

ILLINOIS MUNICIPAL RETIREMENT FUND  
MINUTES OF  
REGULAR MEETING NO. 21-11  
NOVEMBER 19, 2021



ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 21-11

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:35 a.m. November 19, 2021, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

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

A visual roll call determined the following were present/absent:

Present: Copper, Henry, Kosiba (via MS Teams), Kuehne, Miller, Mitchell (via MS Teams), Stanish, Stefan

Absent: All present

The following people were also present at the meeting electronically via MS Teams: Mark Buis and Francois Pietrese from Gabriel Roeder Smith & Company; and Ms. Rose Dean, Mr. Ali Kazemi and Mr. Calvin Born from Wilshire Associates.

Public Comments: Mr. Scott Silver with the Lisle Park District was present and addressed the Board about lowering the rate of return from 7.25% to a lower rate undetermined at the moment.

Trustees Kuehne, Miller, Stanish, Kosiba, and Stefan mentioned their concerns about rate of return and employer rates. GRS replied that the median is currently 7% and IMRF is 7.25% so it is not out of range.

(21-11-01) (Actuarial Update/Annual Funding Policy) Mr. Mark Buis and Mr. Francois Pieterse from GRS reviewed IMRF's Funding Policy. In summary, they reported that there are no major issues, all is well and no changes are currently recommended. However, some things IMRF should consider is whether or not to continue with planned rolling amortization of gains and losses; maintain present or overfunding credit schedule for overfunded plans or modify them; and consider de-risking via asset allocation as an alternative to contribution reductions.

GRS also reported how COVID is impacting actuarial assumptions. They informed that most systems are taking a "wait and see" approach in regard to the mortality of COVID and its effects. It generally takes 3-5 years before trends emerge; and plan costs are ultimately controlled by what actually happens, not what is assumed.

Finally, GRS presented information about assumed Rate of Return trends. The National Trends show assumed rates of return are being reduced across the country. The NASRA study of public pension plan investment return assumptions show the median rate at 7.00%, where the lowest rate is 5.25% and the highest rate is 8.00%. The Investment Return Assumption within

Illinois shows the lowest rate at 6.5% and the highest at 7.25%. GRS reported that the actual rate of return for IMRF in 2021 could be between 10% and 14%. They concluded giving no formal recommendations, but the following "food for thought". The current situation offers a unique opportunity of potentially being able to reduce the return assumption without increasing the employer cost. They affirmed that IMRF is still one of the best funded plans in the country.

(21-11-02) (3<sup>rd</sup> Quarter 2021 Investment Manager Report) Mr. Born and Mr. Kazemi presented a summary of IMRF's performance for the 3<sup>rd</sup> Quarter of 2021.

Highlights of the presentation included:

- IMRF ended September 2021 with a market value of \$54.9 billion, up for the quarter by approximately \$172 million.
- IMRF outperformed its benchmark during the 3<sup>rd</sup> Quarter 2021, returning +1.04% versus +.43% for the benchmark. Relative to peers, IMRF ranks at the 33<sup>rd</sup> percentile during the quarter, outperforming two-thirds of peers.
- The Domestic Equity Composite returned +0.30% during the quarter, outperforming the Russell 3000 Index, which returned -.10%. This marked the first negative returning quarter for the U.S. Equity Market since the initial COVID-19 sell-off during the First Quarter 2020. Strong investment manager performance was the leading contributor to relative outperformance during the quarter with investment managers in Large Cap Growth, Small Cap Growth, and Small Cap Value outperforming their respective benchmarks. Relative to peers, Domestic Equity ranked at the 23<sup>rd</sup> percentile during the quarter.
- The International Equity portfolio outperformed the benchmark during the quarter, returning -1.71% versus -2.99%. In aggregate, investment manager performance in Large Cap Growth, Large Cap Value, Large Cap Core, All Cap and Small Cap outperformed their respective benchmarks. Additionally, the Portfolio's dedicated allocation to Small Cap stocks benefited relative outperformance during the quarter. Relative to peers, the International Equity Portfolio ranked at the 36<sup>th</sup> Percentile during the quarter.
- The Fixed Income Portfolio modestly outperformed the benchmark during the quarter, returning +0.13% versus +.05%. The Portfolio's dedicated allocations to Bank Loans and High Yield were the largest drivers of relative outperformance during the quarter, as the global loan market and high yield bond market returned +1.13% and +.94%, respectively. Relative to peers, the Fixed Income Portfolio ranked at the 67<sup>th</sup> percentile during the quarter.
- As of September 30, 2021, Domestic Equity was 4.4% over its target. The current Statement of Investment Policy states that when allocations of the asset classes differ by more than four percentage points, a recommendation for rebalancing will be made to the Board of Trustees. At this time, IMRF is implementing the rebalancing recommendations approved by the Board at the August 2021 meeting.

