

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 21-12
DECEMBER 17, 2021

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 21-12

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m. December 17, 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, Kuehne, Miller (via MS Teams), Stefan

Absent: Mitchell, Stanish* (*Stanish arrived at 9:07am*)

The following people were also present at the meeting electronically via MS Teams: Ms. Rose Dean, Mr. Ali Kazemi and Mr. Calvin Born from Wilshire Associates.

Public Comments - There were no Public Comments.

(21-12-01) (Actuarial Audit Report and Response) A copy of the Actuarial Audit report was included. Ms. Henry commented that this report is included as a peer review.

It was moved by Mr. Kuehne, seconded by Ms. Copper to receive the Actuarial Audit report and place it on file.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL, STANISH

**Stanish arrived at 9:07am*

(21-12-02) (Monthly Manager Report - Wilshire Associates)

Mr. Born from Wilshire Associates presented a report on IMRF's Performance for the month of October 2021.

Mr. Born presented the following monthly performance highlights as of October 31, 2021:

- IMRF ended October 2021 with a market value of \$56.6 billion, up for the month by approximately \$1.7 billion. IMRF returned +3.33% for the month of October, outperforming the Total Fund Benchmark which returned +3.06%.
- The U.S. Equity Portfolio underperformed the Russell 3000 Index during the month, returning +5.99% versus +6.76%.
- The Internally Managed Scientific Beta Portfolio was in-line with the benchmark during October, returning -1.19% versus -1.14%. Year-

to-date and since inception, the strategy has been able to add strong relative value versus its index, returning -4.57% versus -4.85% year-to-date, and +0.69% versus +0.15% since inception.

- The Internally Managed Scientific Beta Portfolio underperformed its benchmark during October, returning +5.44% versus +5.68%.
- The internally managed GSAM-Factor Diversity Portfolio underperformed the benchmark during the month, returning +6.56% versus +6.87%.
- The Public Real Assets Portfolio outperformed its benchmark for the month of October returning +4.19% versus +3.84%.
- The International Equity Portfolio underperformed the benchmark during October, returning +1.70% versus +2.39%.
- The Fixed Income Portfolio modestly underperformed its benchmark during the month of October, returning -0.10% versus -0.30%. However, year-to-date, these dedicated allocations continue to benefit overall relative performance of the Portfolio.
- As of month end, all underlying asset class allocations in the Portfolio are within the stated four percent point rebalancing range as outlined by the current Statement of Investment Policy.
- IMRF has made considerable progress implementing the rebalancing recommendation presented at the August 2021 Board of Trustees meeting.

(21-12-03) (Investment Reports) Ms. Angela Miller-May, CIO for IMRF, reported that for the month-to-date period ending December 15, 2021, the S&P 500 benchmark returned 3.20%; the Russell 3000 (Broad U.S. equity market benchmark) returned 2.51%; the MSCI ACWI Ex-U.S. (Broad International equity market benchmark) returned 1.29%; and the Bloomberg Barclays Aggregate (Broad U.S. bond market benchmark) returned -.37%. She further reported that the total fund value as of December 15, 2021, was \$56,154 billion, up .78%.

(21-12-04) (Approval of 2021 Diversity Report) The Chief Investment Officer presented the 2021 Annual Diversity Report to the Board for approval, noting under Public Act 96-006, IMRF is required to submit an annual report to the Governor and General Assembly.

It was moved by Mr. Kosiba, seconded by Mr. Miller, to approve the 2021 Diversity Report and authorize the CIO to release the report to the Governor.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-05) (Insurance Renewals) General Counsel presented the following Insurance Renewals for approval:

Approved Insurance Consultant: Tave Risk Management
Approved 2022 Cost: \$270,953 - broken down as follows:

- | | |
|-------------------------------|-----------------|
| • Commercial Property Package | \$21,997 |
| • Business Automobile | \$18,408 |
| • Workers Compensation | \$35,820 |
| • Commercial Umbrella | \$20,223 |
| • Fiduciary Dishonesty | \$11,637 |
| • Fiduciary Liability | \$66,998 |
| • Cyber Network Security | <u>\$95,870</u> |

\$270,953

Ms. Janicki Clark explained that the largest premium increase is on the Cyber Network Security policy line. The rate increase is not unique to IMRF. There has been a substantial increase in premiums across the cyber insurance market as the prevalence of cyber attacks has substantially increased over the past couple of years. Many insurers have exited the cyber insurance market, particularly for public entities. The lack of competition and increased exposures have caused premiums to increase across the entire market.

