agrees to apply all funds received from the Fund solely to the care of the annuitant.
2. The director or other official shall certify the monthly rate charged to the annuitant.
3. The director or other official of the nursing home or hospital shall agree to notify the Fund of:
 1. the death of an annuitant.
 2. the departure of the annuitant from the nursing home or hospital, or
 3. any change in director or other official acting as representative payee.
4. The Fund, through a private investigating agency and as necessary, may determine that the annuitant is, in fact, a resident of a nursing home or hospital, and the general nature of and the care given by the nursing home or hospital, and the monthly charges assessed the annuitant.
5. Direct deposit of benefit payments will not be available to nursing home or hospital representative payees.

Vote: Unanimous Voice Vote
Absent: Miller, Williams

(18-02-11) (Definition of Earnings - Vehicle Allowances) General Counsel presented a recommendation to the Board to adopt a proposed amendment to the current resolution for Definition of Earnings - Taxable Allowances, implementing the legislative change concerning the prohibition against reporting vehicle allowances as IMRF earnings.

After questions and discussion, it was moved by Mr. Wallace, seconded by Ms. Thompson, to adopt the following proposed resolution:

WHEREAS, section 7-114 of the Pension Code provides that earnings as reported to IMRF for use in the calculation of IMRF benefits shall be an amount to be determined by the Board of Trustees equal to the total amount of money paid to any employee for personal services or official duties as an employee including compensation, fees, allowances and other emoluments paid for official duties, and also the money value of any board, lodging and other allowances provided to the employee in lieu of cash; and

WHEREAS, P.A. 100-411 excludes vehicle allowances from IMRF reportable earnings for employees who first begin IMRF participation on or after August 25, 2017; and

WHEREAS, the Board of Trustees is required under section 7-114 of the Illinois Pension Code to specifically define earnings to be reported to IMRF and it has previously, in Resolution 2008-01-05(a), included vehicle and other taxable allowances as IMRF reportable earnings, at the option of the participating unit of government; and

WHEREAS, the Board of Trustees recognizes that in P.A. 100-411 the General Assembly has established a public policy against including vehicle allowances as IMRF reportable earnings; and

WHEREAS, the Board of Trustees intends to amend its Resolution 2008-01-05(a) to prohibit employers that have not already done so from adding vehicle allowances to IMRF reportable earnings.

NOW THEREFORE BE IT RESOLVED by the Board of Trustees of the Illinois Municipal Retirement Fund that the IMRF definition of earnings is amended as follows:

On or after November 17, 2017, an IMRF participating unit of government may no longer act to include vehicle allowances as IMRF reportable earnings. Vehicle allowance resolutions adopted before that date will continue to apply only for employees who first began IMRF participation with that employer before August 25, 2017.

Vote: Unanimous Voice Vote
Absent: Miller, Williams

(18-02-12) (Diversity Procurement) General Counsel presented a recommendation to the Board to adopt a proposed amendment to the current resolution for IMRF's Diversity Procurement Policy, amending the Business Enterprise for Minorities, Women, and Persons with Disabilities Act changing the word "female" to "woman" or "women".

It was moved by Mr. Kuehne, seconded by Mr. Wallace, to adopt the following proposed resolution:

Purpose

The purpose of this policy is to establish a framework for the utilization of businesses owned by minorities, women, and persons with a disability (collectively known as MWBE firms) in the procurement activities of the Illinois Municipal Retirement Fund (IMRF).

The goal of the policy is to promote utilization of businesses owned by minorities, women, and persons with a disability in procurement activities.

The objectives of the policy are to:

- Increase competition through a diverse source of suppliers and consultants
- Maintain and strengthen the overall competitiveness of IMRF procurements
- Assure compliance with Illinois statutes

Policy

The IMRF Purchasing Unit strives to insure that members, employers, and taxpayers receive the maximum value for each dollar spent by purchasing products and services from responsive suppliers and consultants at the lowest reasonable cost. The Purchasing Unit manages the bidding process to insure compliance with policies. IMRF is committed to ensuring fair consideration of all suppliers and consultants in its day to day purchase of goods and services. IMRF recognizes that working with a wide range of

suppliers and consultants provides an open, competitive and diverse business environment.

