The Regular Meeting of the Board of Trustees was held electronically via GoToMeeting at 9:00 a.m. on May 29, 2020. (Per Executive Order 2020-07, as extended by Executive Order 2020-18 and Executive Order 2020-33.) The Public was able to participate telephonically by dialing: 1-571-317-3122. Access Code: 755-064-333.

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

Ms. Janicki Clark took a roll call:

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

Ms. Dean and Messrs. Kazemi and Born from Wilshire Associates, and Messrs. Buis, Murphy and Pieterse from Gabriel Roeder Smith were also present electronically via GoToMeeting. Members from the Public were present telephonically.

Trustee Stafford joined the meeting at 9:10 a.m.

(20-05-01) (Gabriel, Roeder Smith & Company 2019 Actuarial Valuation and Gain (Loss) Analysis) Mr. Buis from Gabriel Roeder Smith Company presented IMRF’s Annual Actuarial Valuation as of December 31, 2019, and IMRF’s Gain/Loss Analysis, noting that the objective of the Analysis is to calculate employer rates for 3,361 plans for the 2021 calendar year; measure financial position and funding progress; and, substantiate changes in financial position that occurred during the year.

Highlights of the presentation included:
- IMRF experienced a net gain in 2019 mostly due to economic experience.
- Average 2021 rates will be slightly lower than 2020 rates.
- 2022 rates will be affected by:
  - Continued emergence of Tier 2;
  - Continued recognition of 2019 investment gain;
  - An experience study, analyzing all assumptions; and
  - Covid-19
- IMRF is now 90.7% funded (94.9% based on market value); which is well above the national average.

Messrs. Born and Kazemi presented the following 1st Quarter 2020 performance highlights as of March 31, 2020:

- IMRF ended March 2020 with a market value of $38.5 billion, down for the +
  - For the quarter, IMRF trailed the benchmark -13.43% (Net of Fees) versus -11.27%. The Funds 1st Quarter return ranks at the 66th percentile relative to peers, but remains above median over longer time horizons.
- Domestic Equity composite (-22.83%, Net of Fees) underperformed the Russell 3000 benchmark (-20.90%), and ranked above median (45th percentile) during the 1st Quarter.
- International Equity composite (-24.01%, Net of Fees) underperformed the MSCI ACWI ex-US benchmark (-23.36), and ranked at median (51st percentile) during the 1st Quarter.
- Fixed Income composite return (-0.25%, Net of Fees) trailed the Bloomberg Barclays US Aggregate Index benchmark (3.15%) and ranked above median (51st percentile) during the quarter.
- The Real Estate portfolio returned 2.05% during the 1st Quarter, beating the NFI ODCE benchmark return of 0.75%, and the Alternatives portfolio returned 1.78% during the 1st Quarter.
- The Chief Investment Officer and Consultant do not recommend any rebalancing at this time.

Ms. Williams left the meeting at 10:10 a.m.  
Ms. Williams returned to the meeting via GoToMeeting at 10:16 a.m.
Mr. Wallace left the meeting at 10:22 a.m.

(20-05-03) (Investment Manager Activities – Wilshire Associates)  
Messrs. Born and Kazemi from Wilshire Associates presented a report on IMRF’s Performance for the month of April.

Messrs. Born and Kazemi presented the following monthly performance highlights as of April 30, 2020:

- The market value of IMRF ended April 2020 with a market value of $41.1 billion, up for the month by approximately $2.5 billion. IMRF returned +6.88% for the month of April, outperforming the Total Fund Benchmark of +6.81%.
- The U.S. Equity Portfolio outperformed the benchmark for the month of April returning +13.67% versus 13.24%.
- The Public Real Assets Portfolio underperformed its benchmark for the month of April returning +7.41% versus +8.82%.
- The International Equity Portfolio outpaced the return of the benchmark for the month of April, +7.67% versus +7.58%.
- The Fixed Income Portfolio outperformed its benchmark during the month of April, +2.37% versus +1.78%.

The Chief Investment Officer reported that the fund value as of May 27, 2020 was $42.4 billion. She further reported that as of May 27, 2020, our Domestic Equity portfolio was up 6.28% versus the benchmark of 5.25%; International Equity portfolio was up 3.12% versus the benchmark of 2.49%, and our Fixed Income portfolio was up .62% versus the benchmark of .24%.

Questions and discussion followed.
Trustee Wallace returned to the meeting via GoToMeeting at 10:30 a.m.

(20-05-04) (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 20-03-22

Schedules - Dated April, 2020

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 F - Benefits Terminated.

Schedule G - Administrative Benefit Denials.

Schedule P - Administrative Denial of Application for Past Service Credit.

Schedules - Dated May, 2020

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 F - Benefits Terminated.

Schedule G - Administrative Benefit Denials.
Bids

Additional IMRF Laptops (25 total)
Approved Bidder: Dell, Inc.
Approved Bid: $41,841.91.