Trustee Kosiba had an issue with Premier Managers underperforming. Chief Investment Officer Angela Miller-May will look into this and provide a report to the Board in December.

(21-11-03) (Investment Reports) Ms. Angela Miller-May, CIO for IMRF, reported that for the month-to-date period ending November 16, 2021, the S&P 500 benchmark returned 2.15%; the Russell 3000 (Broad U.S. equity market benchmark) returned 2.30%; the MSCI ACWI Ex-U.S. (Broad International equity market benchmark) returned 1.50%; and the Bloomberg Barclays

Aggregate (Broad U.S. bond market benchmark) returned -.50%. She further reported that the total fund value as of November 16, 2021, was \$57,167 billion, up 1.01%.

(21-11-04) (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.

Schedules - Reports from August/September/October

- (A) 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 - Expiration of Temporary Disability Benefits approved 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.
- Schedule R - Prior Service - New Governmental Units
- Schedule S - Prior Service Adjustments

(B) Approval of Minutes

Regular Meeting 21-08-27

- (C) Executive Session Meeting 21-08-27

(D) Bids

Temporary Staffing Services  
Approved Bidder: Banner Personnel  
Approved Bid: \$23.70-\$45.36

Approved Bidder: LaSalle Network  
Approved Bid: \$23.00-\$71.00

Approved Bidder: InfoJini, Inc.  
Approved Bid: \$16.90-\$62.40

Audio-Visual End-of-Support Replacements (5Large)  
Sole Source: AVI-SPL, Inc.  
Approved Bid: \$42,753.04

Dell PowerEdge MX7000 Chassis for Disaster Recovery (1)  
Approved Bidder: Dell Technologies  
Approved Bid: \$151,148.93

2021 HVAC Maintenance Agreement - 3-year term  
Approved Bidder: Midwest Mechanical  
Approved Bid: \$38,184

Legal Services as Investment Counsel  
Approved Bidders: Foster Garvey PC, Nossaman LLP, Nixon Peabody LLP and  
Reinhart Law

National Change of Address Product - 3 years  
Sole Source: Melissa Data  
Approved Bid: \$77,250

Microsoft Software Assurance (SA) renewal purchases  
Sole Source: Zones, Inc.  
Approved Bid: \$121,349.34

VMware Licensing and Support for new MX7000 Chassis  
Approved Bidder: Software House International (SHI)  
Approved Bid: \$88,496

(E) Participation of New Unit of Government and Instrumentality- Village of  
Elizabeth

Village of Elizabeth  
County: Jo Daviess  
2021 Employer Rate: 8.07%  
Effective Participation Date: December 1, 2021  
Number of Employees: 4

Firefighters' Pension Investment Fund  
County: DuPage  
2021 Employer Rate: 10.54%  
Effective Participation Date: January 1, 2022  
Number of Employees: 5

(F) Review of September and October 2021 Financial Reporting Packages

Payment for administrative expenses and investment manager fees for  
August totaled \$2,669,898.02 and \$10,609,379.79, respectively.

Payment for administrative expenses and investment manager fees for  
September totaled \$3,692,364.64 and \$2,159,221.20, respectively.

(H) Statement of Fiduciary Net Position (July & August 2021)

(G) Impact of 2021 Year-To-Date Investment Income of Employer Reserves, Funding Status and Average Employer Contribution Rate (September & October 2021)

(I) Schedule T - Report of Expenditures (September & October 2021)

It was moved by Mr. Kuehne, seconded by Mr. Stefan, to approve items A-I on the consent agenda.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

(21-11-05) (Audit Committee) The Chair of the Audit Committee reported on the Audit Committee meeting that was held on November 1, 2021, at 9:00a.m.

