

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 19-05
MAY 17, 2019

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 19-05

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m. on May 17, 2019, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Mr. Wallace presided as Chair and called the meeting to order.

Mr. Sambol took a visual roll.

Present: Thompson, Williams, Copper, Henry, Kuehne, Miller, Stanish, Wallace
Absent: None

Ms. Becker-Wold from Callan Associates, Messrs. Murphy and Pieterse from Gabriel Roeder Smith & Company, Ms. Myers from Loop Capital, Messrs. Lauzen, Fahnestock and Lenert from Kane County, Messrs. Hanson, Pietrowski, Cribben and Stefan from DeKalb County, Dr. Cowan from Will County, and Mr. Gryder from Kendall County were also present.

(19-05-01) (Public Comments) Mr. Lauzen from Kane County, Mr. Gryder from Kendall County, Messrs. Pietrowski and Cribbens from DeKalb County and Dr. Cowan from Will County each gave testimony regarding IMRF's assumed rate of return.

(19-05-02) (Gabriel, Roeder Smith & Company 2018 Actuarial Valuation and Gain (Loss) Analysis) Messrs. Murphy and Pieterse from Gabriel Roeder Smith Company presented IMRF's Annual Actuarial Valuation as of December 31, 2018, and IMRF's Gain/Loss Analysis as presented below.

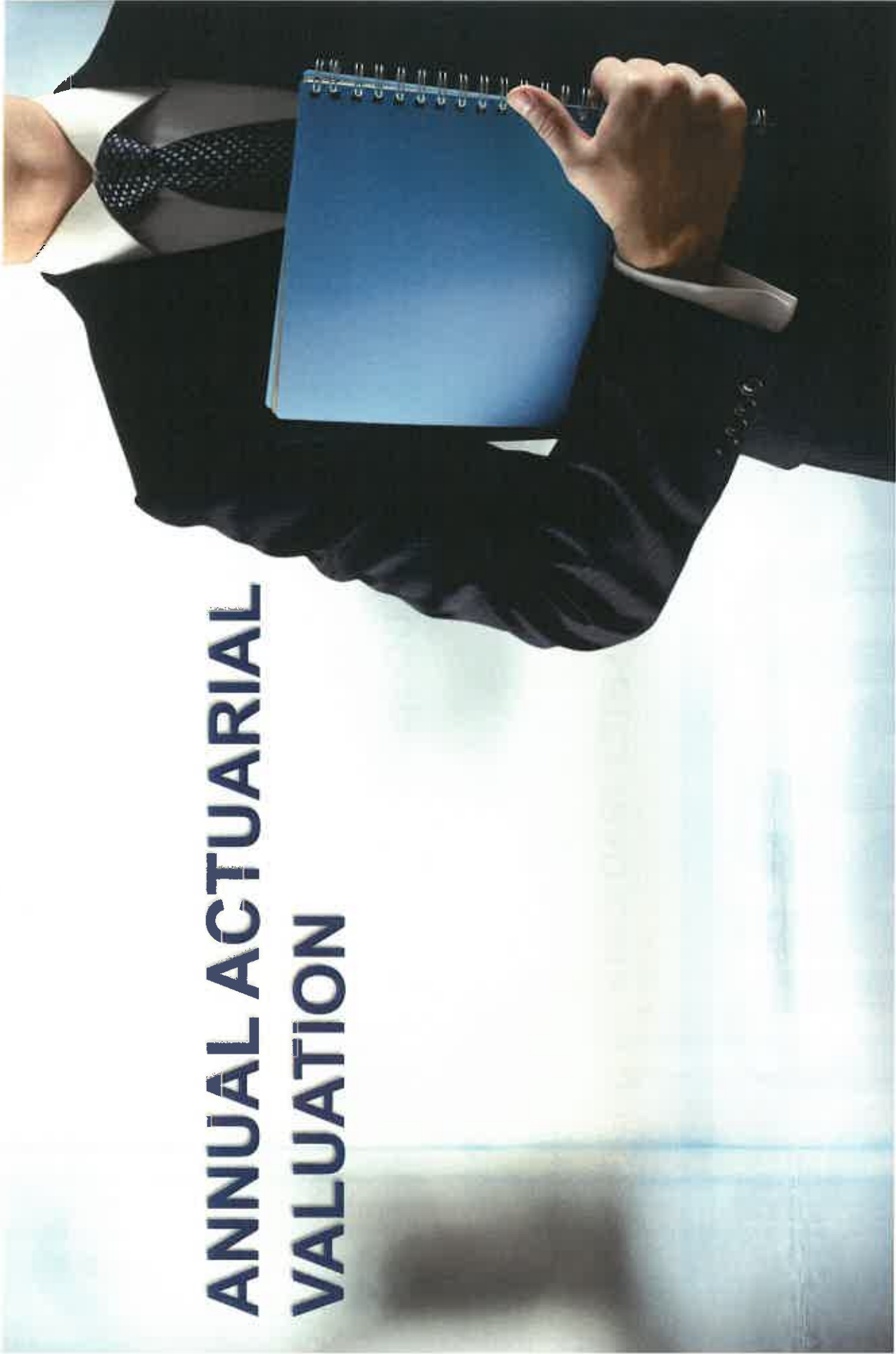


Illinois Municipal Retirement Fund

Annual Actuarial Valuation and
Gain (Loss) Analysis
December 31, 2018

May 17, 2019

ANNUAL ACTUARIAL VALUATION



PURPOSE



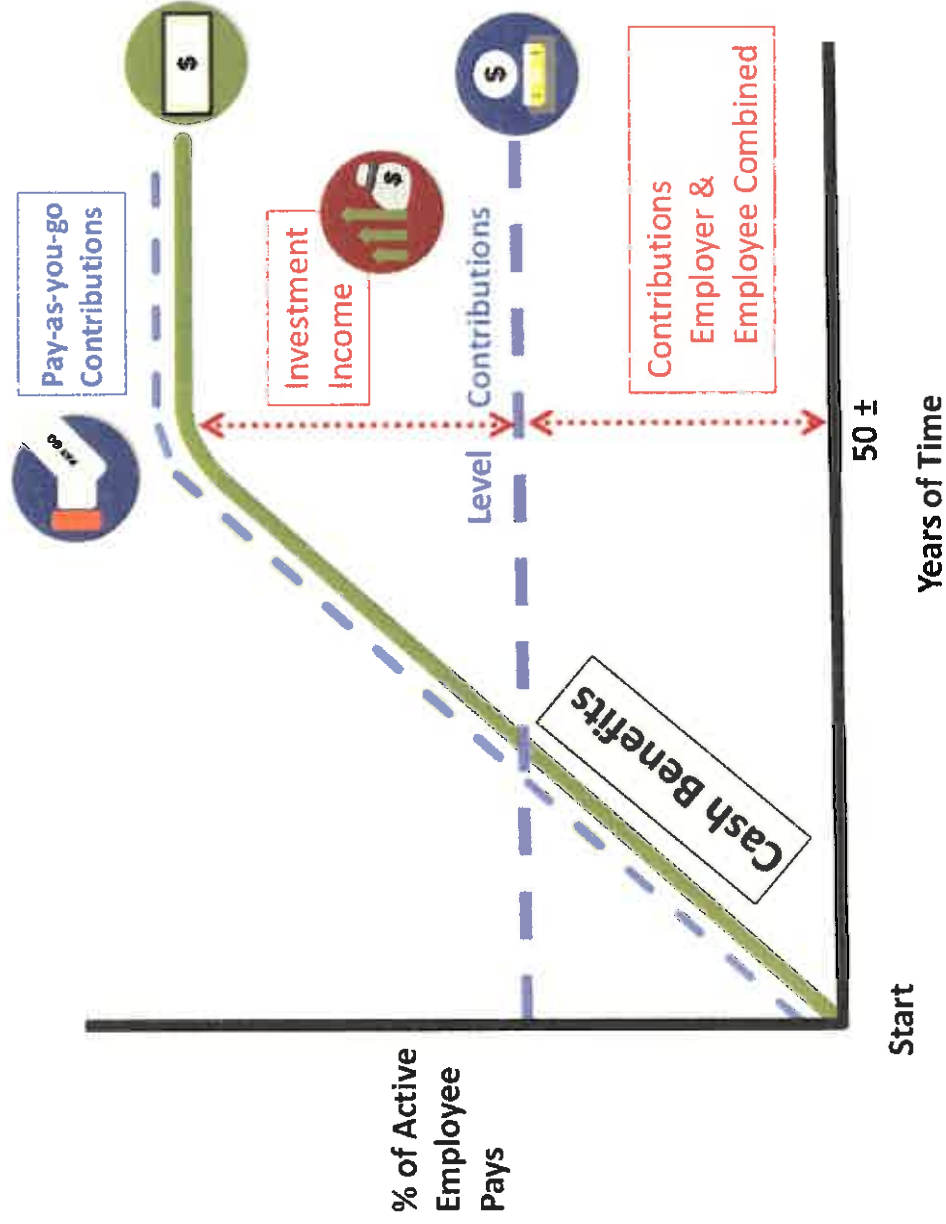
1. Calculate employer rates for 3,342 rate groups for the 2020 calendar year
2. Measure financial position and funding progress
3. Explain changes in financial position that occurred during the year

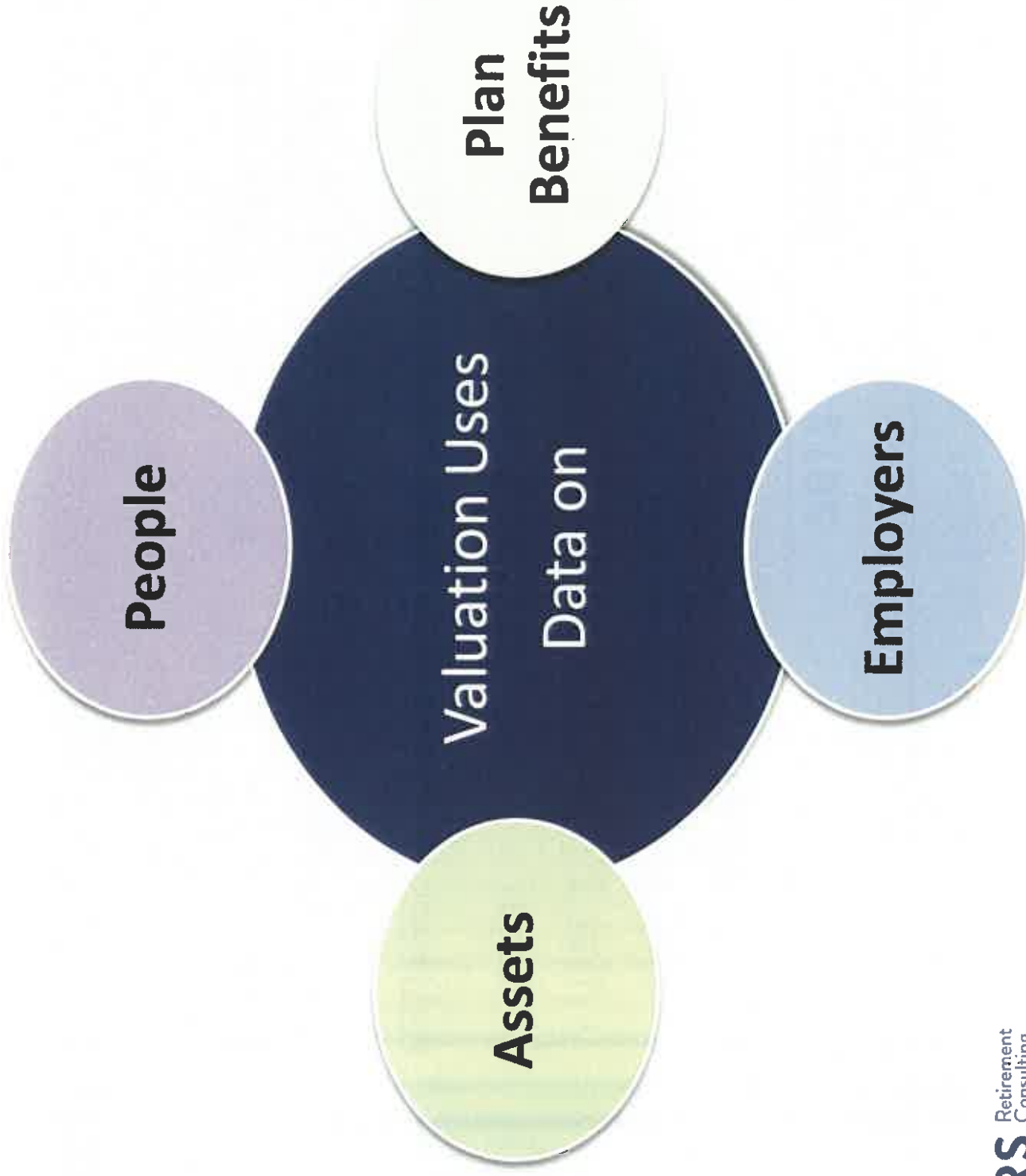
Basic Funding Objective

Establish and receive contributions which:

- Remain approximately level (as a % of payroll) from generation to generation
- When combined with present assets and future investment return, are sufficient to pay benefits to current and future retirees

Financing Diagram





IMRF Population

	<u>2018</u>	<u>2017</u>
Active Members		
· Tier 1	103,159	110,453
· Tier 2	<u>73,364</u>	<u>65,113</u>
· Total	176,523	175,566
Retirees	131,963	127,070
Inactive Members	<u>141,817</u>	<u>136,385</u>
Total	450,303	439,021

IMRF Population

	<u>2018</u>	<u>2017</u>
Active Members		
• Regular	172,335	171,311
• SLEP	4,088	4,120
• ECO	<u>100</u>	<u>135</u>
Total	176,523	175,566