Contractor Services for Boardroom Kitchen Upgrade
Approved Bidder: West DuPage Construction
Approved Bid: $29,007.14

Generator Addendum 2.0 – Ceiling Increase
Approved Ceiling Increase: Not To Exceed $280,000.

Hardware Maintenance Renewal
Approved Bidder: Continuum Solutions
Approved Bid: $55,190.44 (Not To Exceed $80,000 for next 3 years)

HPE Nimble Storage Array Upgrade
Approved Bidder: American Digital Corporation
Approved Bid: $35,303.00.

Project Management Services – Standardization and Training
Approved Bidder: Integrated Project Management (IPM)
Approved Bid: $30,275. (maximum)

Remote Contact Center Laptops
Approved Bidder: Zones, LLC
Approved Bid: $59,221.44.

Employee and Annuitant Trustee Elections – Ballot Tabulation
Approved Bidder: Tab Services
Approved Bid: $20,700.00.

Executive, Employee, and Annuitant Trustee Elections
Approved Bidder: Graphic Partners
Approved Bid: $29,667.00.

April and May 2020 Financial Reporting Packages

Impact of 2020 Year-To-Date Investment Income of Employer Reserves, Funding Status and Average Employer Contribution Rate (April & May 2020)

Statement of Fiduciary Net Position (February and March 2020)

Schedule T – Report of Expenditures (March and April 2020)

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

Vote:
Aye: Miller, Copper, Henry, Kuehne, Stanish, Stafford, Wallace, Williams
Nay: None
Absent: None
(20-05-05) (Lease Extension for IMRF Offices) The Executive Director presented a recommendation to approve a two-year lease extension with JLL to December 31, 2025, subject to final negotiation and legal due diligence.

He noted that the Board previously approved the purchase of a generator which will require IMRF to acquire additional space and wiring in the building, along with approval of the generator plans.

The Executive Director reported that our property management company, JLL, agreed to a two-year extension of our lease (from October 30, 2023 to December 31, 2025), and will provide additional tenant improvements, two months of free rent, and other lease modifications advantageous to IMRF.

After questions and discussion, it was moved by Ms. Stanish, seconded by Ms. Copper, to approve a two-year lease extension with JLL to December 31, 2025, subject to final and legal due diligence.

Vote:

Aye: Miller, Copper, Henry, Kuehne, Stanish, Stafford, Wallace, Williams
Nay: None
Absent: None

(20-05-06) (Audit Committee Meeting) The Chair of the Audit Committee reported on the Audit Committee Meeting that was held electronically via GoToMeeting on May 29, 2020.

The Audit Committee heard a presentation by RSM on the SOC 1 Type 2 report for the period January 1, 2019 through December 31, 2019, released on March 2, 2020. RSM discussed with the 2019 CAFR work performed and GASB Statement No.68 reporting and requested a deferral of the release of the audit opinions and report.

The Chair of the Audit Committee reported that the release of an audit opinion on the financial statements had to be deferred per the request of IMRF’s external auditor, RSM. The acceptance of the 2020 RSM contract for the 2020 SOC 1 engagement was accepted. A special Audit Committee meeting to be held the following week to discuss and accept these the audit opinions and the 2019 CAFR.

The internal audit plan was presented by IMRF’s Internal Audit Officer, who reported on the completion of the 2019 internal audit plan including completion of 191 employer audits during 2019. It was noted that, based on the 2019 internal audit plan results, IMRF system of internal controls is operating effectively.

It was moved by Mr. Wallace, seconded by Ms. Copper, to approve the recommendation of the Audit Committee.

Vote:

Aye: Miller, Copper, Henry, Kuehne, Stanish, Stafford, Wallace, Williams
Nay: None
Absent: None
(20-05-07) (Benefit Review Committee Meeting) The Chair of the Benefit Review Committee reported on the Benefit Review Committee Meeting that was held via GoToMeeting on May 28, 2020.

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

• To affirm staff’s decision denying temporary disability benefits to Candance L. Janowiak. The Benefit Review Committee was not persuaded that the medical records supported Candance L. Janowiak’s subjective complaints. Therefore the Benefit Review Committee was persuaded by the medical and psychiatric consultants’ opinions that the evidence did not show that a disabling condition prevented Candance L. Janowiak from performing her job duties as required by Section 7-146 of the Illinois Pension Code for the disability time period.

• To affirm staff’s decision denying temporary disability benefits to Shannon Carnahan. The Benefit Review Committee was not persuaded that the medical records supported Shannon Carnahan’s subjective complaints. Therefore, the Benefit Review Committee was persuaded by the psychiatric consultant’s opinion that the evidence did not show that a disabling condition prevented Shannon Carnahan from performing his job duties as required by Section 7-146 of the Illinois Pension Code for the disability time period.

Vote:
Aye: Miller, Copper, Henry, Kuehne, Stanish, Stafford, Wallace, Williams
Nay: None
Absent: None

(20-05-08) (Investment Committee Meeting) The Chair of the Investment Committee reported on the Investment Committee Meeting that was held via GoToMeeting on May 28, 2020.