The Chair reported the following:

Committee approved the minutes from the May 28, 2021, meeting.

General Counsel presented the Annual Report on Compliance Activity. There were 9 complaints reported on the hotline, where 8 of the 9 complaints were external. All complaints were addressed. One complaint was internal and resolved. The Code of Conduct training was completed by staff during spring and fall of 2021. New to 2021, there were quizzes administered after the training was completed. 100% of staff completed the training. Average scores were 95% in the spring of 2021 and 94% this fall. Training was completed virtually. Training was also offered to IMRF's external consultants.

Crowe gave a presentation of the results of the 2021 Internal Audit Work performed related to the Information System Area. There were a few medium risks found and several low risks. It was noted the reports were very clean for 2021.

There was also a presentation of the External Audit Service Plan by Plante Moran as IMRF's new financial auditors. The services that are to be provided were explained to the Audit Committee as well as proposed changes.

Furthermore, Chairman Kuehne reported that the Audit Committee approved the following items and recommends that the Board officially approve them as well.

It was moved by Mr. Kuehne, seconded by Ms. Copper, to approve the following recommendations from the Audit Committee:

- Accept the 2022 Crowe Engagement letter
- Accept the 2021 Plante Moran contract for Audit and 2022 SOC 1 Type 2 report
- Accept the Revised Internal Audit Charter

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

(21-11-06) (Benefit Review Committee Report) The Chair of the Benefit Review Committee reported on the Benefit Review Committee meeting that was held on November 18, 2021, at 1:00p.m.

The Committee approved the open session meeting minutes from August 26, 2021.

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

- Keith Gardner - Denial of Temporary and Total and Permanent Disability - Committee recommends to retroactively terminate temporary disability benefits to December 11, 2015. Based on this, the denial of total and permanent benefits is moot.
- Jackie Hayes - Denial of Total and Permanent Disability - Prior to the hearing, Hayes submitted a request for continuance. Committee granted a final continuance with the case proceeding to hearing at the BRC meeting scheduled for December 16, 2021.
- Andris Dellinger - Denial of Total and Permanent Disability - Committee recommends that the Board reverse the staff decision denying total and permanent disability benefits to Mr. Dellinger. The Committee finds Mr. Dellinger's testimony to be credible and persuasive as to his physical and mental limitations. Therefore, the Committee finds that Mr. Dellinger meets the definition of total and permanent disability benefits as defined in Section 7-150 of the Illinois Pension Code.
- Finding and Conclusions of the IMRF Hearing Office - Don E. Lange - Committee recommends adopting the findings and conclusions of the IMRF hearing officer in the Don E. Lange case.
- Finding and Conclusions of the IMRF Hearing Office - Judith Caleca - Committee recommends adopting the findings and conclusions of the IMRF hearing officer in the Judith Caleca case.
- Finding and Conclusions of the IMRF Hearing Office - Susan Jacobi - Committee recommends overturning the findings and conclusions of the IMRF hearing officer in the Susan Jacobi case. The Committee finds that under the unique facts of this case, Ms. Jacobi is allowed to rescind her non-reciprocal benefit election. Staff is directed to draft new finding and conclusion consistent with this decision.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

(21-11-07) (Investment Committee Meeting) The Chair of the Investment Committee reported on the Investment Committee Meeting that was held on November 18, 2021 at 9:00a.m.

The Investment Committee approved the meeting minutes from the August 26, 2021 meeting.

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

For Real Estate

- Authorize a commitment of up to \$100 million to Artemis Real Estate Partners Fund IV, L.P., subject to satisfactory legal due diligence.
- Authorize a commitment of up to \$50 million to BIG Real Estate Fund II, L.P., subject to satisfactory legal due diligence.
- Authorize Staff to complete all documentation necessary to execute these recommendations.



It was moved by Mr. Miller, seconded by Mr. Kuehne, to accept the recommendations of the Investment Committee.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

The CIO presented a Portfolio Rebalancing Update to the Committee. This included: an overview of the use of portfolio rebalancing as a critical risk management tool; a review of the public market recommendations previously approved by the Investment Committee; an update on portfolio rebalancing activities completed from 9/3/2021 through 11/3/2021; and a summary of pro-forma investment management fee savings and rebalancing commission costs as of 11/5/2021.