Inactive Members		
• Regular	140,918	135,522
• SLEP	784	753
• ECO	<u>115</u>	<u>110</u>
Total	141,817	136,385

IMRF Rate Groups

Employer Type	2018	2017
School Districts	850	850
Townships	495	494
Villages	480	480
Cities	312	308
Counties (Regular, SLEP & ECO)	269	269
Library Districts	230	226
Park Districts	202	202
All Other	<u>504</u>	<u>500</u>
Total	3,342	3,329

Value of Assets (\$ Millions)

	2018	2017
Funding Value (FV)	\$40,830	\$39,188
Market Value (MV)	\$38,756	\$41,313
Ratio	105.4%	94.9%
Difference between FV and MV	\$(2,074)	\$ 2,125
Market Value Rate of Return	(4.1)%	15.7%
Funding Value Rate of Return	6.5%	8.8%

Development of Average Contribution Rates Applicable to Calendar Year 2020

(Results as of December 31, 2018)

	% of Active Member Pays		
	Regular	SLEP	ECO
Tier 1 Employer Normal Cost	6.90 %	13.21 %	13.79 %
Tier 2 Employer Normal Cost	4.04 %	8.61 %	13.79 %
Average Employer Contributions for Normal Cost*			
Retirement	5.91 %	11.82 %	13.49 %
\$3,000 Lump Sum Death Benefit	0.03 %	0.02 %	0.04 %
Total & Permanent Disability Benefit	0.04 %	0.10 %	0.26 %
Total Normal Cost	5.98 %	11.94 %	13.79 %
Lump Sum Death-in-Service Benefits	0.12 %	0.12 %	0.14 %
Temporary Disability	0.09 %	0.09 %	0.09 %
13th Payments	0.62 %	0.62 %	0.62 %
Unfunded (Overfunded) Liabilities (23/10 years)	3.93 %	9.62 %	58.02 %
Early Retirement Incentive Liabilities	0.17 %	0.09 %	0.00 %
SLEP Supplemental Liabilities	0.00 %	2.00 %	0.00 %
2020 Fiscal Year Average Employer Rate	10.91 %	24.48 %	72.66 %
2019 Fiscal Year Averages	9.06 %	20.50 %	66.43 %
2018 Fiscal Year Averages	11.24 %	21.49 %	82.72 %

* Blend of Tier 1 and Tier 2 Normal Cost weighted on expected payroll.

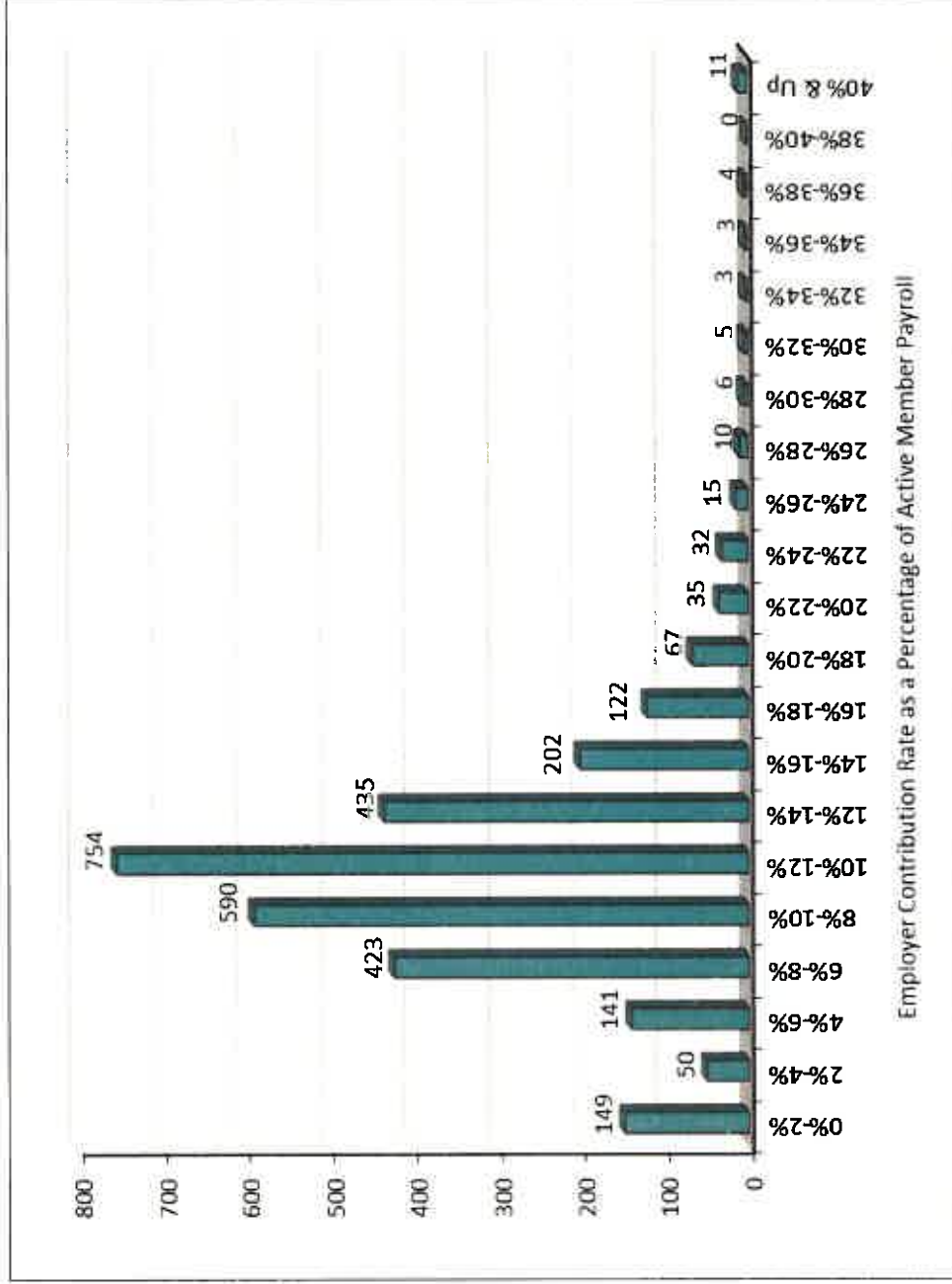
Dupage County, Peoria County, and Union School District 46 are subject to individual rating. Their rates are not included in the averages above.

History of Total Average Employer Contribution Rates

Rate Applies to Calendar Year	Rate Computed as of December 31	Employer Contribution Rate Expressed as % of Active Member Payroll					
		Regular Members		SLEP Members		ECO Members	
		Normal Cost	Average Total Rate	Normal Cost	Average Total Rate	Normal Cost	Average Total Rate
1996	1994	7.22%	9.98%	9.51%	11.97%		
1997	1995	7.27%	9.61%	9.32%	11.43%		
1998	1996 ¹	7.21%	9.64%	10.22%	13.94%		
1999	1997 ³	7.23%	9.03%	10.62%	14.65%	21.48%	36.14%
2000	1998	7.17%	8.16%	10.42%	14.28%	23.39%	41.38%
2001	1999 ¹	7.41%	6.64%	12.02%	14.86%	23.85%	42.58%
2002	2000	7.62%	5.87%	11.94%	14.13%	18.05%	38.46%
2003	2001	7.66%	6.22%	11.96%	14.04%	17.95%	40.37%
2004	2002 ¹	7.60%	7.82%	12.47%	16.25%	18.18%	44.90%
2005	2003	7.61%	9.25%	12.48%	17.15%	18.07%	42.66%
2006	2004	7.64%	10.04%	12.56%	18.25%	18.01%	44.90%
2007	2005 ^{1,2}	7.43%	9.72%	11.66%	18.42%	17.52%	41.30%
2008	2006	7.42%	9.47%	11.63%	19.33%	16.96%	41.80%
2009	2007	7.42%	9.27%	11.63%	18.65%	17.08%	42.77%
2010	2008 ¹	7.58%	11.89%	11.97%	21.63%	17.24%	43.57%
2011	2009	7.58%	12.14%	11.97%	21.76%	17.20%	42.72%
2012	2010	7.58%	12.42%	12.01%	22.48%	17.22%	47.15%
2013	2011 ^{1,2}	7.77%	12.85%	12.74%	23.40%	17.63%	46.85%
2014	2012	7.64%	12.58%	12.61%	23.20%	17.59%	74.52%
2015	2013	7.51%	11.69%	12.42%	22.33%	17.73%	70.37%
2016	2014 ¹	6.84%	11.73%	11.95%	22.71%	16.49%	86.07%
2017	2015	6.71%	11.34%	11.77%	22.39%	16.83%	73.50%
2018	2016	6.61%	11.24%	11.63%	21.49%	16.85%	82.72%
2019	2017 ¹	5.61%	9.06%	10.98%	20.50%	13.21%	66.43%
2020	2018 ¹	5.98%	10.91%	11.94%	24.48%	13.79%	72.66%

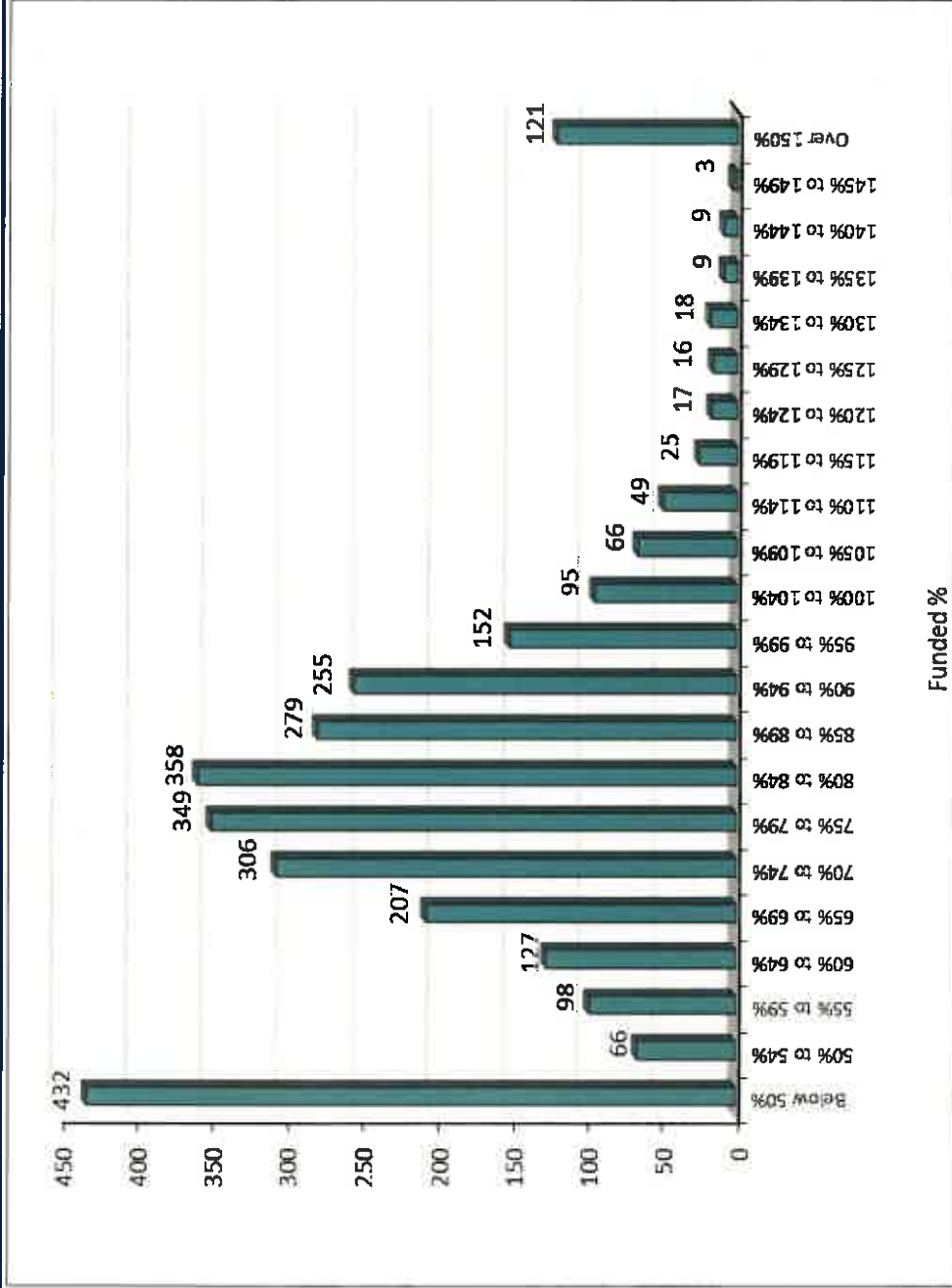
1. Assumption change.
2. Benefit change. Regular and SLEP Normal cost are a blend of Tier 1 and Tier 2 normal costs in the 2011 and subsequent valuations.
3. Changed to payroll weighted average method.