The Chief Investment Officer gave a Private Equity presentation to the Investment Committee that included recommendations, followed by presentations from two Private Equity managers (Lightspeed India Partners III, L.C. and Harpoon Venture 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 $25 million to Lightspeed India Partners III, LLC, subject to satisfactory legal due diligence;
• Authorize a commitment of up to $7.5 million to Harpoon Ventures II, L.P., subject to satisfactory legal due diligence; and,
• Authorize staff to complete all documentation necessary to execute this recommendation.
The Chief Investment Officer gave a Real Estate presentation during the Investment Committee Meeting that included recommendations, followed by presentations from a Real Estate manager (AEW Fund IX, L.P.).

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 $50 million to AEW Partners Real Estate Fund IX, L.P., subject to satisfactory legal due diligence; and
- Authorize staff to complete all documentation necessary to execute this recommendation.

Next, the Chief Investment Officer gave an Internal U.S. Equity Portfolio update to the Investment Committee that included recommendations.

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

**For Public Markets – Internal U.S. Equity Portfolio Update and Recommendation**
- Authorize up to $1 billion in assets to be managed by staff in a new internal U.S. Large Cap Factor Diversity Portfolio benchmarked to a GSAM U.S. Large Cap Active Beta FDP model portfolio.
  - Funding source for the recommended portfolio will be existing public market mandates. A potential funding source for the recommended portfolio is the NTGI S&P 500 Value Index and/or DFA mandate(s).
- Authorize Professional Services mandate to GSAM to deliver a model portfolio to IMRF, pending satisfactory legal due diligence; and,
- Authorize staff to complete all documentation necessary to execute this recommendation, subject to satisfactory legal due diligence.

Lastly, the Chief Investment Officer along with our Consultant, Wilshire Associates, presented the 2019 Annual Private Markets Portfolio Performance Review.

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

Vote:
- Aye: Miller, Copper, Henry, Kuehne, Stanish, Stafford, Wallace, Williams
- Nay: None
- Absent: None

(20-05-09) (Approval of Trustee Election Procedures) General Counsel presented the Trustee Election Procedures for the four open Trustee positions in 2020. Active members will elect two Employee Trustees each with a five-year term of office beginning January 1, 2021; employers will elect one Executive Trustee with a five-year term of office beginning January 1, 2021; and, annuitants will elect one Annuitant Trustee with a five-year term of office beginning January 1, 2021.
General Counsel stated that Section 7-175.1 of the Illinois Pension Code requires the Board set dates for the ballot return and counting, as well as naming the Judges and Clerks for the election.

After questions and discussion, it was moved by Ms. Stanish, seconded by Mr. Stafford, to approve the following ballot return and counting dates and appoint the following IMRF members to serve as judges and clerks for the 2020 Trustee election:

<table>
<thead>
<tr>
<th>Position</th>
<th>Ballot Return Date</th>
<th>Ballot Counting Date(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuitant</td>
<td>December 4, 2020</td>
<td>December 5-8, 2020</td>
</tr>
<tr>
<td>Employee</td>
<td>December 4, 2020</td>
<td>December 5-10, 2020</td>
</tr>
<tr>
<td>Executive</td>
<td>December 10, 2020</td>
<td>December 11, 2020</td>
</tr>
</tbody>
</table>

Judges
Bonnie Shadid    Brandi Smith

Clerks
Tamika Harrington (Chief Clerk)    Daniel Martinez
Rick Baier            Anne-marie Lilly
Arthur Castillo       Michael Nesson
Larice Davis          Maureen O’Brochta
Jennifer Ellison     Denise Streit
John Krupa           Keyla Vivas

Vote:
Aye: Miller, Copper, Henry, Kuehne, Stanish, Stafford, Wallace, Williams
Nay: None
Absent: None

(20-05-10) (Approval of Resolutions) General Counsel presented the following four resolutions for Board approval.

Resolution Regarding Separation from Service
General Counsel recommended that the Board adopt the following resolution that will align IMRF’s practices more closely with the requirements of the Internal Revenue Service with regards to separation of service. She noted that the proposed resolution applies the legal guidance that staff received from IMRF’s tax counsel, Ice Miller, to IMRF’s current retirement and return to work policies.

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

WHEREAS, Section 7-141 of the Illinois Pension Code conditions the payment of a retirement annuity on an employee’s separation of service from all IMRF participating employers; and

WHEREAS, the Internal Revenue Service has ruled that individuals who retire with the explicit understanding with their employer that they will
continue working are not separating from service with the employer are not legitimately retired; and

WHEREAS, in order to preserve IMRF’s qualified plan status under the Internal Revenue Code, IMRF may not pay a retirement annuity to an employee who has not legitimately separated from service with their IMRF employer; and

WHEREAS, the Internal Revenue Service has provided guidance that an individual under the age of 59 ½ who receives retirement payments without a bona fide separation of service has received an in-service distribution and may be subject to early distribution tax penalties under the Internal Revenue Code; and

WHEREAS, it is necessary to adopt rules consistent with Internal Revenue Service rules and regulations.