It is the policy of the IMRF Board of Trustees to include qualified minority and women owned business enterprises and businesses owned by a person with a disability in the Fund's procurement process and to objectively evaluate all qualified businesses regardless of race, gender or handicap.

IMRF is committed to including firms among prospective providers of purchased goods and services. Special efforts will be made to insure identification of eligible firms for inclusion in the bid process, including monitoring of MWBE-related listings to identify possible MWBE contractors and service providers. It is IMRF's policy to take affirmative action to ensure that certified minority-owned, women-owned and disabled-owned business enterprises are given the opportunity to demonstrate their ability to provide the Fund with products and services at competitive prices.

We will ask our vendors to refrain from unlawful discrimination and discrimination based on citizenship status in employment and to undertake affirmative action to assure equality of employment opportunity and compliance with the Department of Human Rights' regulations concerning equal employment opportunities and affirmative action.

MWBE firms will be identified using resources such as the City of Chicago Certification and Compliance System MWBE Directory and other public agency resources. All new suppliers and consultants seeking to do business with IMRF will be asked to complete a form to certify the diversity of their business. Ownership of suppliers and consultants will be tracked by the Purchasing Unit. IMRF staff will seek and encourage MWBE businesses to submit bids each time IMRF publishes a request for bids or proposals.

IMRF has set a minimum goal of 20% for contracts and purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases. These goals are based on the percentage of total dollar amount of all purchasing contracts let, excluding building and staff related payments such as postage, rent, travel expenses, and insurance premiums.

IMRF typically awards bids to the lowest cost vendor. However to meet the goals set for this diversity policy bids may be awarded to a vendor other than the low bidder, if it is a MWBE vendor and its bid is within 15% or \$10,000 (whichever is lower) of the low bid.

The Purchasing Unit will track the usage of MWBE businesses in order to meet the goal and review and analyze it each year. The goal may be modified by IMRF to further increase the usage of MWBE businesses as IMRF gains experience and knowledge using the statutory diversity guidelines. These goals shall be reviewed by the IMRF Board of Trustees annually.

All terms used in this policy shall have the same definitions as those found in the Illinois Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575 et seq.).

Vote: Unanimous Voice Vote
Absent: Miller, Williams

(18-02-13) (Update to Legislative, Audit, and Benefit Review Committee Charters) General Counsel stated that each Board committee has historically appointed a Vice-Chair, and that only the Investment Committee Charter explicitly authorizes the Vice-Chair seat. She stated that each committee charter should align with the historically appointed officers, and is therefore recommending the Board adopt the following revised committee charters:

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 in October to determine the Board's legislative agenda for the 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.

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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 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.

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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:

- I. Utilize outside medical consultants or others to advise the committee or assist in the conduct of an investigation.
- II. Seek any information it requires from Fund employees--all of whom are directed to cooperate with the Committee's requests--or external parties.
- III. 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.

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

1. Regularly report to the Board of Trustees about Committee activities, issues, and related recommendations.

2. Provide an open avenue of communication between medical consultants and the Board of Trustees.
3. Review any other issues that relate to Committee responsibilities.
Other Responsibilities
4. Perform other activities related to this charter as requested by the Board of Trustees.
5. Institute and oversee special investigations as needed.
6. Make recommendations to the Board of Trustees concerning policies related to the responsibilities set forth herein.
7. Confirm annually that all responsibilities outlined in this charter have been carried out.

It was moved by Mr. Wallace, seconded by Ms. Thompson, to adopt the revised Legislative, Audit and Benefit Review Committee Charters authorizing the appointment of a vice-chair in each committee.