Contribution Rates for Regular Employer Groups 2018 Actuarial Valuation



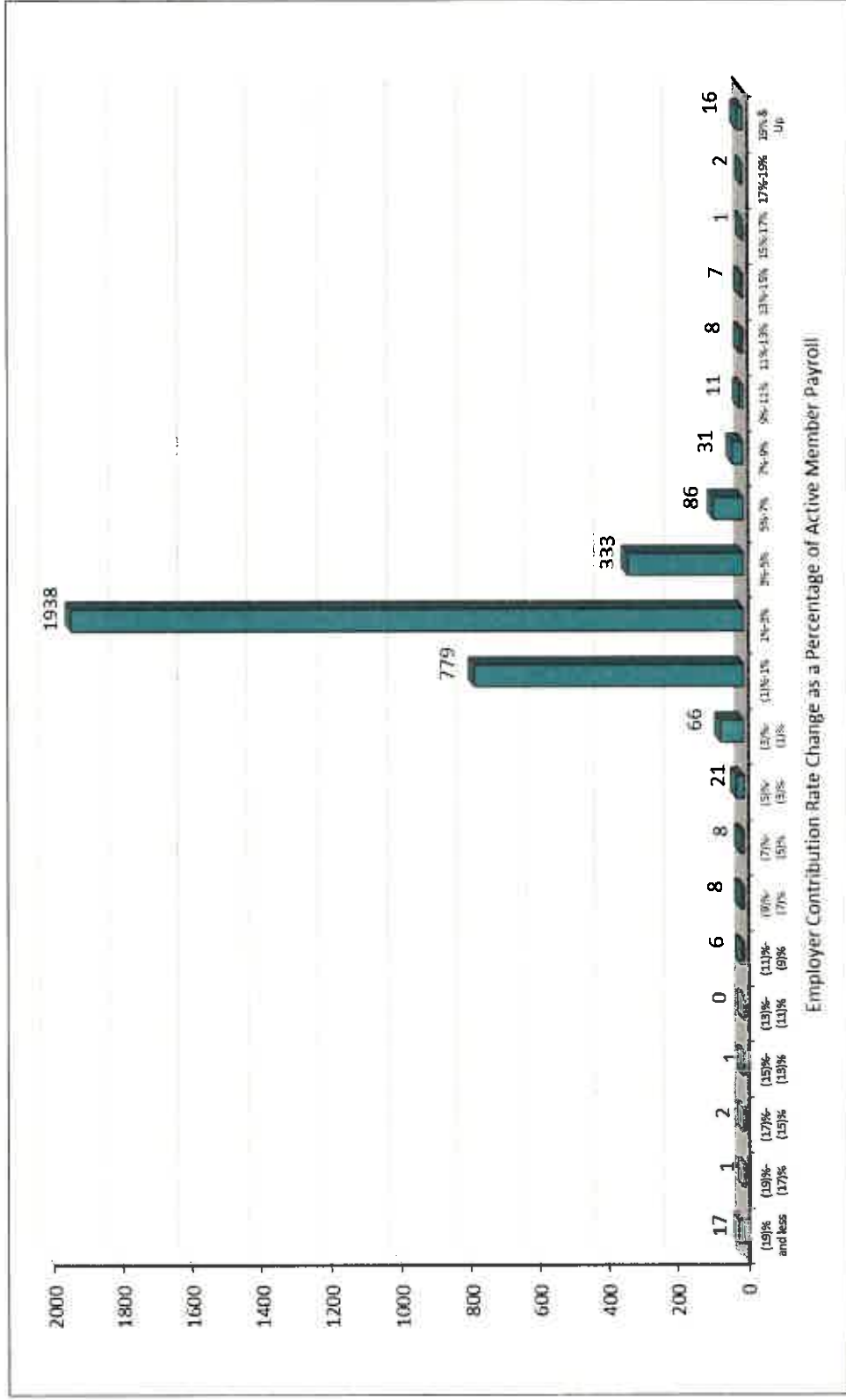
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Funded Ratios for Regular Employer Groups 2018 Actuarial Valuation



A-4

Contribution Rate Changes for Employer Groups – 2018 Actuarial Valuation



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Average Funding Ratios Comparative Statement

Valuation Date	Funded		Funded		Unfunded Payroll	Accrued Liability Payroll
	Ratio AVA Basis	Ratio MV Basis	Ratio	Ratio		
1996	92.8%	102.6%			22.8%	317.1%
2009	83.2%	81.5%			71.0%	423.2%
2010	83.3%	86.3%			76.3%	455.8%
2011*#	83.0%	80.2%			81.7%	481.4%
2012	84.3%	85.9%			78.7%	501.9%
2013	87.6%	96.6%			64.7%	520.4%
2014*	87.3%	93.0%			70.8%	556.5%
2015	88.4%	87.3%			66.1%	570.7%
2016	88.9%	88.1%			65.4%	590.3%
2017*	92.9%	97.9%			42.0%	591.8%
2018*	90.0%	85.5%			61.8%	619.5%

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Outlook for 2019 Valuation

- 2019 Valuation will affect 2021 contribution rates
- Unrecognized asset losses from smoothing method will drive rates up by about 50 basis points
- Increased number of people subject to post-2011 provisions (Tier 2) will drive rates down by about 10 basis points

Conclusion: If IMRF earns about 7.25% in 2019 and other assumptions are in line with expectations, average 2021 contribution rates may be about 40 basis points higher than average 2020 rates.



RISK MANAGEMENT



IDENTIFY



ASSESS



CONTROL



MONITOR & REVIEW



Overview of Risk Areas

Investment Risk

- The risk that actual returns will differ from assumed returns.

Asset/Liability Mismatch

- The potential that changes in assets are not offset by changes in liabilities. Because of the way assets are invested in most public plans this is almost synonymous with investment risk.

Contribution Risk

- The risk that actual contributions will differ from expected contributions. This could occur, for example, if the plan's funding policy is not followed, or if there are changes in the covered population.

Overview of Risk Areas

Salary and Payroll Risk

- Individual pays and/or total covered payroll may not grow at the assumed rate. If covered payroll grows more slowly than assumed, or shrinks, actual contributions may fall short of expected contributions.

Longevity Risk

- Members may live for more or fewer years than expected, affecting the amount of pension income they will receive from the plan.

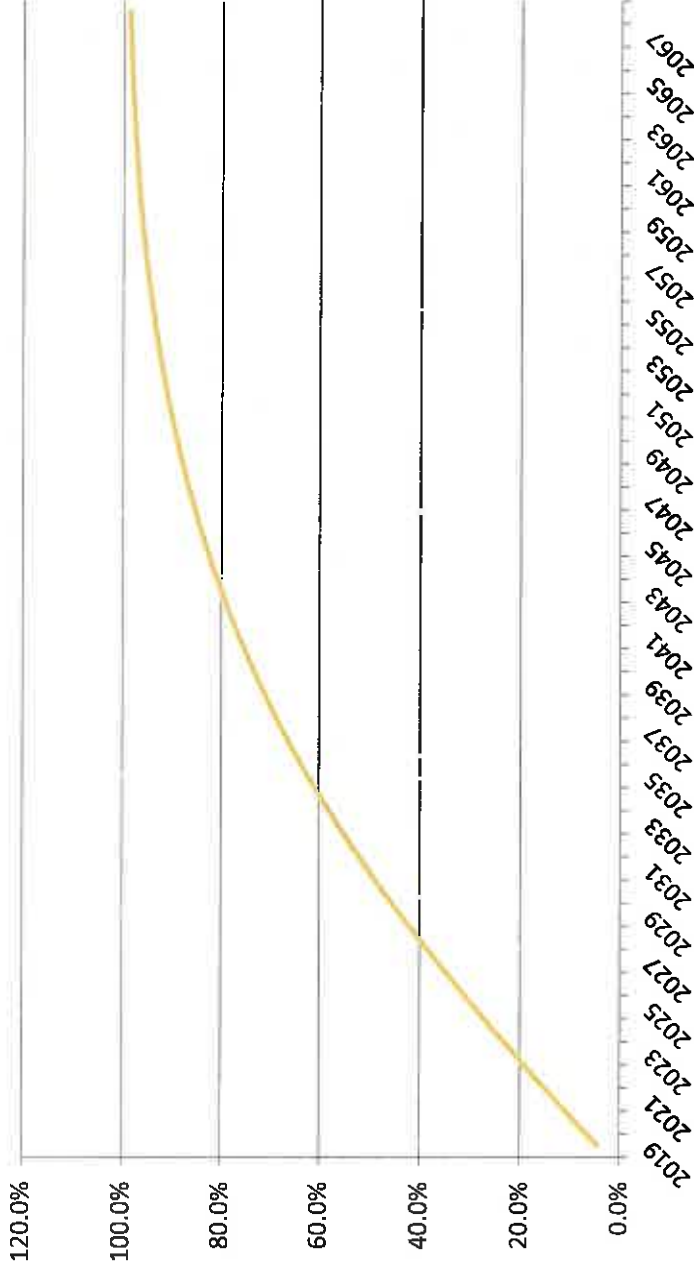
Other Demographic Risks

- Members may terminate, retire, or become disabled at rates other than expected, affecting both contribution rates and funded status.

Structure of Liabilities

- Just over half of IMRF Liabilities are for retirees.
- 40% of total liabilities will be paid out over the next 10 years, another 15% in the next 5 years. This suggests that what happens in the next 10 or 15 years is very important.
- Benefit payments exceed contribution income by almost \$900 Million per year.
- Assets are over 5 times total payroll.
- Liabilities exceed 6 times total payroll.
- Unexpected changes in assets or liabilities can have significant effects on contribution rates and funded status measurements.

Cumulative % of Liabilities Paid Out



The duration of liabilities is approximately 15 years.

Newly Effective Actuarial Standard

ASOP 51

- Requires an Assessment of Risk
 - **Qualitative** – Identify risks and their potential effects in general terms.
 - **Quantitative** based on numerical calculations or projections.
 - **Choice** depends on specifics.

Newly Effective Actuarial Standard

ASOP 51

- Examples of quantitative assessments
 - Scenario tests
 - Sensitivity tests
 - Stochastic modelling
 - Stress tests

GAIN (LOSS) ANALYSIS



Gain (Loss) Analysis

- The risk discussion identified the risks that the plan faces.
- The Gain and Loss analysis shows how various risk areas affected this year's results.
 - It measures the effect of differences between Actual and Assumed Experience in Risk Areas related to the principal actuarial assumptions.

Assumption Risk Areas

Demographic

Normal Retirement

Early Retirement

Mortality

Disability

Other Separations, Withdrawals

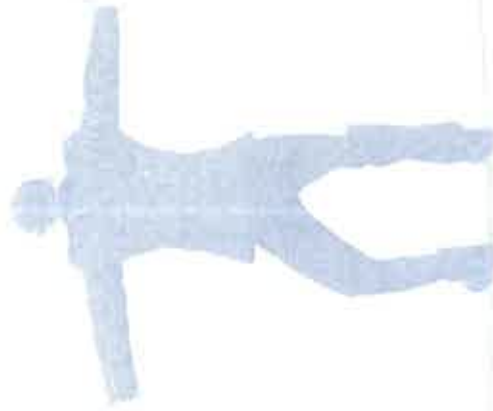
Economic

Pay Increases

Inflation Portion

Real Increase

Investment Return



Change in Unfunded Accrued Liabilities During the Calendar Year 2018

	Unfunded Liability Development During	
	2018	2017
Unfunded Liability January 1 (Assumed Payments) Assumed Interest	\$ 2,991,680,344 (212,346,977) 216,508,988	\$ 4,585,312,875 (302,834,136) 332,679,056
Expected Unfunded Liability December 31 Change Due to Change in Assumptions Change Due to Benefit Changes Change Due to Investment Experience Change Due to Demographic and Other Sources	2,995,842,355 1,190,996,469 0 385,776,439 (48,456,803)	4,615,157,795 (1,094,614,950) 0 (475,485,083) (53,377,418)
Actual Unfunded Liability December 31	4,524,158,460	2,991,680,344
Gain (Loss) for the Year	\$ (1,528,316,105)	\$ 1,623,477,451

Investment Gain (Loss) - \$ Millions

1. Beginning Funding Value	\$39,188
2. Net Cash Flow	(878)
3. Assumed Return	<u>2,906</u>
4. Expected Funding Value: 1+2+3	41,216
5. Actual Funding Value	40,830
6. Gain (Loss): 5-4	(386)

Measured on pure market value basis, the investment loss, in other words the difference between the actual and the assumed return was \$4.6 Billion which is 63% of payroll.

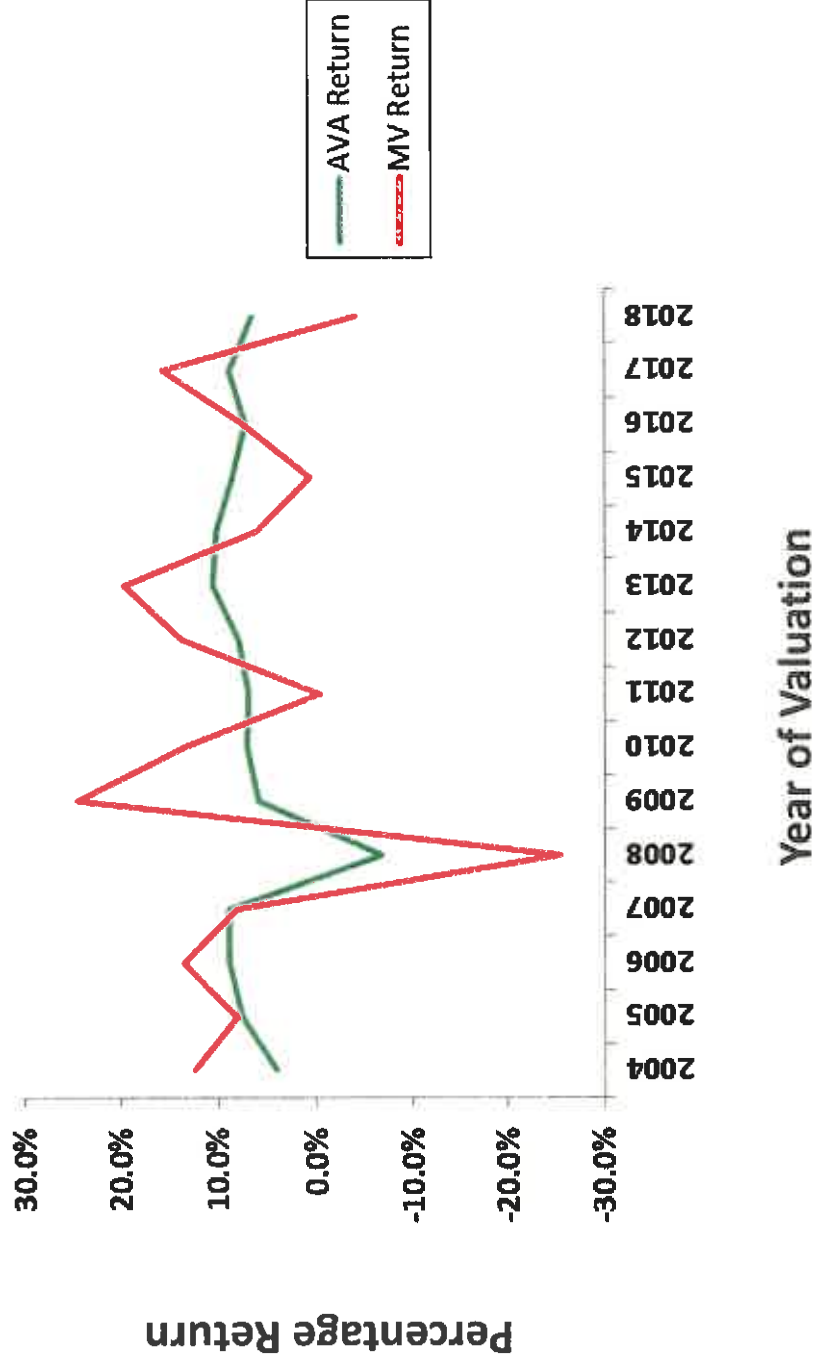
How Does Asset Smoothing Impact Future Valuations?