THEREFORE BE IT RESOLVED that the following administrative rules be and are hereby adopted by the Board of Trustees:

A. In order for a member to qualify to receive a retirement annuity, the member must separate from the service of all IMRF employers. Moving from a qualifying IMRF position to a temporary or part-time position at an IMRF employer, or becoming a leased employee or an independent contractor of an IMRF employer, is not sufficient to constitute a bona fide separation from service.

B. A member may never prearrange continued employment as a common law employee, leased employee or independent contractor with an IMRF employer at the time of retirement from that employer. Such arrangement does not constitute a bona fide separation of service and such individuals would not be eligible to receive an IMRF pension.

C. IMRF will suspend the retirement annuity of a member who returns to employment or service with an IMRF employer earlier than sixty (60) days from their annuity start date. The suspension will begin on the first day of the month following the reemployment. This is true regardless of the number of hours worked, or whether the retiree is employed as an independent contractor.

D. Retirees who have received one or more retirement annuity payments after returning to service in violation of this policy will be required to return such payment(s) to IMRF. In the case of hardship, staff is permitted to enter into a repayment plan with the effected retiree, for a term not to exceed eight years.

E. After sixty (60) days from the annuity start date, retirees may return to service with an IMRF employer, provided that there was no pre-arranged agreement to return to employment before retirement. In this case, the return to work rules established by the IMRF Board will apply.

F. Elected officials and officials appointed to an elected office are not eligible to receive a retirement annuity while serving in that office if the individual has received IMRF service credit for service in that elected office. Any retiree, however, can be elected or
appointed to an elected office and remain eligible for their retirement annuity as long as the retiree has never earned service credit for service in that elected office.

These rules will take effect as of January 1, 2021. This resolution will have prospective effect to individuals with retirement dates on or after the date that these rules take effect.

WHEREAS, Public Act 101-0610, effective January 1, 2020, created Section 7-159(d) of the Pension Code which provides rules relating to refunds of survivor credits; and

WHEREAS, Public Act 101-0610 permits eligible surviving spouses to repay the previously refunded surviving spouse credits in order to establish eligibility for a surviving spouse annuity during a one-year window beginning May 1, 2020; and

WHEREAS, it is necessary to adopt rules for the efficient administration of Section 7-159(d).

THEREFORE BE IT RESOLVED that the following administrative rules be and are hereby adopted by the Board of Trustees:

G. To establish eligibility for a surviving spouse annuity under 40 ILCS 5/7-159(d), payment may be made by making a lump sum payment of the refunded survivor credits with interest calculated to the date of payment. Multiple or partial payments will be rejected and returned to the applicant.

H. Payment must be received in IMRF offices no later than April 30, 2021 in order to establish eligibility under Section 7-159(d).

Resolution Regarding Accelerated Payments

General Counsel presented the following resolution for Board approval that combines all of the established Board rules regarding accelerated payments in one 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, section 7-172(k) of the Pension Code provides for the Accelerated Payment of pension costs attributable to earnings increases over the previous year, paid during the Final Rate of Earnings period, of more than the higher of 6% or 1.5 times the CPI-U; and

WHEREAS, it is necessary to adopt rules for the efficient administration of section 7-172(k).

THEREFORE BE IT RESOLVED that the following administrative rules be and are hereby adopted by the Board of Trustees:

A. The employer contribution required under section 7-172(k) ("Accelerated Payment") shall be determined as follows:
1. Member has only one employer during the Final Rate of Earnings ("FRE") period:

   a. Calculate the member's retirement annuity using earnings as reported and determine its present value;

   b. Calculate the member's retirement annuity excluding excess earnings and determine its present value;

   c. Subtract the present value of (b) from the present value of (a);

   d. The result from (c) is the amount of the required Accelerated Payment;

   e. For purposes of this rule, "excess earnings" are defined as: the amount, if any, of reported earnings in any of the 12-month periods in the FRE period that exceed the previous 12 months by the greater of 6% or 1.5 times the Consumer Price Index-Urban. (The CPI-U is determined per paragraph B, below.) Excess earnings are determined on a 12-month basis.

   f. For purposes of this rule, the "Final Rate of Earnings" period for a Tier 1 member is 48 months and shall consist of four 12-month periods. The Final Rate of Earnings period for a Tier 2 member is 96 months and shall consist of eight 12-month periods.

2. Member has more than one employer during the FRE period:

   a. The employer that paid the excess earnings (defined in A.1.e., above) will be responsible for the Accelerated Payment.

   b. If more than one employer paid excess earnings, the Accelerated Payment will be split based on the proportion of excess earnings from each employer compared to the total excess earnings.