CIO Miller-May, Ms. Dean and Messrs. Kazemi and Born of Willshire Associates, presented the 2021 Asset Allocation Approach and Assumptions Review. It was noted that asset allocation policy recommendations would be presented in December 2021.

(21-11-08) (Legislative Committee Report) The Chair of the Legislative Committee reported on the Legislative Committee Meeting that was held on November 18, 2021 at 11:04a.m.

The Legislative Committee approved the meeting minutes from the July 20, 2021 meeting.

It was the consensus of the Legislative Committee to recommend the following proposals for the 2022 IMRF Board of Trustees Legislative Agenda.

It was moved by Ms. Stanish, seconded by Mr. Miller, create an exemption to the Accelerated Payment statute for increases due to workers' compensation payouts and to include in the bill an IEA proposal to create an exemption for increases due to the statutory increase in the state minimum wage.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

It was moved by Ms. Stanish, seconded by Ms. Copper, to create a waiting period of one year for staff to run for the Board after termination, applicable to all Illinois public pension systems.

**Vote:**

**7 AYE, 1 NAY (Mr. Miller)- MOTION CARRIED**

It was moved by Ms. Stanish, seconded by Mr. Kuehne, to correct an error in the statutory sample Early Retirement Incentive resolution so that it reflects actual ERI requirements.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

It was moved by Ms. Stanish, seconded by Ms. Copper, to table the discussion of a potential Springfield drive down in 2022 until December.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

(21-11-09) (2022 Compensation Plan) The Director of Human Resources reviewed the 2022 IMRF Staff Compensation Package Report with

the Board.

It was moved by Mr. Kuehne, seconded by Ms. Copper, to approve the following recommendations:

Insurance Package

- Provide staff health insurance coverage through the current Blue Cross/Blue Shield HMO and PPO program, with no benefit changes, and no premium increase.
- Renew with Lincoln Dental Insurance High/Low PPO Dental Plan for one year with a premium increase of 9%.
- Continue the current split between employee-paid insurance premiums and employer-paid insurance premiums.
- Continue to offer a Supplemental Vision Insurance Plan through EyeMed. Participation in this plan is optional, and is paid by the employee.
- Renew with MetLife as our Life and accidental death and dismemberment (AD&D) Insurance Provider, with no benefit changes and no premium increase.
- Continue with NCPERS and MetLife as an additional provider of Voluntary Life/AD&D Insurance, with no benefit changes and no premium increase. Participation in these plans is optional, and paid by the employee.

Compensation Package

- Approve a new salary grade and range that reflect an increase of 3.2% from the range midpoint.
- Approve bringing three (3) employees to the minimum of their new salary range.
- Approve a Base Salary Adjustment of 3.00% to eligible salaries as of December 31, 2021.
- Create a discretionary increase pool equal to 1.0% of December 31, 2021 staff salaries, with maximum increase of both Base Salary Adjustment and Discretionary Increase of 4.50%.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

(21-11-10) (2022 Proposed Budget) The Chief Financial Officer presented a summary of the proposed 2022 Budget document for approval by the Board. He explained that the "theme" behind the budget is tying it to the Strategic Plan. The highlights of the budget include the following:

- Administrative expenses are projected to increase 2.9% (without Horizon but 13.75% with Horizon costs)
- The Investment management fees are estimated to increase 16.4% based solely on the increasing size of the total portfolio
- 2022 personnel budget reflects a 4% increase for cost of living and merit increase for staff
- The capital plan includes an increase of \$2.7 million, which is largely due to purchases related to the Horizon project and the continued outsourcing of risk/cybersecurity management.

Trustees Miller and Kuehne both commented that staff did a great job on the 2022 Budget.

It was moved by Mr. Miller, seconded by Ms. Stanish, to approve the 2022 Budget as presented.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

(21-11-11) (Final 2022 Employer Contribution Rates) The Chief Financial Officer presented the 2022 Employer Contribution Rates for Board approval.

After questions and discussion, it was moved by Ms. Stanish, seconded by Mr. Kuehne, to approve the 2022 Employer Contribution Rates.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

(21-11-12) (Board Resolutions) General Counsel presented the following resolutions for approval by the Board.