- Difference between Market Value and Funding Value (\$2,074 million) phased-in over next four years

Valuation Date	Scheduled Asset Loss	Potential Contribution Increase
12/31/2019	\$518,580,434	0.5%
12/31/2020	\$518,580,434	0.5%
12/31/2021	\$518,580,434	0.5%
12/31/2022	\$518,580,432	0.5%

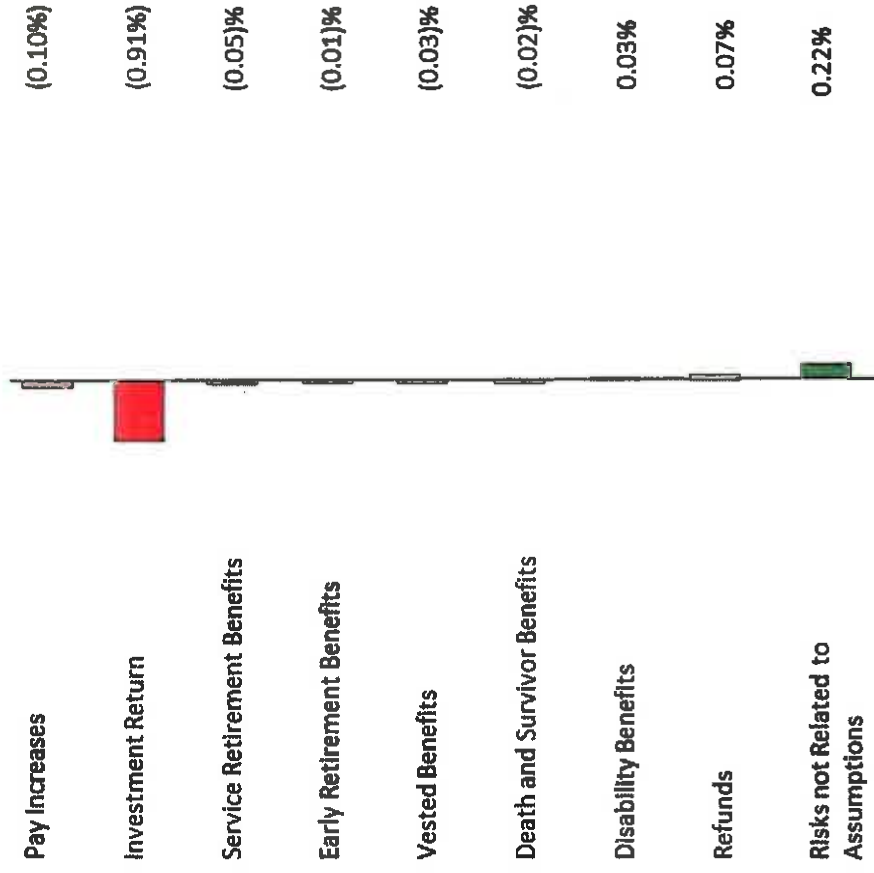
- Assumes IMRF earns 7.25% in the next four years
- Actual results will likely be different

Market Value Return vs. Actuarial Value Return



Gain (Loss) Experience

Gain/Loss Experience Expressed as a % of Beginning of Year Liabilities



Experience Gains & Losses by Risk Area - Comparative Statement

Experience Period	Pay Increases	Investment Return	Service Retirement	Early Retirement	Vested Deferred Retirement	Death and Survivor Benefits	Disability Benefits	Terminated with Refund	Assumption Changes	Other	Total Gain (Loss)	
											\$	Percent of Liabilities
1999 ¹	\$ 5.5	\$ 962.1	(6.8)	\$(5.1)	\$(14.6)	\$0.6	\$ 6.4	\$(21.1)		\$ (168.1)	\$ 758.9	6.4 %
2000	12.2	642.5	0.8	(2.8)	(8.7)	1.8	9.8	(22.4)		(89.2)	544.0	4.2 %
2001	(29.5)	69.4	(4.9)	(1.0)	(20.3)	2.9	10.0	11.4		1.4	39.4	0.3 %
2002 ¹	19.5	(611.8)	(9.9)	(2.0)	(31.0)	4.3	6.9	2.3		(66.7)	(688.4)	(4.5)%
2003	36.8	(404.6)	(18.4)	(5.4)	(28.0)	2.3	5.9	10.0		(250.0)	(651.4)	(3.9)%
2004	(0.3)	(478.5)	(14.7)	(5.3)	(27.5)	3.4	7.3	15.8		(183.0)	(682.6)	(3.8)%
2005 ¹	130.0	23.8	(10.4)	(5.0)	(28.3)	1.9	12.0	19.3		(111.2)	32.1	0.2 %
2006	23.5	262.2	(8.6)	(3.4)	(32.7)	2.1	9.4	11.1		(211.7)	51.9	0.3 %
2007	(15.4)	305.8	(8.4)	(2.6)	(35.3)	4.1	10.2	23.2		(170.5)	111.1	0.6 %
2008 ¹	8.2	(3,331.5)	2.4	(2.1)	(40.8)	1.8	11.4	9.1		(40.5)	(3,382.0)	(12.6)%
2009	70.2	(343.2)	11.6	(0.5)	(38.3)	3.5	12.9	(11.8)		(53.5)	(349.1)	(1.4)%
2010	359.6	(90.5)	(0.2)	0.0	(32.3)	3.3	7.3	(0.3)		(442.1) ²	(195.2)	(0.7)%
2011 ¹	238.9	(164.3)	(22.9)	(5.7)	(25.9)	7.3	8.2	19.9	\$ (181.1)	(163.3)	(288.9)	(1.0)%
2012	230.2	71.0	2.0	(3.0)	(24.7)	6.5	20.8	23.8		(89.0)	237.6	0.8 %
2013	141.5	811.5	(11.6)	(2.8)	(22.7)	3.2	15.7	45.1		(74.0)	905.9	2.8 %
2014 ¹	64.2	767.6	(19.3)	(4.9)	(19.7)	(2.2)	17.2	37.9	(1,309.7)	34.9	(434.0)	(1.3)%
2015	22.9	313.2	(28.5)	(4.7)	(16.8)	(3.4)	15.8	33.0		(100.6)	230.9	0.6 %
2016	312.7	(109.9)	(20.2)	(2.6)	(14.1)	(3.3)	12.0	35.7		(185.5)	24.8	0.1 %
2017 ¹	104.3	475.5	(21.8)	(2.6)	(17.8)	(8.2)	9.7	22.4	1,094.6	(32.6)	1,623.5	3.9 %
2018 ¹	(40.1)	(385.8)	(19.5)	(5.3)	(14.5)	(7.7)	11.5	31.2	(1,191.0)	92.9	(1,528.3)	(3.6)%

GRS Retirement Consulting
15/17/2019

¹ Includes changes in assumptions.

² Includes one-time data changes of approximately \$250 million.

Reconciliation of Employer Contribution

	Regular	SLEP	ECO	Total	Total Last Year
Prior Year	9.06 %	20.50 %	66.43 %	9.62 %	11.78 %
Assumption Change	1.57 %	2.90 %	6.68 %	1.63 %	(1.56)%
Tier 2 Structure	(0.11)%	(0.16)%	0.00 %	(0.11)%	(0.12)%
Investment Return	0.36 %	0.58 %	2.39 %	0.37 %	(0.40)%
Pay Increases	0.02 %	0.58 %	(0.19)%	0.03 %	(0.11)%
Demographic	0.01 %	(0.07)%	2.13 %	0.01 %	0.02 %
Payroll Growth	0.02 %	0.11 %	(3.41)%	0.02 %	0.06 %
Death and Disability Rate Change	0.04 %	0.04 %	0.04 %	0.04 %	(0.02)%
Other	(0.06)%	0.00 %	(1.41)%	(0.05)%	(0.03)%
Current Year	10.91 %	24.48 %	72.66 %	11.56 %	9.62 %

Conclusion



1. IMRF experienced a net loss in 2018 mostly due to economic experience.
2. The 2020 rates are generally similar to the 2018 rates, but most employers will see an increase over their 2019 rates.
3. IMRF is now 90% funded (85.5% based on market value); well above national average.
4. Rates and funded status are still affected by 2008. IMRF does not yet have the assets it would have had if it had earned the assumed rate of return in 2008 and subsequent years.

Disclaimers

- This presentation is intended to be used in conjunction with the actuarial valuation report issued on February 28, 2019. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- If you need additional information in order to make an informed decision, please contact the authors.

Discussion followed.

(19-05-03) (1st Quarter Investment Performance Report) Ms. Becker-Wold from Callan Associates presented an evaluation of IMRF's investment performance for the period ending March 31, 2019.

Questions and discussion followed.

(19-05-04) (Investment Manager Activities - Callan Associates) Ms. Becker-Wold of Callan Associates presented the following report to the Board on the activities of IMRF's investment managers for the month of April 2019:



Monthly Performance Review

April 2019

Janet Becker-Wold, CFA
Senior Vice President

Brady O'Connell, CFA, CAIA
Senior Vice President

IMRF Performance Highlights

April 2019

- The market value of the Total Fund was \$42.73 billion at the end of April, an increase of \$964.98 million from the prior month.
- The Fund returned 2.16% during the month, leading the 2.05% return of its benchmark.
- All asset classes were within their targeted ranges outlined in the investment policy statement.
- The Domestic Equity allocation underperformed its benchmark for the month while the International Equity allocation outperformed.
 - The IMRF Domestic Equity composite returned 3.82% relative to the 3.99% return of the Russell 3000 Index.
 - The large cap component returned 4.05% (Russell 1000 Index: 4.04%).
 - The small cap component returned 3.39% (Russell 2000 Index: 3.40%).
 - The IMRF International Equity composite returned 2.69% (MSCI ACWI ex-U.S. Index: 2.64%).
- The Fixed Income composite returned 0.24%, leading the return on the Bloomberg Aggregate Index of 0.03%.


Economic Overview

April 2019

- The “advance” estimate of first quarter GDP growth showed an annualized rate of 3.2%.
- Headline CPI increased 0.3% (seasonally adjusted) in April and Core CPI, which excludes food and energy prices, advanced 0.1%. Over the last 12 months, Headline CPI was 2.0% while Core CPI was 2.1%.
- Non-farm payroll growth was above average for April.
 - 263,000 jobs were added in April, compared to an average monthly gain of 213,000 over the prior 12 months.
 - The unemployment rate declined to 3.6% in April.
- Domestic equities rose in April (Russell 3000 Index: 3.99%).
 - Growth outperformed value.
- International equities had positive returns for the month (MSCI ACWI ex-U.S. Index: 2.64%).
- Rates rose across the majority of the maturity spectrum of the yield curve in April.
 - Bloomberg Aggregate Index (+0.03%) posted modest, positive returns for the month. The index has returned 5.29% for the trailing year.
 - The yield on the 10-year Treasury ended April at 2.51%, up from the March month end figure of 2.41%.