B. If 1.5 times the Consumer Price Index-Urban (CPI-U), as announced in September, is greater than 6%, that greater amount will be used to determine excess earnings for each of the 12-month periods that begin between October and the following September. The CPI-U for each year (as announced in September) will be considered only for the 12-month periods beginning during the following October through September.

C. If a member's retirement annuity is calculated pursuant to section 7-142(a)(1)(a) of the Pension Code, an employer contribution under section 7-172(k) is not required.

D. If the FRE is calculated with earnings from employment covered by another participating system under Article 20 of the Pension Code (Retirement Systems Reciprocal Act), no Accelerated Payment will be assessed for any earnings attributable to that employment.
E. The following shall not be considered when determining excess earnings:

1. Overload of overtime earnings, defined as cash compensation paid for hours worked in excess of a standard workday or workweek.

2. Earnings increases attributable to promotions resulting in increased responsibility and workload.

3. Earnings increases paid pursuant to a collective bargaining agreement (CBA) or contract entered into, amended, or renewed before January 1, 2012.
   a. Increases paid pursuant to a provision of a CBA in effect before 1/1/2012, but after that CBA expired, are exempt if the pre-requisite for the increase occurs during the period covered by the CBA.
   b. Increases paid pursuant to personal services contracts entered into, amended or renewed prior to 1/1/2012 are exempt during the term of the contract, if the contract term conforms to all applicable statutory limitations. If there are no statutory limits on the contract term, and the term of a contract exceeds that of the appointing authority and is an attempt to bind successors in matters incident to their own administration and responsibilities, such contract may not be used for purposes of an exemption.

4. Earnings increases paid to members who are 10 years or more from retirement eligibility.
   a. Retirement eligibility is defined as age 55 for Tier 1 regular plan and ECO plan members; age 50 for SLEP members; and age 62 for Tier 2 regular plan and ECO plan members.

5. Earnings increases resulting from increases in number of hours to be worked.

6. Earnings increases attributable to personnel policies adopted before 1/1/2012 and applicable only to employees in service before 1/1/2012 or earlier.
   a. Personnel policies eligible for this exemption must:
      i. be in writing, and
      ii. specifically exclude from those payments that would trigger the Accelerated Payment employees hired on or after a certain date (but no later than 1/1/2012), and
      iii. be formally adopted by the employer's governing body on or before 1/1/2012.
7. Earnings increases resulting from payments for unused vacation time made in the final 3 months of the final rate of earnings period.

F. The required Accelerated Payment will be calculated when the member's retirement annuity is processed and paid. The employer will be billed and will have 90 days to make the Accelerated Payment interest free. After 90 days, interest will accrue at the assumed rate of return. In any case, the payment must be made within 3 years. For purposes of determining the 90-day interest free grace period and the three-year payment period, an employer shall be deemed to have received a bill for the Accelerated Payment on the first day of the month following the bill date indicated on the bill. Increases in the present value of less than $5,000 shall not require an immediate employer payment but will be funded with and in the same manner as the present value of the entire pension.

G. An employer may dispute the amount of the Accelerated Payment by applying in writing for a recalculation within 30 days of the receipt of the bill. Unless the recalculation results in a change to the original amount billed, the request for a recalculation shall not extend the 90-day grace period.

H. An employer may claim an exemption to the Accelerated Payment by filing an exemption form with IMRF within the 30-day dispute period. The exemption claim must include documentation sufficient to substantiate the exemption. Acceptable documentation includes, but is not limited to, copies of the following:

1. the CBA;
2. the personal services contract;
3. Board minutes adopting personnel policies;
4. time sheets, check stubs or other statements related to employee hours and wages;
5. Board minutes or other official announcements of promotions.

I. An employer may appeal an unfavorable staff determination regarding a claimed exemption to the IMRF Board of Trustees Benefit Review Committee. The 90-day grace period for interest free payments will not be tolled during the appeal process.

J. Increases paid on or before January 1, 2012 are exempt from the Accelerated Payment.

K. Retroactive earnings paid in a lump sum upon settlement of a collective bargaining agreement will be allocated back to the period the compensation was earned if that lump sum payment results in an accelerated payment charge.
Resolution Regarding Definition of Earnings
General Counsel presented the following resolution for Board approval that combines Board Resolution 1992-05-20, which established the current version of the definition of reportable earnings, and all the multiple amendments that were made since 1992:

WHEREAS, section 7-114 of the Illinois Pension Code provides that earnings as reported to the Illinois Municipal Retirement Fund 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 an 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, fuel, laundry, and other allowances provided to the employee in lieu of cash; 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 the Illinois Municipal Retirement Fund; and

WHEREAS, the Board of Trustees has carefully studied the requirements for the definition of earnings for a defined benefit pension plan and has considered the needs of both plan members and participating units of government in defining earnings to be reported to the Illinois Municipal Retirement Fund.