Resolution Regarding Employer Compliance - 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 Compliance Reviews; and

WHEREAS, a key part of IMRF's Employer Compliance 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 compliance review and implementing compliance findings:

A. Communication with Employer

1. Compliance Reviews 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 employer compliance staff member within two weeks of the completion of the review.
- Neutral/factual report.
- Sent to Authorized Agent; with copies to a Chief Operating Officer (such as the Village Manager, County Administrator, School Superintendent), Employer Compliance Supervisor, Field Services Team Leader, and Field Representative.
- Requires employer to respond within two weeks of emailing the report.
- Follow-up email/call will be made by IMRF employer compliance 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 a compliance review.

- Intended to reach additional parties at the employer. (Signed by the Associate General Counsel.)
- Addressee will be the Governing Body with copies to the Authorized Agent, Chief Executive Officer/Chief Operating Officer, IMRF Employer Compliance Supervisor, Field Representative, Field Services Team Lead, 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 compliance testing. In this instance, an external audit firm can be engaged to complete the review 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 compliance review or resolve the compliance review 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

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

D. Cost

Normal compliance reviews are part of IMRF's cost of doing business. Compliance reviews 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.

It was moved by Mr. Miller, seconded by Mr. Kuehne, to adopt the above resolution.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

Resolution Regarding Employer Reports/Contributions - WHEREAS, sections 7-172(h) and 7-198 of the Illinois Pension Code authorize the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules regarding the time and manner of reporting and paying IMRF contributions by participating employers; and

WHEREAS, section 7-209(c) of the Pension Code provides for interest charges at the rate of 1% per month on municipality accounts receivable unpaid for one month or more; and

WHEREAS, the Board of Trustees has previously determined that employer reports of member wages and contributions must be made monthly; and

WHEREAS, the Board of Trustees has previously determined that employers must remit member and employer contributions with each monthly report of member wages and contributions; and

WHEREAS, the Board of Trustees has previously determined that monthly reports of member wages and contributions are due on or before the tenth (10th) day of the month following the reported month; and

WHEREAS, the Board of Trustees has previously determined that interest begins to accrue on unpaid contributions after the twentieth (20th) day of the month following the reported month; and

WHEREAS, is it necessary and desirable to update these rules for compliance with the technological updates to IMRF systems.

NOW THEREFORE BE IT RESOLVED that the Board of Trustees confirms the 20th day of the month following the reported month as the due date for employer wage reports and payment of contributions.

BE IT FURTHER RESOLVED that the Board of Trustees confirms that contributions are late after the 20th day of the month following the reported month and interest at the statutory rate begins to accrue from the 20th to the date that the contributions are received.

This resolution becomes effective upon transition to the IMRF Horizon system. Employers shall be given advance notice of such transition.

It was moved by Mr. Kuehne, seconded by Mr. Stefan, to adopt the above resolution.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

Resolution Regarding Separation of Service - 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 Codes; 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 retroactively deny the retirement annuity application of a member who returns to employment or service with an IMRF employer earlier than sixty (60) days from their annuity start date. 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. Upon the conclusion of the employment or service arrangement, a retiree may become re-qualified to receive a pension. The pension may be effective the first of the month following the conclusion of service. The member must re-apply for the pension and their pension will be recalculated under the terms of the Pension Code.
- F. 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.
- G. 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, may 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.

- H. A retiree may be appointed to a governing body position at an IMRF employer and remain eligible for their retirement annuity as long as the retiree has never earned service credit for service in that appointed office.

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

It was moved by Ms. Stanish, seconded by Mr. Kuehne, to adopt the above resolution.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

(21-11-13) (Executive Director Performance Appraisal/Board Self-Evaluation)  
General Counsel asked the Board to review a Performance Appraisal Form and timeline for the Executive Director Performance Appraisal, along with a timeline for the Board's Self-Evaluation.

General Counsel reported that Julia Nicholson will be acting as the Board Governance Consultant once again.

Ms. Stanish suggested moving up the timeline to approve so it is discussed and approved by existing Board members. Since it will not affect this next year, this timeline is sufficient, but a timeline for an earlier approval should be created for next time.