Market Overview – Broad Market Index Returns

Periodic Table of Investment Returns
for Periods Ended April 30, 2019



	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell:1000 Index	4.0%	Russell:1000 Index 18.6%	Russell:1000 Index 13.3%	Russell:1000 Index 14.8%	Russell:1000 Index 11.4%	Russell:1000 Index 15.4%
Russell:3000 Index	4.0%	Russell:3000 Index 18.6%	Russell:3000 Index 12.7%	Russell:3000 Index 14.7%	Russell:3000 Index 11.2%	Russell:3000 Index 15.3%
Russell:2000 Index	3.4%	Russell:2000 Index 18.5%	Bimbg:Aggregate 5.3%	Russell:2000 Index 13.6%	Russell:2000 Index 8.6%	Russell:2000 Index 14.1%
MSCI:ACWI ex US	2.6%	MSCI:ACWI ex US 13.2%	Russell:2000 Index 4.6%	MSCI:ACWI ex US 8.1%	MSCI:ACWI ex US 2.8%	MSCI:ACWI ex US 7.7%
Bimbg:Aggregate	0.0%	Bimbg:Aggregate 3.0%	MSCI:ACWI ex US (3.2%)	Bimbg:Aggregate 1.9%	Bimbg:Aggregate 2.6%	Bimbg:Aggregate 3.7%

Best

Worst

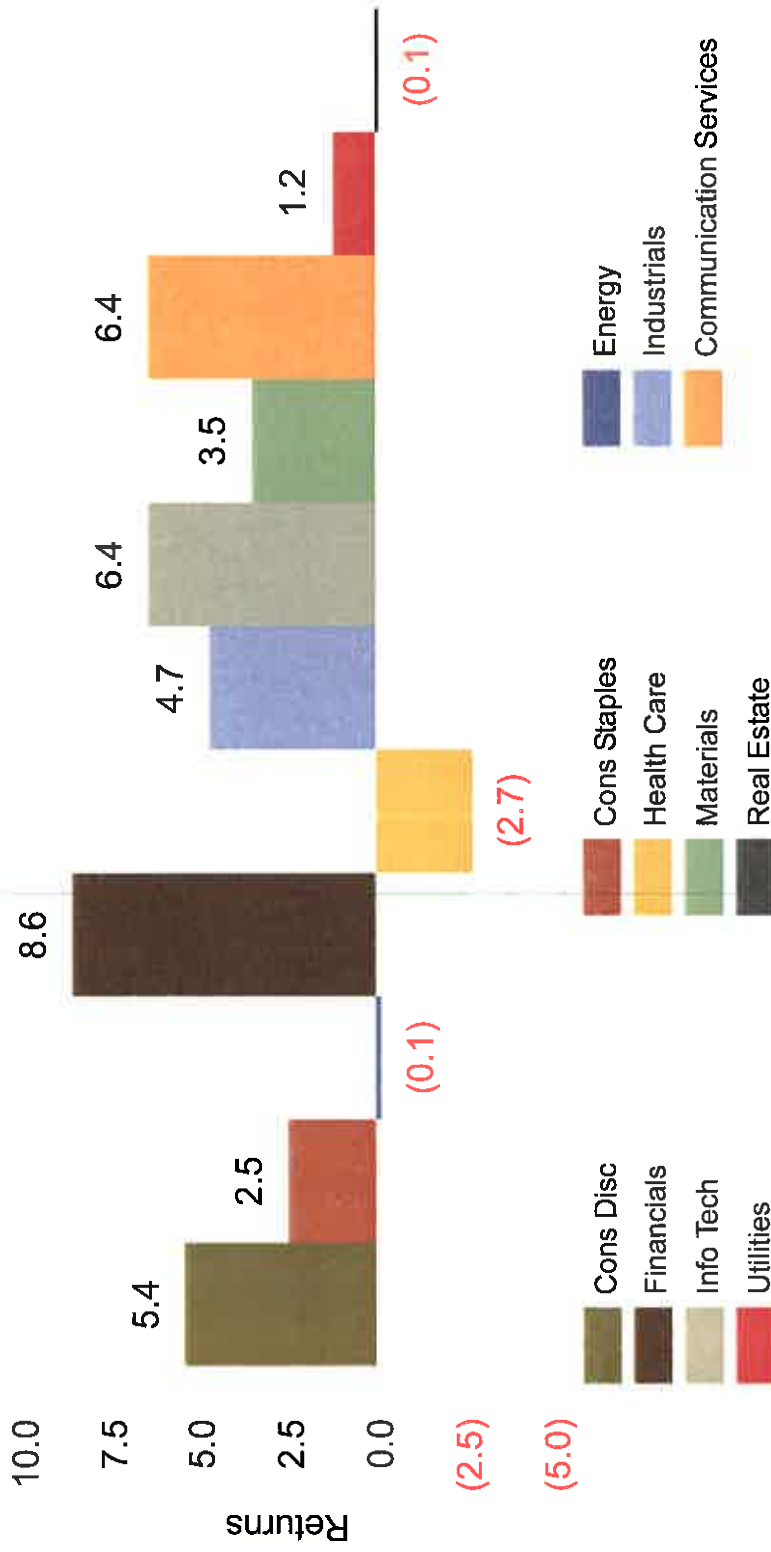
Market Overview – U.S. Equity Returns

Returns for Periods Ended April 30, 2019

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell:3000 Index	3.99	18.60	12.68	14.74	11.20	15.29
S&P:500	4.05	18.25	13.49	14.87	11.63	15.32
Russell:1000 Index	4.04	18.60	13.33	14.82	11.41	15.39
Russell:1000 Growth	4.52	21.35	17.43	18.62	14.50	16.96
Russell:1000 Value	3.55	15.90	9.06	10.97	8.27	13.76
Russell:Midcap Index	3.81	20.97	10.69	12.82	9.75	15.65
Russell:2000 Index	3.40	18.48	4.61	13.60	8.63	14.10
Russell:2000 Growth	3.05	20.71	6.91	15.64	10.22	15.24
Russell:2000 Value	3.78	16.16	2.19	11.46	6.94	12.87

Market Overview – U.S. Equity Sector Returns

Russell 3000 Sector Returns for 1 Month Ended April 30, 2019

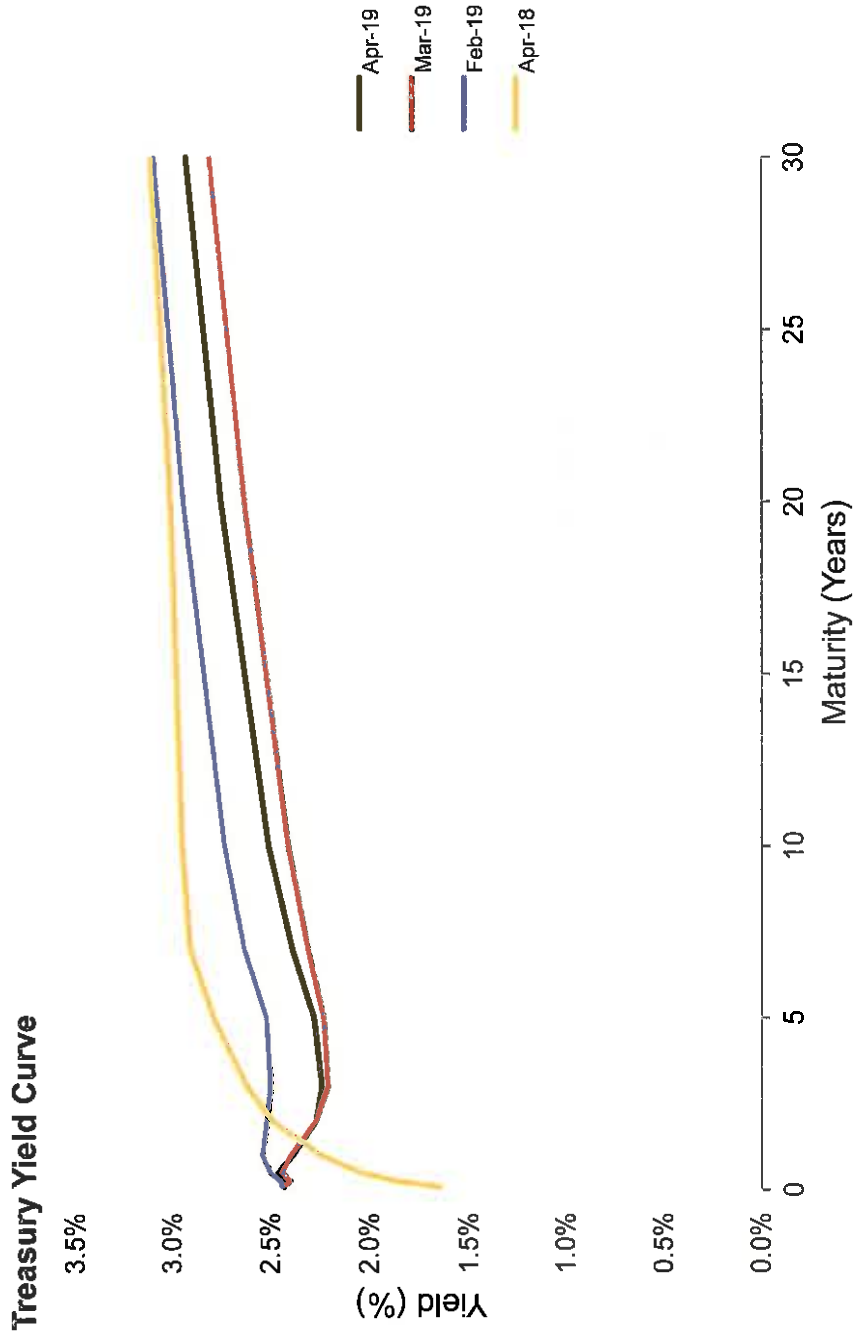


Market Overview – Non-U.S. Equity Returns

Returns for Periods Ended April 30, 2019

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI ex US	2.64	13.23	(3.23)	8.09	2.83	7.75
MSCI:ACWIxUS Growth Gross	3.23	16.05	(0.34)	9.40	4.89	9.13
MSCI:ACWIxUS Val Gross	2.19	10.84	(5.15)	7.78	1.69	7.30
MSCI:EAFE	2.81	13.07	(3.22)	7.24	2.60	7.95
MSCI:EAFE Hedged Net	3.57	15.23	4.24	11.07	7.51	9.54
MSCI:EM	2.11	12.24	(5.03)	11.25	4.04	7.51
MSCI:ACWI ex US Small Cap	2.21	12.70	(8.54)	6.81	3.75	10.37
Regional Returns						
MSCI:Europe	3.58	14.80	(2.97)	6.95	1.25	7.91
MSCI:Japan	1.39	8.14	(7.18)	6.93	6.46	7.12
MSCI:Pacific ex Japan	1.71	14.16	3.16	10.19	3.75	10.24
MSCI:EM Europe Gross	2.51	10.54	0.85	8.25	0.02	4.72
MSCI:Latin Am Free Gross	0.46	8.43	(4.77)	9.51	(0.42)	3.93
MSCI:EM Asia Gross	1.82	13.15	(4.93)	13.32	6.92	9.66

Market Overview – U.S. Treasury Yield Curve



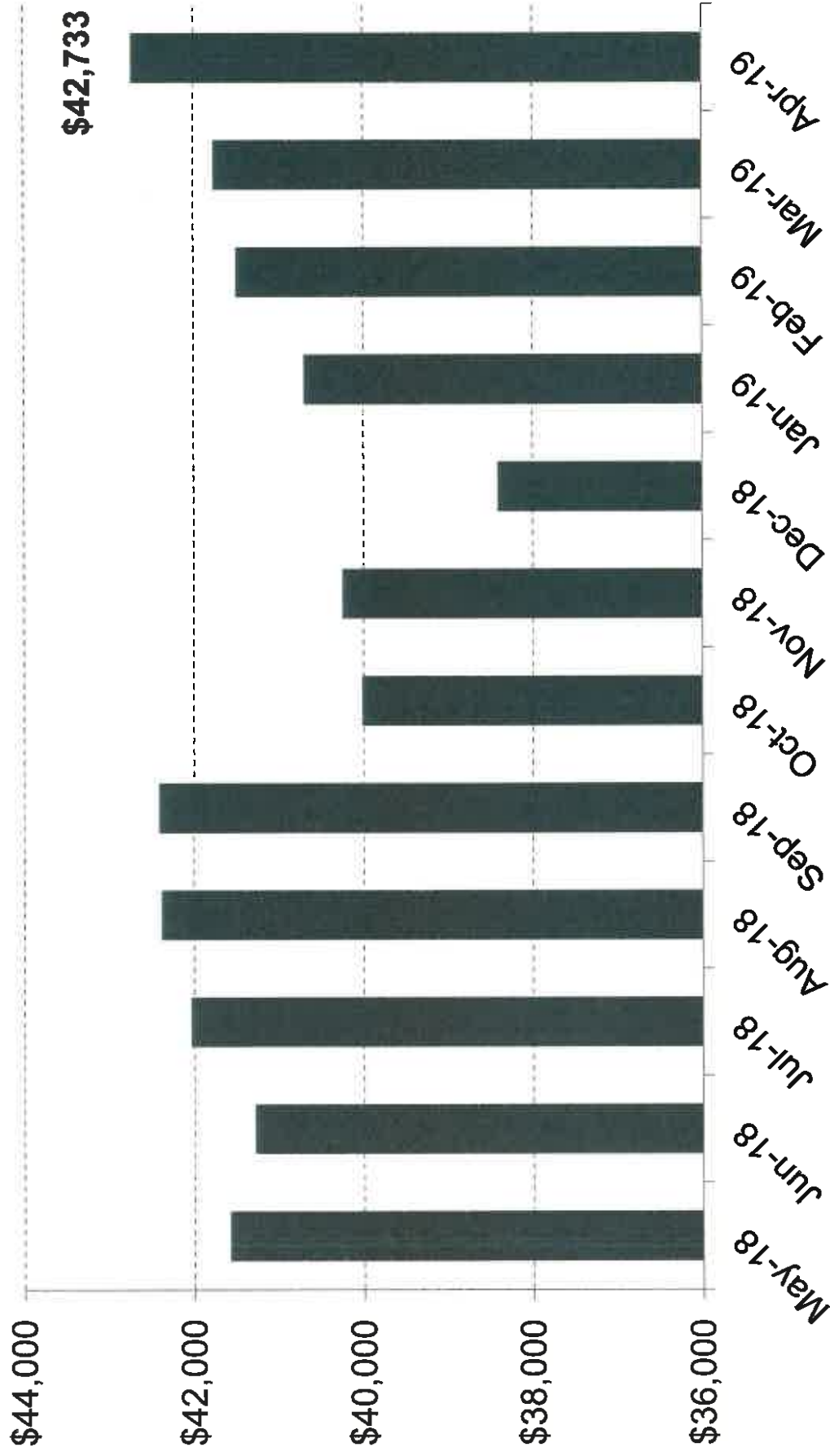
Market Overview – U.S. Fixed Income Returns