NOW THEREFORE BE IT RESOLVED that the IMRF definition of earnings is as follows:

A. IMRF earnings is equal to compensation for personal services paid during the employment relationship and through the first calendar month after termination of employment. Earnings are reported on a cash basis, meaning they are reported as of the date they are paid. (7-139(a)(2)). IMRF reportable earnings include, but are not limited to, the following:

- Cash payments for personal services
- Overtime pay (any compensation paid for hours worked in excess of a standard workday or workweek) for all members except SLEP Tier 2 participants
- Cash outs for time accrued due to hours worked in excess of a standard workday or workweek (commonly called “comp time”)
- Vacation pay
- Sick pay
- Longevity pay
- Back salary awards received during the term of the employment relationship
- Contract settlement payments (retroactive pay) received during the term of the employment relationship
- Bonuses and awards
- Retirement Incentives
o Value of employer provided housing and meals (cash value to be determined by employer)

o Value of personal use of employer provided automobile (cash value to be determined by employer)

o Pay for personal leave and other paid leaves of absence during the term of the employment relationship

o Supplements paid directly by the employer in addition to workers’ compensation

o Workers’ compensation benefits, only when those the employer makes a payment to an employee after the date of the employee’s injury which is paid as a result of the employee being on workers’ compensation

o Compensation deferred under Internal Revenue Code sections 401(k), 403(b), 414(h) and 457

o Employer payment of member contributions to IMRF

o Payments made to public safety employees under any salary continuation mandated by law

o Salary paid to an elected official during the entire period official holds office, whether or not the official is able to perform the duties of the office

o Lump sums paid on account of the death of a member (paid no later than the first calendar month after the month of death)

o If an IMRF employer has determined that an employee would be entitled to differential compensation under ISERRA, IMRF reportable earnings includes an amount equal to an employee’s regular wages regardless of the amount of the differential pay. This definition of earnings also applies to employees who would have been eligible to receive differential pay if their military wages did not exceed their IMRF wages, under ISERRA (330 ILCS 61/1-15). Such wages shall be reported as if the employee were still working in their IMRF position, and service credit shall be granted accordingly.

o Election judge or jury duty compensation paid by the employer

o Employer payment of employee contribution for Social Security.

B. Compensation excluded from the definition of IMRF earnings and not to be reported to IMRF is as follows:

o Value of uniforms provided by employer or uniform allowances if uniforms are required by the employer

o Insurance provided by the employer (this includes the value of life insurance provided in excess of $50,000)

o Employer’s matching contribution for Social Security
o Lump sums paid on account of the death of a member later than the first calendar month after the month of death
o Workers’ compensation benefits, when the employer does not make any additional payments to the employee related to the employee’s workers’ compensation status
o Reimbursement for business expenses
o Reimbursement for tuition
o Expense allowances
o Physical examinations
o Wellness incentives, including but not limited to health club memberships
o In-kind gifts to employees
o Interest free or below market rate loans
o Forgiven loans
o Insurance benefits paid by an insurance company, third party payor, from an insurance pool or employer’s self-insurance plan
o Awards or penalties, punitive damages, interest or attorneys’ fees in any litigation or arbitration
o Additional compensation received by a supervisor of assessments, assessor, deputy assessor or member of a board of review pursuant to the Illinois Property Tax Code, 35 ILCS 200/4-10, 4-15, and 4-20.

o Payments made on a basis other than as a regular salary to an employee engaged in an independently established trade or profession
o Cash payments for personal services made after the first calendar month after termination of employment
o Employer payment of employee early retirement incentive charges
o Compensation paid under an Internal Revenue Code section 125 plan
o Compensation directed into a premium conversion plan or flexible spending account
o Compensation directed into a Retirement Health Savings Plan or similar arrangement
o Taxable allowances
o Cash payments made separately from salary and made in lieu of employer provided health insurance or cash payments made in association with or related to healthcare benefits
Employer-paid contributions to employee Health Savings Account (HSA), Post Employment Health Plans (PEHP), and Voluntary Employees Beneficiary Association (VEBA)

Election judge or jury duty wages if paid by an entity other than the employer, such as the election authority or the court

BE IT FURTHER RESOLVED that an IMRF participating unit of government may by resolution include as IMRF earnings the following:

- Compensation paid under an Internal Revenue Code section 125 plan
- Compensation directed into a premium conversion plan or flexible spending account
- Compensation directed into a Retirement Health Savings Plan or similar arrangement
- Taxable allowances* (*As of November 17, 2017, employers may no longer act to include vehicle allowances as IMRF reportable earnings. Vehicle allowance resolutions adopted before that date will continue to apply only to employees who first began IMRF participation with that employer before August 25, 2017.)
- Cash payments made separately from salary and made in lieu of employer provided health insurance or cash payments made in association with or related to healthcare benefits

BE IT FURTHER RESOLVED that this definition of earnings would take effect on May 29, 2020. Individual units of government may begin reporting to IMRF using this definition of earnings as of that date.