It was moved by Ms. Stanish, seconded by Ms. Copper, to approve the Executive Director Performance Appraisal Form and timeline, as well as the Self-Evaluation.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

(21-11-14) (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 of a claim could be revived as the result of further appeals. 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. The Trustee sought review of the denial by the U.S. Supreme Court, which the shareholders opposed, and the Court has now declined to take up the case. Additionally, the Second Circuit recently dismissed the Trustee's *intentional* fraudulent conveyance claims against the shareholders. Outside counsel expects the Trustee to seek review once again before the U.S. Supreme Court, but given the Court's prior denial, it seems unlikely that the Court would take up this issue. Apart from the possibility that the Supreme Court will take up this most recent dismissal, the only remaining claims are against certain groups who provided professional services to Tribune during the buyout. As a shareholder, IMRF would not be a party to those claims, so the potential theories against the shareholder class are dwindling.

**GORDON v. IMRF (U.S. EEOC 440-2019-00509; IDHR 2019CR3296)**

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

**Status:** The EEOC dismissed this charge for lack of substantial evidence. The plaintiff has requested that IDHR review the EEOC's determination in this matter. Upon completion of this review, the IDHR dismissed the charge for lack of substantial evidence. This matter is now closed before the EEOC and the IDHR, but the claimant has 90 days to seek review before the Illinois Human Rights Commission or to file a claim in circuit court. IMRF staff will continue to monitor this matter until the appeal period has expired.

**BRANDIE EDWARDS v. IMRF (COOK COUNTY 2020 6213)**

**Summary:** IMRF denied Ms. Edwards' claim for temporary disability benefits at the August Board meeting. Ms. Edwards has filed a Complaint for Administrative Review seeking the reversal of the Board decision.

**Status:** IMRF staff has filed a motion to dismiss this complaint for, among other reasons, failure to file the claim within the 35-day appeal period required under the Administrative Review Law. After completion of the briefing, the court has taken the motion under advisement and the parties await a ruling.

**DUNDEE TOWNSHIP PARK DISTRICT v. IMRF, ET AL.**  
**(KANE COUNTY 2021 MR 581)**

**Summary:** IMRF found that annuitant Sherylynn King returned to work in an IMRF qualifying position with the Dundee Township Park District. IMRF further found that the employer knowingly failed to enroll Ms. King or otherwise notify IMRF to suspend her pension. Therefore, IMRF assigned one-half of the prepayment liability to the employer. The Park District has filed a Complaint for Administrative Review and Declaratory Judgment challenging the assignment of liability to the employer on several grounds. The Park District disputes that it "knowingly" failed to notify IMRF; that its conduct in this case did not warrant the maximum 50% liability; and that the assignment of liability to the employer constitutes an unconstitutional excessive fine.

**Status:** Following the Court's granting of IMRF's motion to dismiss, the Park District filed an Amended Complaint. Staff believes that the Amended Complaint is legally deficient in a number of ways, so staff has filed a second motion to dismiss. The motion is set for argument on November 16.

**RAYMOND PARADISO v. VILLAGE OF CRETE and IMRF**  
**(WILL COUNTY 2019 MR 3261)**



**Summary:** While employed with the Village of Crete, Paradiso applied for and was granted several years of omitted service credit. Afterwards, IMRF conducted an employer audit and found that Paradiso did not work sufficient hours to qualify for omitted service credit from January 2010 through April 2017. With the removal of this service credit, Paradiso was no longer vested for a retirement annuity. On February 15, 2019, the IMRF Board of Trustees affirmed the staff decision to remove the relevant service credit. Mr. Paradiso did not appeal the Board's decision. However, he filed suit against the Village of Crete seeking a court order requiring it to certify omitted service credit verification forms for additional years of employment which would make Paradiso subject to the 600 standard rather than the 1000 hour standard. IMRF was recently added as a defendant to the pending litigation. Paradiso specifically seeks a court order which would require IMRF to accept new omitted service credit verification forms even though he is not currently a participant in the Fund.

**Status:** Staff has filed a motion to dismiss the Complaint as plead against IMRF. Prior to the argument date, the Plaintiff decided to voluntarily dismiss IMRF from the litigation. Therefore, IMRF is no longer a party and this matter will be removed from the litigation report.