Returns for Periods Ended April 30, 2019

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Bimbg:Aggregate	0.03	2.97	5.29	1.90	2.57	3.72
Bimbg:US Government	(0.27)	1.83	4.76	1.02	1.98	2.55
Bimbg:Credit	0.49	5.39	6.38	3.23	3.46	5.98
Bimbg:Mortgage Backed Sec	(0.06)	2.11	4.89	1.70	2.45	3.07
Bimbg:US TIPS	0.33	3.54	3.10	1.69	1.74	3.64
3 Month T-Bill	0.19	0.79	2.18	1.25	0.78	0.45
ML:US High Yield Cash Pay	1.40	8.90	6.74	7.74	4.83	10.09
CS:Leveraged Loan	1.59	5.42	4.46	5.76	4.11	7.22
JPM:EMBI Global	0.12	6.72	5.19	4.58	4.51	7.57
JPM:GBI-EM Global Dvsfd	(0.18)	2.74	(4.93)	2.34	(0.97)	3.52
JPM:CEMBI Diversified	0.84	6.22	6.49	5.36	5.06	8.36

IMRF Last 12 Month-End Asset Balances (\$ millions)

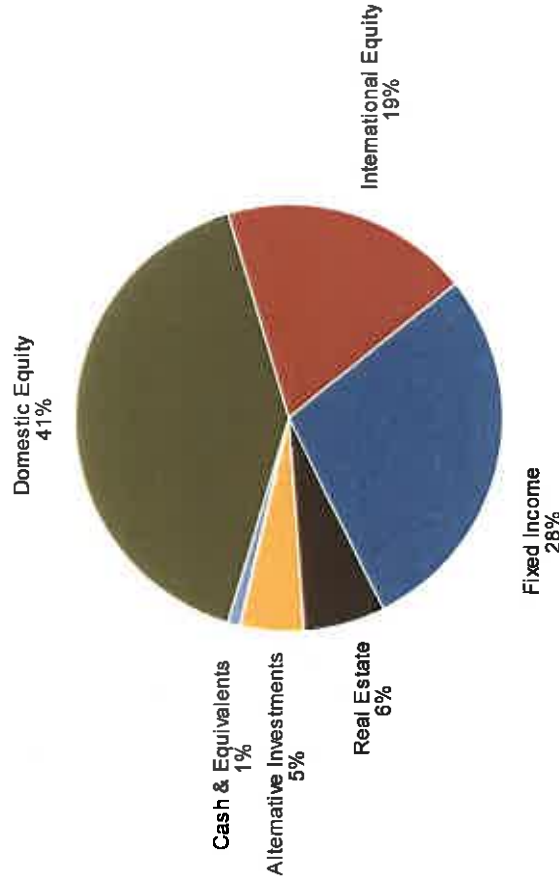
Period ending April 30, 2019



Asset Distribution

Period ending April 30, 2019

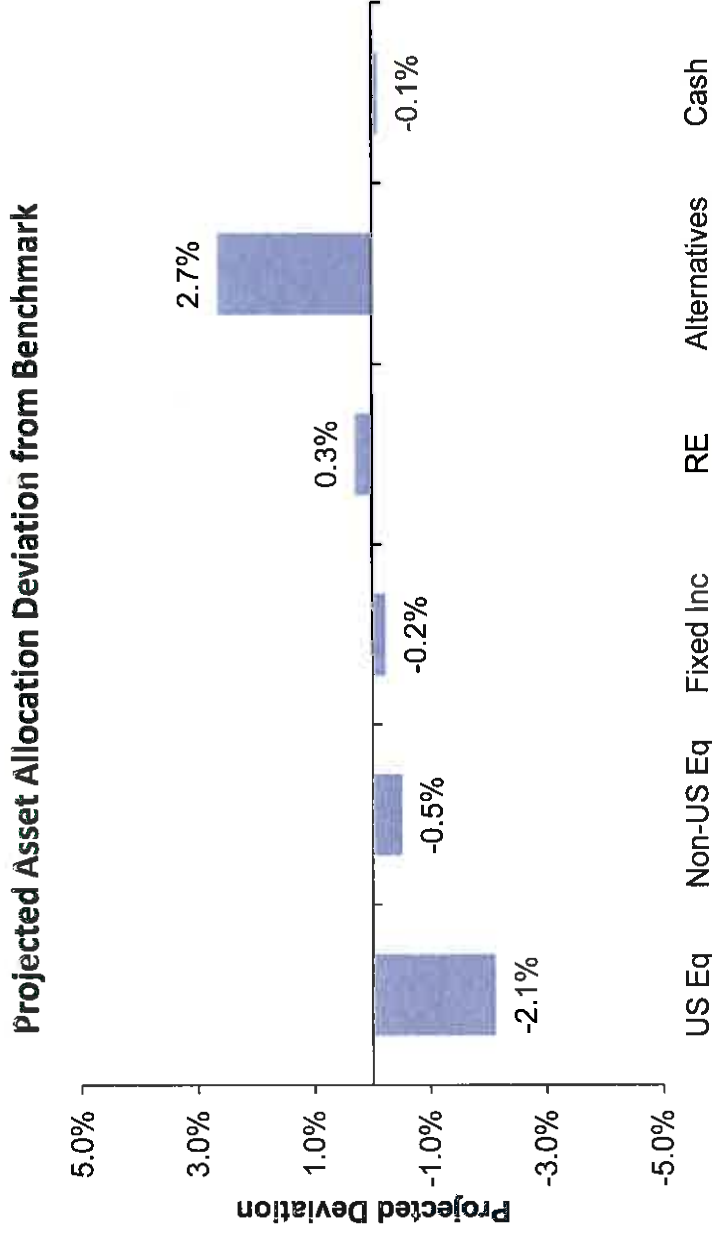
Actual Asset Allocation



Asset Class	\$Millions Actual	Percent Actual	Percent Target	Percent Difference	\$Millions Difference
Domestic Equity	17,406	40.7%	37.0%	3.7%	1,595
International Equity	8,062	18.9%	18.0%	0.9%	370
Fixed Income	12,151	28.4%	28.0%	0.4%	186
Real Estate	2,640	6.2%	9.0%	(2.8%)	(1,206)
Alternative Investments	2,108	4.9%	7.0%	(2.1%)	(884)
Cash & Equivalents	366	0.9%	1.0%	(0.1%)	(61)
Total	42,733	100.0%	100.0%		

Projected Deviation from Benchmark

Period ending April 30, 2019



- Includes committed but unfunded amounts for real estate (\$1,337.1 million) and alternatives (\$2,028.1 million). Assumes real estate and alternatives allocations are fully funded as of quarter end.
- Assumes that outstanding commitments are funded from the overweight asset classes (U.S. equity, non-U.S. equity and fixed income) in proportion to their respective overweighting relative to the target.

Asset Class Composite Returns & Total Fund Return

Periods ending April 30, 2019

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Domestic Equity	3.82%	8.23%	18.96%	10.55%
Blended Benchmark**	3.99%	9.22%	18.60%	12.68%
Domestic Equity - Net	3.82%	8.20%	18.90%	10.35%
International Equity	2.69%	5.90%	14.15%	(3.39%)
MSCI ACWI x US (Net)	2.64%	5.27%	13.23%	(3.23%)
International Equity - Net	2.67%	5.86%	14.06%	(3.65%)
Fixed Income	0.24%	2.18%	3.75%	5.16%
Blmbg Aggregate Index	0.03%	1.89%	2.97%	5.29%
Fixed Income - Net	0.23%	2.17%	3.71%	5.04%
Real Estate	0.62%	1.46%	1.76%	8.05%
Blended Benchmark***	0.40%	1.20%	1.60%	6.33%
Real Estate - Net	0.62%	1.46%	1.76%	8.05%
Alternative Investments	0.15%	2.29%	2.25%	17.02%
Alternatives Custom Benchmark****	0.72%	2.18%	2.91%	9.00%
Alternative Investments - Net	0.15%	2.25%	2.20%	16.89%
Private Equity	0.16%	2.94%	2.89%	20.82%
Alternatives Custom Benchmark****	0.72%	2.18%	2.91%	9.00%
Agriculture	0.00%	(2.17%)	(2.17%)	0.21%
Blended Benchmark***	0.40%	1.20%	1.60%	6.33%
Timberland	(0.25%)	1.08%	1.08%	(1.78%)
Blended Benchmark***	0.40%	1.20%	1.60%	6.33%
Unlisted Infrastructure	1.26%	1.26%	1.26%	9.51%
Alternatives Custom Benchmark****	0.72%	2.18%	2.91%	9.00%
Total Fund	2.16%	5.25%	11.39%	6.09%
Total Fund - Net	2.15%	5.23%	11.33%	5.93%
Total Fund Benchmark	2.05%	+0.10%	+0.10%	-1.10%
		5.13%	+1.03%	7.03%

See full Monthly Performance report for explanation of notes. Performance for Alternatives and Real Estate are preliminary.

(19-05-03) (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 19-03-22

Schedules - Dated April 2019

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

Schedules - Dated May 17, 2019

- Schedule A = Benefit award listing of retirement, temporary disability, death benefits, and refund of employee contributions processed during the preceding calendar month under Article 7 of the Illinois Pension Code.
- Schedule B - Adjustment of Benefit Awards showing adjustments required in benefit awards and the reasons therefore.
- Schedule C = Benefit Cancellations.

- Schedule D - Expiration of Temporary Disability Benefits terminated under the provisions of Section 7-147 of the Illinois Pension Code.
- Schedule E - Total and Permanent Disability Benefit Awards recommended by the Fund's medical consultants as provided by Section 7-150 of the Illinois Pension Code.
- Schedule F - Benefits Terminated.
- Schedule G - Administrative Benefit Denials.
- Schedule P - Administrative Denial of Application for Past Service Credit.
- Schedule S - Prior Service Adjustments

Bids

Category 6 Cabline Project - 4th Floor: Change Order
 Approved Bidder: Russ King Electric
 Approved Bid: \$110,400.00

Temporary Staffing Services
 Approved Bidder: AppleOne Employment Services
 Approved Bid: \$\$16.68-\$41.33/hour

Twenty-Five DELL Latitude 5590 Laptops
 Approved Bidder: Zones, LLC
 Approved Bid: \$31,653.70

Employee Benefits Brokerage Services
 Approved Bidder: CBIZ Benefits
 Approved Bid: \$58,700/year

IBM Maintenance Renewal
 Approved Bidder: Software House International
 Approved Bid: \$372,990.80

Participation of New Units of Government

Village of Pittsburg
 County: Williamson
 2019 Rate: 9.06%
 Effective Participation Date: June 1, 2019
 Number of Participating Employees: 4

Brimfield Public Library
 County: Peoria
 2019 Rate: 9.26%
 Effective Participation Date: June 1, 2019
 Number of Participating Employees: 6

Walnut Park District
County: Bureau/Lee/Whiteside
2019 Rate: 8.85%
Effective Participation Date: June 1, 2019
Number of Participating Employees: 2

Akin Water District
County: Franklin
2019 Rate: 13.97%
Effective Participation Date: June 1, 2019
Number of Participating Employees: 4

Grundy County ETSB
County: Grundy
2019 Rate: 7.40%
Effective Participation Date: June 1, 2019
Number of Participating Employees: 18

Review of April and May 2019 Financial Reporting Packages

Statement of Fiduciary Net Position (February 28, 2019, March 31, 2019)

Impact of 2018 Year-To-Date Investment Income on Employer Reserves,
Funding Status and Average Employer Contribution Rates

Schedule T - Report of Expenditures (March 31, 2019 and April 30, 2019)

It was moved by Ms. Henry, seconded by Ms. Copper to approve the Consent Agenda as presented.

Vote: Unanimous Voice Vote
Absent: None

(19-05-04) (Audit Committee Meeting) The Chair of the Audit Committee reported on the meeting held on May 17, 2019.

She stated IMRF's internal auditors, RSM, presented the RSM SOC-1 Type 2 Report for the period January 1, 2018 through December 31, 2018, and issued an Unqualified Opinion.

Next, the Chair reported that RSM presented information on their work on the 2018 Financial Statement Audit, including a document that outlined RSM's responsibilities under generally accepted auditing standards. It was noted that the fieldwork on the Financial Statements and the Census Attestation was complete. It was further noted that the Schedule of Changes in Fiduciary Net Position by Employer will be finalized the week of May 20, 2019. No issues were identified, and no proposed audit adjustments or control findings were brought to the Committee's attention.

The Chair reported that the GASB 68 liability adjustment (an increase from \$1.9 million to \$13.3 million in the Net Pension Liability) was not made. The Committee stated it was warranted to be included and to report the liability.

It was further reported that the GASB 75 standard was implemented and had a \$1.2 million impact on financial statements.

The Chair of the Audit Committee stated that IMRF's Internal Audit Manager reported on the completion of the 2018 internal audit plan including completion of 213 employer audits during 2018.

The Internal Audit Manager presented the 2019 Crowe Horwath Engagement Letter from IMRF's IS Auditor for acceptance.

It was the consensus of the Audit Committee to recommend the Board approve the 2019 Engagement Letter from Crowe Horwath.

The Chair of the Audit Committee stated that IMRF's Chief Financial Officer presented the 2018 Comprehensive Financial Statement Report (CAFR) to the Committee for approval.

It was the consensus of the Audit Committee to recommend the Board approve the 2018 Comprehensive Financial Statement Report (CAFR) as presented.

Lastly, the Committee held a private session with IMRF's external auditor.