Resolution Rescinding Outdated Resolutions

General Counsel presented the following resolution for Board approval that rescinds several resolutions that have become obsolete due to the passage of time or subsequent legislation:

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 1967-6967; 1969-7332; 1991-02-17; and 2001-10-18 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 1967-6967; 1969-7332; 1991-02-17; and 2001-10-18 be and are hereby rescinded.

It was moved by Ms. Copper, seconded by Mr. Stafford, to approve all four resolutions.
Vote:
Aye: Miller, Copper, Henry, Kuehne, Stanish, Stafford, Wallace, Williams
Nay: None
Absent: None

(20-05-11) (Legislative Update) The Legislative Liaison gave a report on current legislative activity.

She noted the General Assembly has not met in person since the first week of March, but returned for an abbreviated session with several adjustments due to the pandemic May 20\textsuperscript{th} through May 22\textsuperscript{nd}.

The Legislative Liaison reported that none of the legislation that IMRF is tracking has moved, and no action is expected on any pension legislation.

(20-05-12) (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 17 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 added as a co-defendant. MEABF also filed a cross-claim against IMRF for payment of interest on the disputed funds.

**Status:** Plaintiff has filed a Third Amended Complaint. The parties agreed to proceed on cross-motions for summary judgment. The cross-motions for summary judgment are fully briefed, but the oral argument has been
continued due to the pandemic. A future oral argument date has not been set.

**WILLIAMSON COUNTY v. IMRF (WILLIAMSON COUNTY 18 MR 215; ILLINOIS SUPREME COURT 125330)**

**Summary:** This is administrative review of IMRF’s final administrative decision to terminate the IMRF participation of the Williamson County Commissioners.

**Status:** The Circuit Court judge found that Public Act 99-900 is unconstitutional; and, therefore, reversed the IMRF administrative decision. IMRF staff has filed an appeal with the Illinois Supreme Court. The matter has been fully briefed and argued. We await a decision from the Supreme Court.

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

**Summary:** This is administrative review of IMRF’s final administrative decision to remove Plaintiff’s service credit and salary related to his service as Sheriff.

**Status:** The Court affirmed IMRF’s final administrative decision. The Plaintiff has appealed the circuit court decision. The Appellate Court has not yet set a briefing schedule on the appeal.

**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 the Amended Complaint was granted on December 6, 2019. Plaintiff has filed an appeal which is in the midst of an extended briefing schedule due to the pandemic. The Appellate Court has not set a date for oral argument.

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

**Summary:** This is administrative review of IMRF’s final administrative decision to remove omitted service credit from the Plaintiff based on the employer conducting its own audit and determining that the Plaintiff was not an employee during the months in question. Plaintiff has named both IMRF and his former employer, River Forest Township, as defendants in the lawsuit.

**Status:** The Circuit Court reversed the IMRF administrative decision. The Circuit Court found that IMRF does not have the authority to revisit its granting of omitted service credit more than 35 days after it initially granted the service. Staff believes that the Court misapplied the 35 day appeal deadline from the Administrative Review Law. An appeal has been filed with the First District Appellate Court. This matter is fully briefed and the parties await a date for oral argument.
GORDON v. IMRF (U.S. EEOC 440-2019-00509)

Summary: This is an EEOC charge of discrimination by a current employee.

Status: IMRF filed its position statement and is awaiting further direction from the EEOC.

SUSAN MOYLEN-KREY v. IMRF and MAINE TOWNSHIP (COOK COUNTY 2019 CH 439)

Summary: This is administrative review of IMRF’s final administrative decision to remove certain service credit from Plaintiff based on the governing board’s failure to recertify the elected assessor position as an IMRF qualifying position. Plaintiff has named both IMRF and Maine Township, as defendants in the lawsuit.

Status: IMRF filed the administrative record and a briefing schedule has been entered. After setting an initial briefing schedule, Plaintiff’s counsel and counsel for co-defendant have both sought extensions of time. This matter is fully briefed, but the court has postponed oral argument due to the pandemic.

LYMORE v. IMRF (IDHR 2019 CF 2599)

Summary: This is a claim of wrongful termination before the Illinois Department of Human Rights filed by a former employee.

Status: IMRF filed its position statement and an investigatory fact-finding conference was held in early April. IMRF awaits further direction from the IDHR.

NAMEOKI TOWNSHIP v. IMRF (MADISON COUNTY 2019 MR 1345); RANDALL PRESSWOOD v. IMRF (MADISON COUNTY 2019 MR 1346); TAMMY HANFELDER v. IMRF (MADISON COUNTY 2019 MR 1347)

Summary: This is administrative review of IMRF’s decision to deny claims for retroactive service by the Township Supervisor and Assessor of Nameoki Township. The denials were based on the Township’s failure to recertify the eligibility of the elected positions during the 2017 recertification cycle.

Status: The three separate cases have been consolidated to a single proceeding. This matter is fully briefed. Oral argument was previously set for June 19, 2020, but the parties await further direction from the Court regarding whether it will proceed virtually or be continued to a future date.