**LARRY BAULER V BOARD OF TRUSTEES OF IMRF et al.**  
**(DUPAGE COUNTY 2021 MR 0989)**

**Summary:** Bauler retired from the Wheaton Park District under the ERI enhancement in 2001. In 2013, Bauler began working for the City of Wheaton. The ERI enhancement statute prohibits an individual who received the enhancement from working for any IMRF participating employer. After an administrative hearing, the Board found that Bauler's work for the City of Wheaton violated the ERI statute and assessed a prepayment of \$209,318.25. Bauler appeals that decision.

**Status:** Staff believes that the complaint is legally deficient and has filed a motion to dismiss. The Plaintiff has chosen to amend his complaint rather than respond to the motion. Upon receipt of the amended complaint, staff will evaluate and file an appropriate responsive pleading.

**WILLIAM SAUNDERS v MICHAEL S. HENDRICK v IMRF and COUNTY OF LAKE**  
**(US DIST. COURT FOR THE NORTHERN DISTRICT OF ILL 2020 cv 6835)**

**Summary:** This is a legal malpractice lawsuit in which retired IMRF member William Saunders alleges that his former attorney committed malpractice by failing to consider pension implications in his representation of Saunders in an employment claim against Saunders' former employer. The defendant attorney has added a third-party complaint against the County of Lake and IMRF alleging that each owes contribution if Saunders is successful in his core claim against Hedrick.

**Status:** Staff is evaluating the validity of the third-party complaint as plead against IMRF. An appropriate responsive pleading will be filed within the requisite deadline.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM ET AL. v.**  
**PETROBRAS-PETROLEO BRASILEIRO S.A. (MARKET ARBITRATION CHAMBER,**  
**ARBITRAL PROCEEDING No. 72/2016)**

**Summary:** A group of investors is seeking recovery through arbitration proceedings against Brazilian corporation, Petrobras, related to the overstatement of the corporation's assets and earnings along with potential liabilities that the

corporation was exposed to as a result of a widespread bribery and kickback scheme. Once knowledge of the bribery and kickback scheme became public, the price of Petrobras securities declined significantly, causing substantial losses for investors.

**Status:** A U.S. District Court for the Southern District of New York declined to exercise jurisdiction over claims related to Petrobras shares traded in Brazil. Therefore, these claims are pending before the Market Arbitration Chamber of the Brazilian Stock Exchange. IMRF has participated in proceedings to establish its right to claim, but the actual calculation of individual damages for each claimant has not yet been addressed.

(21-11-15) (Legislative Update) The Legislative Liaison gave a report on current legislative activity.

She informed that the General Assembly met during the weeks of October 18<sup>th</sup> and 25<sup>th</sup> in their fall veto session. No pension litigation was discussed. A chart showing the status of legislation that affects IMRF was given to the Board as information.

She further informed that all of the active bills from the August Board meeting have been signed into law. All three of the Board's 2021 Legislative Agenda items were passed by the General Assembly and signed into law.

Also, both chambers of the General Assembly have drastically shortened the Spring 2022 session schedule. Rather than the usual May 31<sup>st</sup> adjournment date, the scheduled date is April 8<sup>th</sup>. They are scheduled to return on January 4<sup>th</sup> and, except for one week in February where the House will be out of session and two weeks in March where the Senate will be out of session, they will remain in session each week throughout the scheduled adjournment date. The shortened schedule is in response to changes passed in 2020 that change the primary date from March to June. Because of the decennial census and corresponding legislative redistricting, all members for each Chamber are up for election in 2022. Due to the shortened schedule, they announced that they do not plan on taking up any major legislation in 2022, although that could change.

(21-11-16) (IMRF Retiree Endorsed Health Insurance) Executive Director Brian Collins explained that when members are retiring, IMRF refers them to an "endorsed provider", Doyle Rowe, if they need insurance and are not Medicare eligible. However, every 3 years, IMRF hires a third-party consultant to evaluate Doyle Rowe, and this year's findings state they Amwins Group Benefits LLC (third party) believes Doyle Rowe's plan offerings do provide retirees with satisfactory retiree healthcare options at competitive rates.

Trustee Miller is concerned with endorsing a private sector company. Trustee Copper considers it just a suggestion, and the retiree can still make their own decision. Trustee Kosiba explained this started decades ago where IMRF helped retirees find insurance/healthcare options. Chairperson Henry asked Brian Collins to look into this a little further and report back to the Board.