After questions and discussion, it was moved by Ms. Henry, seconded by Mr. Kuehne, to approve the recommendation of the Audit Committee.

Vote: Unanimous Voice Vote
Absent: None

(19-05-05) (Benefit Review Committee Meeting) The Chair of the Benefit Review Committee reported on the Benefit Review Committee Meeting held on May 16, 2019.

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

- To adopt the findings and conclusion of the IMRF hearing officer in the case of Maine Township.
- To uphold staff's decision terminating total and permanent disability benefits to Robert Hadley retroactively effective to September 11, 2015.
- To uphold staff's decision to seek repayment of benefits from Robert Hadley in the amount of \$26,079.75 which represents the amount of total and permanent disability benefits received by Robert Hadley while being able to perform gainful activity between September 2015 and March 2018.
- To adopt staff's recommendation to align hearing procedures with due process best practices.

Vote: Unanimous Voice Vote
Absent: None

(19-05-06) (Report of the Investment Committee Meeting) The Chair of the Investment Committee reported on the meeting held May 16, 2019.

The Investment Committee heard a presentation from a Private Equity Manager, (The IK IX Fund) followed by recommendations from staff.

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 €50 million (approximately \$56 million) to The IK IX Fund, subject to satisfactory legal due diligence; and,
- Authorize staff to complete all documentation necessary to execute this recommendation

It was moved by Ms. Henry, seconded by Ms. Copper, to approve the Private Equity recommendations.

Vote: Unanimous Voice Vote

Absent: None

Next, the Investment Committee heard presentations from two Real Estate Managers, (Blackstone Real Estate Debt Strategies IV, L.P. and Rockwood Capital Real Estate Partners Fund XI, L.P.) followed by recommendations from staff.

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

For Real Estate

- Authorize a commitment of up to \$100 million to Blackstone Real Estate Debt Strategies IV, L.P., subject to satisfactory legal due diligence;
- Authorize a commitment of up to \$50 million to Rockwood Capital Real Estate Partners Fund XI, L.P., subject to satisfactory legal due diligence; and,
- Authorize staff to complete all documentation necessary to execute these recommendations.

It was moved by Ms. Stanish, seconded by Ms. Williams, to approve the Real Estate recommendations.

Vote: Unanimous Voice Vote

Absent: None

Staff and Consultant presented the 2018 Annual Real Estate Portfolio Performance followed by an update/education session on IMRF's 2019 Asset Liability Modeling Study.

Lastly, the Investment Committee heard a presentation on Securities Lending Stay Protocol Recommendation and HarbourVest 2019 Global Fund, L.P.

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

For Securities Lending

- Authorize staff to provide consent to Northern Trust, as lending agent, to claim adherence to the ISDA 2018 US Resolution Stay Protocol on IMF's behalf;
- Authorization to update IMF's Securities Lending Agreement, pending satisfactory legal diligence; and,
- Authorize staff to complete all documentation necessary to execute these recommendations.

It was moved by Ms. Stanish, seconded by Ms. Thompson, to approve the Securities Lending recommendations.

Vote: Unanimous Voice Vote

Absent: None

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

For HarbourVest 2019 Global Fund, L.P.

- Authorize a revised commitment of up to \$200 million to the HarbourVest 2019 Global Fund, L.P., subject to satisfactory legal due diligence; and,
 - o Original recommendation authorized an evergreen separate account with HarbourVest Partners, with an initial commitment of up to \$200 million and additional annual commitments consistent with IMRF's Strategic Plan, subject to satisfactory legal due diligence, in May 2018.
- Authorize staff to complete all documentation necessary to execute these recommendations.

It was moved by Mr. Kuehne, seconded by Mr. Wallace, to approve the HarbourVest 2019 Global Fund, L.P. recommendations.

Vote: Unanimous Voice Vote

Absent: None

(19-05-07) (Approval Trustee Election Procedures) General Counsel presented the attached materials concerning the 2019 Employee Trustee Election. They include a proposed 2019 Employee Trustee Election Schedule and a memorandum regarding judges and clerks for the 2019 Employee Trustee Election. IMRF employers will elect one Employee Trustee for a five-year term beginning January 1, 2019.

MEMORANDUM

TO: BOARD OF TRUSTEES
FROM: BONNIE SHADID
DATE: 5/9/2019
RE: APPROVAL OF TRUSTEE ELECTION PROCEDURES

Executive Summary

We will administer one Trustee election in 2019. Active members will elect one Employee Trustee. Staff will use the election schedule attached to this memorandum to administer the 2019 Trustee election. The Board also appoints staff to serve as judges and clerks to administer the election.

Discussion

IMRF will administer an election for one Employee Trustee position with a five-year term beginning January 1, 2020. This position will open when Employee Trustee Natalie Copper's current term expires on December 31, 2019.

The Trustee election will be administered similarly to past elections. Section 7-175.1 of the Illinois Pension Code requires that the Board set the dates for ballot return and counting, as well as name the judges and clerks of the election.

IMRF staff administers the process for electing IMRF Trustees. Election judges coordinate various activities and make administrative decisions allowing for a smooth election process. The clerks are responsible for completing specific activities during the election process. The Board appoints staff to these positions for purposes of administering the Trustee elections.

Recommendation

Staff recommends that the Board approve the 2019 Employee Trustee Election Schedule (attached). Staff also recommends that the Board approve the appointment of the following IMRF staff members to serve as judges and clerks for the 2019 Trustee election.

Judges

Bonnie Shadid

Brandi Smith

Clerks

Tamika Harrington – Chief
Clerk
Rick Baier
Erin Cochran
Larice Davis

Jennifer Ellison
Helen Huang
John Krupa
Daniel Martinez
Anne-marie Lilly

Michael Nesson
Denise Streit
Keyla Vivas

2019 EMPLOYEE TRUSTEE ELECTION SCHEDULE

MAY 17, 2019

The IMRF Board of Trustees will approve the 2019 Employee Trustee Election Schedule, forms of petition, and election rules at the May Board Meeting. The Board will also appoint election judges and clerks.

MAY 17, 2019 – DECEMBER 20, 2019

All election information requests will be directed to the Executive Director, Communications Manager, or Legislative Liaison and will be documented in a Candidate Contact log. Staff will not disclose any specific information regarding candidates before candidates have been certified in September. No election information, other than what is available on the IMRF website, will be provided to third parties, except as required by the Freedom of Information Act (FOIA). No IMRF materials (e.g. benefit booklets and forms) will be provided to candidates, including incumbent candidates. No candidates may campaign during IMRF training sessions for employers, members, and annuitants.

JUNE 28, 2019

The IMRF *Employer Digest* will announce the Employee Trustee Election. IMRF staff will mail paper copies of the announcement to employers without internet access. The IMRF website will be updated with all election information, including nominating petitions, election rules, and candidate biography forms.

JULY 11, 2019

IMRF staff will solicit bids for the printing and tabulating of the Employee Trustee ballots. The bid requests will stipulate that the winter edition of the Member *Fundamentals* newsletter will be included with the 2019 Employee Trustee Election packet.

AUGUST 8, 2019

IMRF staff will open and review the bids for the printing and tabulating of the Employee Trustee ballots.

AUGUST 15, 2019

IMRF staff will make a recommendation regarding vendors to print and tabulate the ballots.

AUGUST 23, 2019

The IMRF Board of Trustees will approve the vendor to print the ballots (only if the bid is more than \$25,000)

AUGUST 1, 2019 - SEPTEMBER 16, 2019

Nominating petitions and biography forms for Employee Trustee will be accepted in the Fund offices. Petition forms must be received by IMRF no later than 4:30 PM on September 16, 2019. Candidates are encouraged to submit their biography forms as soon as 350 signatures are received, and no later than September 16, 2019.

SEPTEMBER 17, 2019

IMRF staff will verify the Employee Trustee nominating petitions by this date.

SEPTEMBER 18, 2019

IMRF staff will send the envelope order (artwork, specifications, etc.) to the printer. We will also send the ballot mailing dates to the printing and mailing vendors.

SEPTEMBER 18, 2019

The Executive Director will confirm nominees for one Employee Trustee position at the September Board Meeting. If only one candidate is certified as nominee, then that candidates will be submitted to be confirmed as Employee Trustee for the new term.

SEPTEMBER 18, 2019

IMRF staff will send letters to all candidates who submitted nominating petitions informing them whether or not they will be on the ballot. The Employee Trustee candidates will be provided the names of the other candidates. The nominees will also receive a proof of their biography for correction and comment. Final changes or corrections are due back by September 30, 2019.

SEPTEMBER 30, 2019*

The IMRF Employer *Reminder* will include an overview of the procedures for the Employee Trustee election.

OCTOBER 1, 2019*

IMRF staff will send the ballot and newsletter to the printer. Candidate information will be posted on the IMRF web site.

OCTOBER 11, 2019*

IMRF staff will run the Eligible Member Voter File. Staff will review a sample of the Eligible Member Voter File to ensure the quality of the address format.

OCTOBER 16, 2019*

IMRF staff will send the member address electronic file (Eligible Member Voter File) to the mailing vendor.

OCTOBER 30TH, 2019*

The 2019 Employee Trustee election packet will be mailed with the winter edition of the *Fundamentals* newsletter after staff verifies the print quality.

NOVEMBER 13, 2019*

The ballot packet/newsletter for the Employee Trustee Election will be mailed to any eligible members identified as missing from the October 30, 2019 mailing.

DECEMBER 6, 2019*

Voted ballots for the Employee Trustee Election must be returned by 4:30 PM on December 6, 2019.

DECEMBER 12, 2019*

The vendor will finish tabulating the results of the Employee Trustee Election by 4:30 PM and a final vote tally will be prepared. An IMRF staff member will be present during the tabulation of the ballots. IMRF staff will notify all candidates of the final vote by telephone. Written notice of the final vote will also be mailed by certified mail, return receipt requested, to all candidates. Each candidate will also receive notice of IMRF's Recount Procedures.

DECEMBER 20, 2019

The IMRF Board of Trustees will certify the results of the 2019 Employee Trustee Election at the December Board Meeting. IMRF staff will mail a written notice of the certification to all candidates. Staff will post the election results on the IMRF web site. Staff will send a General Memo with election results to employers in January.

DECEMBER 30, 2019

IMRF staff will ensure that email addresses on the IMRF Public Email Inbox are updated, including the addition of the email address for any new Trustee.

***These items will not be required if there is only one certified candidate**

It was moved by Ms. Stanish, seconded by Ms. Thompson, to approve the 2019 Executive Trustee Election Schedule and 2019 judges and clerks.

Vote: Unanimous Voice Vote
Absent: None

(19-05-08) (Legislative Update) General Counsel updated the Board on current legislative activity.

General Counsel reported that five bills affecting IMRF are still active:

- HB 3446 - allows members to retain disability eligibility if they have up to a three month gap in employment prior to disability and returned to participation with a different employer.
- HB 2460 - requires all public agencies and units of government in Illinois to consider specific sustainability goals.
- SB 1671 - changes the definition for emerging managers and also excludes these managers from competitive bid requirements.
- SB 1698 - requires all pension funds to broadcast meetings live online, with the exclusions for portions of meetings where member or beneficiary medical information will be discussed.
- SB 2060 - requires funds to set the MWBE investment goals as a percentage of total fees paid, rather than total dollars invested.

Discussion followed.

(19-05-09) (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: IMRF was served in January of 2012 and shares defense counsel with a group of public pension funds. 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. No claims are currently pending against the group of shareholders that IMRF is a part of, but there is a chance that some form of a claim could be revived. These chances recently became much slimmer as the Litigation Trustee's motion to amend the complaint to include a federal constructive fraudulent conveyance claim against the shareholders was denied.

IMRF continues to monitor this litigation.

THOMAS SHEAHAN v. MEABF AND IMRF (COOK COUNTY 2017 CH 14040)

Summary: This is a case in which the Plaintiff is attempting to reinstate creditable service with the MEABF as a result of the prior *Village of Oak Brook v. Sheahan and Sheahan v. IMRF* litigation. IMRF was recently added as a co-defendant. MEABF also filed a crossclaim against IMRF for payment of interest on the disputed funds.

Status: Plaintiff has filed a Third Amended Complaint. IMRF has filed a motion to dismiss which is fully briefed and set for argument on June 10.

WILLIAMSON COUNTY v. IMRF (WILLIAMSON COUNTY 18 MR 215)

Summary: This is administrative review of IMRF's adoption of hearing officer recommendation to affirm the staff decision to terminate the IMRF participation of the County Commissioners.

Status: IMRF has filed its answer and administrative record to Plaintiffs' First Amended Complaint. This matter is fully briefed and is set for oral argument on May 28.

JEFF BOYD v. IMRF (ROCK ISLAND COUNTY 18 MR 514)

Summary: This is administrative review of IMRF's adoption of hearing officer recommendation to affirm the staff decision to plaintiff's service credit and salary related to his service as Sheriff.

Status: After initially granting IMRF's motion to dismiss with prejudice, the Court granted Plaintiff's motion to reconsider its prior ruling. The Court granted Plaintiff leave to file an amended complaint by May 13.

BRENDA HORTON v. IMRF (COOK COUNTY 18 CH 10774)

Summary: This is administrative review of IMRF's closure of Plaintiff's disability claim.

Status: IMRF's motion to dismiss was granted without prejudice. Plaintiff was granted until April 24, 2019 to file an amended complaint, to which IMRF will file a responsive pleading. The next status date is scheduled for May 29, 2019.

ROBERT ALLEN v. IMRF (ST. CLAIR COUNTY 18 MR 303)

Summary: This is administrative review of IMRF's adoption of hearing officer recommendation to affirm the staff decision to terminate the IMRF participation of the County Board Member, Robert Allen.