Vote: Unanimous Voice Vote
Absent: Miller, Williams

(18-02-14) (Horizon Update) The IMRF Horizon Project Sponsor gave a presentation to the Board that provided an update on the Horizon Project and associated continuous process improvements.

Questions and discussion followed.

(18-02-15) (Legislative Update) The Legislative Liaison updated the Board on current legislative activity.

She reported that the General Assembly convened on January 30, 2018 for the Spring session. Three bills that affect IMRF have been introduced (Senate Bill 2884 (Senator Martinez) - would allow for electronic voting options for the Employee and Annuitant Trustee elections; House Bill 4413 (Representative Ammons) - would require all Board meetings, including committee meetings, be available via live stream on the Fund's website via high speed internet; and, House Bill 4599 (Representative Willis) - would allow employers that have full-time paramedics or EMTs who are not eligible for participation in an Article 4 (downstate fire) fund to have those employees participate in SLEP, instead of regular IMRF). reported that the 100th General Assembly has begun and to date, a total of twenty-three bills affecting IMRF have been introduced, including the Board's 2017 Legislative Agenda.

Discussion followed.

(18-02-16) (Litigation Update)) The following is an update of the currently pending or recently concluded litigation:

IN RE TRIBUNE CO, ET AL. , THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF TRIBUNE CO, ET AL. VS. FITZSIMONS, ET AL.

Summary: The unsecured creditors in the Tribune bankruptcy sued investors who sold their Tribune stock at the time of the buyout by the Sam Zell group. The plaintiff's theory is that the buyout was fraudulent and therefore a portion of those stockholders' proceeds from the stock sale was due to the fraud and should be returned to the Tribune's bankruptcy estate.

Status: The stockholders' motion to dismiss the intentional fraudulent transfer claim was granted on January 6, 2017 and the claim against them was dismissed. Another portion of this claim against the stockholders was previously dismissed on motions and that decision was upheld on appeal.

The Court has granted the creditors motion for an order allowing an appeal of the January 6 decision, notwithstanding that claims against other defendants remain to be litigated. Plaintiff's counsel has issued a settlement proposal that will be discussed by teleconference on January 29.

KATHLEEN KONICKI V. IMRF (14 MR 32) (SANGAMON CO)

Summary: Administrative review challenging the Board's decision that Ms. Konicki was not eligible to convert service into Original ECO.

Status: On July 29, 2016, Judge Belz upheld the IMRF Board's decision finding that the law clearly did not allow Plaintiff to participate in Original ECO and that the law creating Revised ECO did not violate the Pension Protection Clause. Plaintiff had 30 days from July 29, 2016 to file a notice of appeal. She did not do so, however, it was discovered that the court clerk never mailed Plaintiff the judge's order. Konicki filed a motion for relief from Judgment which was granted. The case has been appealed to the Fourth District Appellate Court and a scheduling order has been entered. IMRF has filed its appellate brief and a motion to strike the Plaintiff's brief.

IMRF's motion to strike the brief was granted and Plaintiff was given additional time to re-file a brief which is in compliance with the Supreme Court rules. Plaintiff has filed her brief and IMRF has filed its brief. The Court has dispensed with oral argument and IMRF is awaiting a decision.

MOTORS LIQUIDATION COMPANY AVOIDANCE ACTION TRUST VS. JP MORGAN CHASE, ET AL. (US BANKRUPTCY CT., SO. DIST. OF N.Y.)

Summary: This is an adversary action stemming from the General Motors bankruptcy. A loan in which IMRF was an investor was paid off after the bankruptcy filing. It was later discovered that an error, before the bankruptcy, had released part of the security. A group of unsecured creditors sued to force the recipients of the loan pay-off proceeds to return them.

Status: The parties are currently litigating the value of the remaining security, which if it is sufficient would end the case. We are sharing our defense counsel with several other public pension funds.

THERESA MILLER V. IMRF (16 MR 58 MONROE COUNTY)

Summary: This is an administrative review of the Board's decision to deny total and permanent disability benefits to Ms. Miller.