THOMAS PENN v. IMRF (DUPAGE COUNTY 2019 MR 1395); THOMAS PENN v. COUNTY OF PEORIA, SCOTT SORREL, SHAUNA MUSSLERMAN, and IMRF (DUPAGE COUNTY 2019 MR 1392); COUNTY OF PEORIA v. IMRF and THOMAS PENN (DUPAGE COUNTY 2019 MR 1398)

Summary: The former long-time public defender for Peoria County, Thomas Penn, and the County have been disputing for several years whether Penn was eligible for IMRF participation during his tenure as the public defender. After initially litigating in the Circuit Court for Peoria County, the parties were ordered to seek an administrative determination from IMRF. At its December meeting, the IMRF Board of Trustees adopted the
hearing officer’s recommended decision finding that Penn was an employer for IMRF purposes, worked the hourly standard for the years in question, but could not be granted omitted service credit without certification from the employer’s authorized agent.

**Status:** In total, three lawsuits were filed appealing IMRF’s administrative decision. Penn filed a claim for administrative review arguing that IMRF does have the authority to grant omitted service credit without certification from the employer’s authorized agent. Penn also filed a writ of mandamus asking the court to order the County’s authorized agent to certify his omitted service applications. IMRF is named as a nominal party to the mandamus action. The County also filed a claim for administrative review challenging IMRF’s conclusions regarding Penn’s status as an employee and meeting the hourly standard. The two administrative review actions have been consolidated into a single action before Judge Fullerton, with the mandamus action also pending before him. This matter is fully briefed and is set for argument on June 4, 2020.

**MAINE TOWNSHIP v. IMRF and SUSAN MOYLEN-KREY (DUPAGE COUNTY 2020 CH 1)**

**Summary:** In addition to the pending administrative review action filed by Maine Township Assessor Susan Moylen-Krey in Cook County, Maine Township has filed a declaratory judgment action in the Circuit Court for DuPage County challenging IMRF’s authority to investigate and determine the eligibility for participation by elected officials. Maine Township currently has an administrative appeal pending with IMRF, but is asking the Court to stop the administrative appeal through this lawsuit.

**Status:** Staff filed a motion to dismiss the Township’s complaint in which a briefing schedule has been entered; however, the argument has been continued due to the pandemic. The argument is tentatively scheduled for June 11, 2020.

**COLLINSVILLE AREA RECREATION DISTRICT v. IMRF, et al. (MADISON COUNTY 2018 MR 1093)**

**Summary:** In the 2018 election, the voters approved a resolution to dissolve the Collinsville Area Recreation District ("CARD"). By law, it cannot legally dissolve until its debts are paid. It has ceased operating and accruing additional debt, but CARD has a substantial amount of debt unrelated to its IMRF liability. CARD brought this action seeking a declaration from the court as to how it should continue to exist and operate while it pays down its substantial debt. IMRF, along with nearly all of the surrounding municipal entities, were named as nominal parties in order to bring all potentially interested parties before the court.

**Status:** IMRF has filed an appearance and will participate in the litigation. Staff believes that it will be able to resolve CARD’s IMRF liability separate from its other substantial debts. Plaintiff is still adding other local municipal entities as nominal defendants. The pending court status dates have been stricken due to the pandemic. The parties await further direction from the Court for getting this matter back on the Judge’s docket.
**STRUBLE v. IMRF (DUPAGE COUNTY 2019 MR 1393)**

**Summary:** This is administrative review of IMRF’s decision to deny total and permanent disability benefits to the member. The Board was not persuaded that the evidence rose to the level of total and permanent disability under the Pension Code.

**Status:** IMRF filed the administrative record, and the court has set a briefing schedule on the complaint. The court is set to rule on August 3, 2020, after the conclusion of the briefing.

(20-05-13) (Report of the Executive Director) The Executive Director gave a update to the Board on IMRF’s Horizon Project.

The Executive Director reported that since the closure of the IMRF offices due to the COVID-19 Pandemic, all departments have done an excellent job working remotely. He further noted that IMRF held “virtual” Employer Rate Webinars in April, which were well received by our employers.

Lastly, the Executive Director reported on IMRF’s partial return to office plan that will begin on June 1st.

Discussion followed.

(20-05-14) (Trustee Forum) The Chair reported the following Trustee requested authorization from the Board for the following conference:

Sue Stanish
Real Estate Opportunities Forum
Opal Group
June 8, 2020
** Virtual Conference

It was moved by Ms. Henry, seconded by Ms. Copper, to approve the above Trustee request.

Vote:
Aye: Miller, Copper, Henry, Kuehne, Stanish, Stafford, Wallace, Williams
Nay: None
Absent: None
It was the moved by Mr. Stafford, seconded by Ms. Copper, to adjourn the Board Meeting at 11:30 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m., August 28, 2020.

Vote:

Aye: Miller, Copper, Henry, Kuehne, Stanish, Stafford, Wallace, Williams
Nay: None
Absent: None

________________________  _________________________
President                     Date

________________________  _________________________
Secretary                    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.