Status: This matter is fully briefed and is set for oral argument on June 3, 2019.

RICHARD CHAPPELL v. IMRF, ET AL. (COOK COUNTY 18 CH 12400)

Summary: This is administrative review of IMRF's adoption of hearing officer recommendation to affirm the staff decision to remove omitted service credit from the Plaintiff based on the employer conducting its own audit and determining that he was not entitled to omitted service. Plaintiff has named both IMRF and his former employer, River Forest Township, as defendants in the lawsuit.

Status: IMRF has filed a motion to dismiss this case. IMRF's motion was granted with respect to Count II but denied with respect to Count I. IMRF will file an administrative record no later than May 24. The current briefing schedule is for Plaintiff to file his brief no later than July 12; the Defendants file their responses by August 16; and Plaintiff to file his reply no later than August 30. This matter is then up for status on September 3.

(19-05-10) (Resolution Setting Forth Acceptable Methods of Establishing Date of Birth) General Counsel presented an amendment to Board Resolution 2005-12-10(a), stating IMRF accepts certain documents to prove date of birth for benefit purposes for Board approval.

She stated that the amended Resolution would contain more acceptable documents to prove date of birth, including REAL ID state-issued identification cards.

It was moved by Ms. Thompson, seconded by Mr. Kuehne, to adopt the following Board Resolution:

WHEREAS, the correct birthdate is necessary in determining the amount of retirement, survivor, beneficiary, child, and reversionary annuities and also in determining the present value and cost of the monthly benefits and

WHEREAS, the correct birthdate is necessary in disability claims in determining the cost of permanent disability annuities and also as a means of safeguarding against payment beyond full Social Security Retirement Annuity age; be it

RESOLVED, that

1. applicants for retirement, survivor, beneficiary, child, and reversionary annuities submit acceptable proof of their date of birth on or before application for benefit, and
2. applicants for disability benefits submit acceptable proof of their date of birth if they are over age fifty on the date of disability, and
3. disability beneficiaries, who are under age fifty at date of disability, submit acceptable proof of their date of birth prior to award of total and permanent disability benefits; and be it further

RESOLVED, that acceptable proof of birth shall consist of an official birth certificate or a delayed record of birth, but if these records are not available and the employee submits a signed statement to this effect, one of the following documents may be considered acceptable proof of date of birth:

1. Census Bureau record (A record may be obtained from the U.S. Department of Commerce, Bureau of the Census).
2. Church record of birth or baptismal certificate.
3. Hospital record of birth or certificate.
4. Physician or midwife's certification of birth.
5. School record.
6. Naturalization record.
7. Immigration record.
8. Public record of birth.
9. Military records.
10. U.S. Passport.
11. Foreign passport showing date of birth.
12. REAL ID-compliant state-issued identification cards.
13. Other evidence which would prove the date of birth or age.

Vote: Unanimous Voice Vote
Absent: None

(19-05-11) (Resolution Amending Employer Audit Follow Up Procedures)
General Counsel presented an amendment to Board Resolution 2008-02-08, noting that both the Legal Department and Audit Department reviewed Board Resolution 2008-02-08 and determined some updates were needed due to the passage of time and the need to reflect updated procedures.

It was moved by Mr. Kuehne, seconded by Ms. Copper, to adopt the following Board Resolution:

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules necessary or desirable for the efficient administration of the Fund; and

WHEREAS, to ensure IMRF employers are correctly implementing IMRF statutes, policies, and procedures, IMRF conducts Employer Audits; and

WHEREAS, a key part of IMRF's Audit process is IMRF's follow-up with employers to ensure that they resolve exceptions and come into compliance.

NOW, THEREFORE, BE IT RESOLVED that the IMRF staff will undertake the following action steps when completing an employer audit and implementing audit findings:

A. Communication with Employer

1. Audits will conclude with a verbal exit interview which identifies all exceptions so the content of subsequent correspondence will not be a surprise.

2. Initial Report

- To be emailed by the responsible IMRF audit staff member within two weeks of the completion of the audit.
- Neutral/factual report.
- Sent to Authorized Agent; with copies to a Chief Operating Officer (such as the Village Manager, County Administrator, School Superintendent), Internal Audit Manager, Internal Audit Supervisor, and Field Representative.
- Requires employer to respond within two weeks of emailing the report.
- Follow-up email/call will be made by IMRF audit staff to determine status of compliance the day after response due date.

3. Next Level Letter

- Occurs when Authorized Agent does not respond to the initial report or if Authorized Agent denies access to records and prevents an audit.
- Intended to reach additional parties at the employer. (Signed by the Internal Audit Manager.)
- Addressee will be the Governing Body with copies to the Authorized Agent, Chief Executive Officer/Chief Operating Officer, IMRF Internal Audit Supervisor, Field Representative, and Field Services Manager.

4. Final Letter

- Used after Next Level Letter and only if the Governing Body is nonresponsive (Signed by the Executive Director).

- This letter can also address employers who have not submitted the required documents to conduct audit testing. In this instance, an external audit firm can be engaged to complete the audit on-site at the employer's offices. The cost incurred by IMRF in engaging the external audit firm may be billed to the employer upon approval by the Audit Committee.
- Outlines the steps to be taken administratively by IMRF in order to conduct the audit or resolve the audit findings.
- Letters could go to:
 - Participants
 - Internal Revenue Service
 - Local Press (Press Release)
 - Unions
 - State's Attorney's Office
 - Employer's External Auditors

B. Removal of Authorized Agents

Occasionally, IMRF encounters Authorized Agents who lack the commitment to be an effective liaison between IMRF and the unit of local government. Historically, IMRF has not objected to the continued use of an appointed agent. Depending on the circumstances, IMRF would request appointment of a new Authorized Agent.

C. Appeal of Findings

- If employers disagree with the findings, they will be offered the right to an administrative appeal.
- Hearings would be pursuant to the IMRF non-disability appeal procedures.

D. Cost

Normal audits are part of IMRF's cost of doing business. Audits requiring excessive IMRF staff time due to non-compliance or non-cooperation (when an issue of judgment is not involved) may be charged to the recalcitrant employer after approval by the Audit Committee.

Vote: Unanimous Voice Vote
Absent: None

(19-05-12) (Resolution Rescinding Outdated Board Resolutions)

General Counsel reported that staff has been periodically reviewing active IMRF Board Resolutions to recommend amendment or rescission of a Resolution when deemed necessary. Several Resolutions (1957-3458; 1959-4236; 1959-4236; 1959-4427; 1962-5263; 1965-6060; 1966-6399; 1966-6468; 1968-7033(g); 2005-10-11(c); and, 2006-06-06) were identified as being obsolete due to the passage of time or legislative change.

After questions and discussion, it was moved by Ms. Henry, seconded by Mr. Kuehne, to adopt the following Board Resolution:

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules necessary or desirable for the efficient administration of the Fund; and

WHEREAS, the Board of Trustees has previously adopted Resolutions 1957-3458, 1959-4236, 1959-4427, 1962-5263, 1965-6060, 1966-6399, 1966-6468, 1968-7033(g), 2005-10-11(c) and 2006-06-06 establishing certain Board policies; and

WHEREAS, these policies are now obsolete because of statutory changes or passage of time; and

WHEREAS, it is appropriate that these resolutions be rescinded.

NOW THEREFORE BE IT RESOLVED that Board Resolutions 1957-3458, 1959-4236, 1959-4427, 1962-5263, 1965-6060, 1966-6399, 1966-6468, 1968-7033(g), 2005-10-11(c) and 2006-06-06 be and are hereby rescinded.

Vote: Unanimous Voice Vote
Absent: None

(19-05-13) (Resolution Amending the Certification Requirement for Elected and Appointed Officials) General Counsel presented a Resolution for adoption by the Board regarding recertification of elected and appointed officials.

She reported that requirements for the certification of elected and appointed positions are described in several board resolutions, and an additional resolution addresses determination of eligibility for participation.

After questions and discussion, it was moved by Ms. Copper, seconded by Mr. Wallace, to adopt the following Board Resolution that consolidates existing resolutions, removes the 2-year recertification requirement, and modifies some of the current rules regarding the recertification of non-governing body elected officials:

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules necessary or desirable for the efficient administration of the Fund in accordance with the provisions of Article 7 of the Pension Code; and

WHEREAS, section 7-200 of the Pension Code authorizes the Board of Trustees to make administrative decisions on participation and coverage which are necessary for carrying out the intent of the Fund in accordance with the provisions of Article 7 of the Pension Code; and

WHEREAS, it is advisable for the Board to adopt rules and regulations applicable to participation by the members of governing bodies and other elected and appointed officials for direction of the Executive Director and staff; and

WHEREAS, the IMRF Board of Trustees has previously ruled that it is the responsibility of each IMRF participating unit of government to determine if an employee's position is expected to satisfy the standard hours for IMRF participation; and

WHEREAS, the IMRF staff has the responsibility to interpret Article 7 of the Illinois Pension Code and to assist each participating unit of government in making decisions on eligibility for IMRF participation by furnishing instructions and guidelines.

WHEREAS, IMRF Board Resolutions 2017-02-13 and 2017-05-10 required the governing body of a municipality to adopt a resolution in a form satisfactory to IMRF no later than September 1, 2017 finding that elected and appointed positions normally require performance of duty during 600 hours (or 1,000 hours, as applicable) or more in a year, if the incumbent in that position is to be eligible for IMRF participation; and

WHEREAS, the IMRF Board finds that the recertification of elected positions which occurred no later than September 1, 2017, accomplished its purpose of identifying which positions were no longer eligible for IMRF participation due to the passage of time or technological advances, and IMRF's records have been updated accordingly.

NOW, THEREFORE, BE IT RESOLVED that the following rules and regulations be adopted:

1. A member of a governing body shall receive creditable service for service as a member of the governing body upon the fulfillment of the following requirements:
 - a. If he or she is in an elected position, he or she has elected to participate in the Fund.
 - b. The duties of his or her position normally require performance of duty for the applicable hourly standard.
 - c. The governing body of the municipality has adopted a resolution in a form satisfactory to the Board finding that the jobs of the members of the governing body normally require performance of duty for the applicable hourly standard. The requirement that the positions of governing bodies must be recertified every two years after the initial September 1, 2017 certification deadline, as set forth in Board Resolutions 2017-02-13 and 2017-50-10, is rescinded.
 - d. A certified copy of the resolution and appropriate reports of earnings are filed with the Fund.

- e. It is best practices for members of governing bodies to maintain time sheets documenting the time spent on official government business as a member of the governing body of the municipality.
2. A member of a governing body of a municipality beginning participation after the adoption of this resolution shall be entitled to service credit for prior service upon fulfillment of these requirements:
- a. If he or she is in an elective position, he or she has elected to participate in the Fund within 30 days after the effective date of the employer's IMRF participation or the first date of service subsequent to the effective date of the employer's IMRF participation, whichever is the later.
 - b. A resolution has been adopted by the governing body finding that the positions of members of the governing body normally required performance of duty for the applicable hourly standard and specifying the period of time prior to the effective date this was the case.
 - c. A certified copy of the resolution was filed with the Fund within 90 days of the effective date.
 - d. The service for which credit is requested is within the period specified in the resolution.
 - e. It is best practices for members of governing bodies to maintain time sheets which document the time spent on official government business as a member of the governing body of the municipality.
3. A member in a non-governing body elected position shall receive creditable service for service in that non-governing body elected position upon the fulfillment of the following requirements:
- a. He or she has elected to participate in the Fund.
 - b. The duties of his or her position normally require performance of duty for the applicable hourly standard.
 - c. If holding office on or after the effective date of this resolution, he or she has certified to the Fund, in a form satisfactory to the Fund, that his or her position normally requires performance of duty for the applicable hourly standard.
 - d. The IMRF Authorized Agent of the municipality has certified, in a form satisfactory to the Fund, that the non-governing body elected position meets the applicable hourly standard, in accordance with the Authorized Agent's duties set forth in 40 ILCS 5/7-135(b).

- e. The requirement that the elected positions of non-governing officials must be recertified every two years after the initial September 1, 2017 certification deadline, as set forth in Board Resolution 2017-02-13, is rescinded.
 - f. It is best practices of the elected members who are non-governing body officials to maintain time sheets which document the time spent on official government business as an elected non-governing official.
4. The determination of eligibility for individual participation in IMRF, within the requirements of the Illinois Pension Code and under the guidelines as provided by IMRF, is the primary responsibility of each IMRF participating unit of government.
 5. Notwithstanding the fact that the primary responsibility for determining IMRF eligibility rests with each IMRF participating unit of government, the Board of Trustees, as the administrators of the Fund, may inquire into determinations of eligibility to participate in IMRF, and other related matters affecting the payment of benefits to members or potential members, and reserves the right to make independent determinations on the basis of facts available. When evaluating whether an elected position qualifies for IMRF participation, certification by a governing board or by an individual elected official may be a factor considered by the Board of Trustees but will not control the Board's final determination.
 6. Differences of opinion between the employer and IMRF staff relative to participation and other matters affecting the payment of benefits to members or potential members, shall be resolved in accordance with the applicable appeal procedures as set by the Board.

Vote: Unanimous Voice Vote
Absent: None

(19-05-14) (Strategic Planning Process: Steps 2 & 3 - STEP & SWOT Analyses) As part of IMRF's triennial strategic planning process, Board Members and senior leadership completed a STEP (Societal, Technological, Economic, and Political) analysis, identifying environmental factors that could impact IMRF over the next three years, and a SWOT (Strengths Weaknesses, Opportunities, and Threats) analysis, identifying internal and external factors that will be considered in the 2020-2022 IMRF Strategic Plan.

(19-05-15) (Report of Executive Director) The Executive Director gave an update to the Board on IMRF's Modernization Project.