Status: The matter was fully briefed in late 2017. A hearing was held on January 22, 2018, and we are awaiting a ruling by the Judge.

KATHERINE HADLER V. IMRF (16 MR 1375 DUPAGE COUNTY)

Summary: This is an administrative review of the Board's decision to deny total and permanent disability benefits to Ms. Hadler.

Status: The Second District Appellate Court reversed the Circuit Court and the IMRF decision denying total and permanent disability benefits to Ms. Hadler. Staff has implemented some changes to the disability process in order to address some of the issues that the Court relied on in making its decision.

CARRIE MCHUGH V. IMRF (17 MR 135 KANE COUNTY)

Summary: This is an administrative review of the IMRF Board's decision adopting the recommendation of the IMRF hearing officer which found that Ms. McHugh was ineligible for disability benefits due to a voluntary termination of her employment with the City of Aurora.

Status: IMRF's answer and appearance were filed. Plaintiff has delayed advancing this case while negotiations are pending with her former employer. The matter is set for status on February 27, 2018, when IMRF will ask that a briefing schedule be set.

JOSHUA PEA V. IMRF (ST. CLAIR COUNTY 17 MR 1380)

Summary: This is an administrative review of the IMRF Board's denial of total and permanent disability benefits.

Status: This matter has been fully briefed. We are awaiting a hearing date from the court.

LSR v. IMRF (SANGAMON COUNTY 2017 MR 782)

Summary: This is an administrative review of staff's termination of a member's total and permanent disability benefits. The member did not appeal the staff determination, so a hearing was not held before the BRC.

Status: IMRF has filed an appearance and an administrative record in the case and is awaiting further direction from the court.

ROSEMARIE MOLAS v. IMRF (U.S. EEOC 440-2017-05688)

Summary: This is an EEOC charge of retaliatory discharge by a former employee.

Status: At the request of the Plaintiff, the EEOC has ended its investigation and issued a Right to Sue Letter. Plaintiff has 90 days from the date of the Right to Sue letter to file a lawsuit. If the Plaintiff fails to do so, this matter will be closed.

ROBIN CARBERRY v. IMRF (WILL COUNTY 2017 MR 3454)

Summary: This is an administrative review of IMRF staff closing a temporary disability file for lack of medical information.

Status: The temporary disability file has been re-opened with the submission of additional medical information. IMRF is working with Plaintiff's Counsel to voluntarily dismiss the case.

(18-02-17) (Strategic Plan Update) The Deputy Executive Director and Performance Excellence Manager provided an update on the progress towards successfully achieving the 2017-2019 Strategic Objectives along with a summary of accomplishments for 2017 and an update on IMRF's *Journey of Excellence*.

(18-02-18) (Trustee Forum) The Chair reported the following Trustee requested authorization from the Board for the following conference:


Trudy Williams	2018 IPPFA Illinois Pension Conference
	IPPFA
	May 1-4, 2018
	E. Peoria, IL

It was moved by Ms. Thompson, seconded by Mr. Wallace, to approve the above Trustee request.

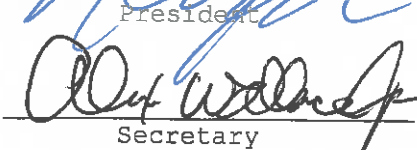
Vote: Unanimous Voice Vote
Absent: Miller, Williams

(18-02-19) (Adjournment) It was the moved by Mr. Wallace, seconded by Ms. Thompson, to adjourn the Board Meeting at 11:25 p.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on May 18, 2018.

Vote: Unanimous Voice Vote
Absent: Miller, Williams



President



Secretary

5-18-18

Date

5-18-18

Date

Schedules A, B, C, D, E, F, G and P are omitted from this copy of Minutes. These schedules are identical to schedules attached to Minutes distributed to Board of Trustees prior to meeting.

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