(21-11-17) (Report of the Executive Director) The Executive Director highlighted the progress on strategic objectives and key strategies during the third quarter of 2021 that support IMRF's 2020-2022 Strategic Plan.

Next, the Executive Director updated the Board on the successful progress of the Horizon Project.

The Executive Director also provided information on FOIA requests, personnel, and the 2021 Internal Audit Plan Status through the quarter ended September 30, 2021.

Lastly, the Executive Director recognized Ed Sambol, a long-term employee who is retiring from IMRF. He asked the Board to adopt the following resolution for Appreciation of Service for:

Ed Sambol (October 1986 - November 2021)

Resolution for the Appreciation of Service for Ed Sambol

WHEREAS, Ed Sambol, Investment Officer, has faithfully served IMRF from October 1986 through November 2021, and;

WHEREAS, Ed Sambol has held positions in the Finance Department and Investments Department, first as Employer Account Analyst, then as an Investment Analyst, then as the Investment Manager, and since June 2014 as an Investment Officer, and;

WHEREAS, as part of a team, Ed Sambol successfully grew IMRF's investment portfolio from more than \$2 billion in 1986 to \$57 billion in 2021, and;

WHEREAS, Ed Sambol supported 4 Chief Investment Officers over the span of his lengthy IMRF career, and implemented best operational practices under each CIO, and prepared and/or presented materials for more than 300 Investment Committee meetings, and;

WHEREAS, as part of the management team, Ed Sambol helped establish IMRF's Leadership Scorecard performance management system, which benchmarks IMRF investment performance against industry leaders, and;

WHEREAS, Ed Sambol played a significant role in establishing IMRF's Minority and Women-Owned Business investment manager and broker/dealer program, and;

WHEREAS, during his tenure, Ed Sambol participated in numerous searches for actuaries, auditing firms, investment managers, investment consultants, and other investment service providers, and;

WHEREAS, Ed Sambol demonstrated IMRF's Value of Respect and Empathy as a member of the Enhancing Inter-Departmental Relationships Committee and the 50<sup>th</sup> Anniversary Committee, and also demonstrated IMRF's Values of Accountability and Courage as a member of the Investment Roundtable Committee and Fire Safety Team, and;

THEREFORE, BE IT RESOLVED, that the IMRF Board of Trustees recognizes and honors Ed Sambol for his significant contributions and service to the Illinois Municipal Retirement Fund.

It was moved by Ms. Copper, seconded by Mr. Kuehne, to adopt the resolution for Appreciation of Service for Ed Sambol, as presented.

**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

{21-11-18} (Trustee Forum) The Chair reported the following Trustees requested authorization from the Board to attend the following conferences:

Tom Kuehne	Advanced Trustee Institute
	International Foundation of Employee Benefits
	February 20-24, 2022
	Orlando, FL



U.S. 2022 Annual Conference  
International Foundation of Employee Benefits  
October 22-27, 2022  
Las Vegas, NV

Natalie Copper    Advanced Trustee Institute  
International Foundation of Employee Benefits  
February 20-24, 2022  
Orlando, FL

U.S. 2022 Annual Conference  
International Foundation of Employee Benefits  
October 22-27, 2022  
Las Vegas, NV

Sue Stanish        Advanced Trustee Institute  
International Foundation of Employee Benefits  
February 20-24, 2022  
Orlando, FL

U.S. 2022 Annual Conference  
International Foundation of Employee Benefits  
October 22-27, 2022  
Las Vegas, NV

Louis Kosiba      Advanced Trustee Institute  
International Foundation of Employee Benefits  
February 20-23, 2022  
Orlando, FL

It was moved by Mr. Miller, seconded by Ms. Copper, to approve the requests by several Board members to attend the conferences listed above.


**Vote:**

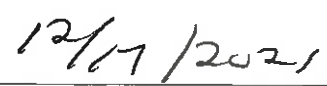
**ALL VOTED AYE - MOTION CARRIED**

(21-11-19) (Adjournment) It was moved by Ms. Copper, seconded by Mr. Stefan to adjourn the Board Meeting at 11:41am, and to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, IL, at 9:00am, on December 17, 2021.

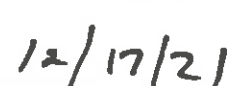
**Vote:**

**ALL VOTED AYE - MOTION CARRIED**

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Date