Although the increase appears significant on a year-over-year comparison, the proposed retention amounts and renewal premium align with the costs that IMRF paid for the first few years that it purchased cyber coverage. Additionally, the proposed renewal continues to provide coverage for ransomware, which is becoming less common for cyber policies, particularly for public entities.

Ms. Henry requested that next year when insurance renewals are proposed, we invite the insurance representative to give a presentation.

It was moved by Ms. Stanish, seconded by Ms. Copper, to approve the above insurance renewals through Tave Risk Management at a total cost of \$270,953.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-06) (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. However, Mr. Miller requested that, in the future, all seven-figure proposals/bids be presented to the Board as separate agenda items rather than on consent agenda. The Board agreed and directed staff to put any future proposals/bids over \$1 million as separate items on the agenda and not on consent agenda.

(A) Schedules - Dated December, 2021

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

provided by Section 7-150 of the Illinois Pension Code.

Schedule F - Benefits Terminated.
Schedule G - Administrative Benefit Denials.
Schedule P - Administrative Denial of Application for Past Service Credit.
Schedule R - Prior Service - New Governmental Units
Schedule S - Prior Service Adjustments

(B) Approval of Minutes

Regular Meeting 21-11-19

Executive Session Meeting 21-11-19

(C) Bids

2022 Banner Consulting (temporary hires for Horizon Project)
Sole Source: Banner Consulting
Approved Bid: Not to Exceed \$1,279,720.00

2022 Glasshouse Mainframe Support
Approved Bidder: Time & Material (T&M)
Approved Bid: Not to Exceed \$228,000.00

2022 Member Newsletters
Approved Bidder: Meridian Printing
Approved Bid: Not to Exceed \$84,475.00

2022 Microsoft 365 Subscriptions
Approved Bidder: Software House International (SHI) and Crayon Software Experts
Approved Bid: Not to Exceed \$142,812

2022 Provaliant Consulting Services
Sole Source: Provaliant Consulting
Approved Bid: Not to Exceed \$2,076,000.00

2022 Robert Half Consulting (Temporary IS Project Manager to support Horizon)
Sole Source: Robert Half Consulting
Approved Bid: Not to Exceed \$300,000.00

3-Year Proxy Voting Services Agreement
Sole Source Vendor: Institutional Shareholder Services, Inc.
Sole Source Bid: \$41,500 per year for 3-years

Contractor Services - Accessibility Door Operators
Approved Bidder: Custom Security Electronics
Approved Bid: \$64,133.00

Check Printing Services

Approved Bidder: Efficient Document Solutions
Approved Bid: Not to Exceed \$75,750.00

Cisco End-of-Life (EOL) Switch Replacements
Approved Bidder: Software House International (SHI)
Approved Bid: \$189,845.98

Dell BOSS Cards and SSDs
Approved Bidder: Dell Technologies, Inc.
Approved Bid: \$28,995.52

Dell Precision 7560 Laptops (32)
Approved Bidder: Dell Technologies, Inc.
Approved Bid: \$57,153.12

LogRhythm Agent Renewal and MPS Licensing Increase
Sole Source: LogRhythm, Inc.
Approved Bid: \$150,511.75

Microsoft Azure Monitor Tool
Approved Bidder: Software House International (SHI)
Approved Bid: Not to Exceed \$62,400.00

Nice CXone
Sole Source: Waterfield (DBA Altura)
Approved Bid: \$48,619.00

Palo Alto Firewall Appliance Replacements
Approved Bidder: Buckardt Technologies, Inc. (DBA Konsultek)
Approved Bid: \$2,074,148.82

Quantum Tape Library Replacement for DR
Approved Bidder: Software House International (SHI)
Approved Bid: \$68,675.58

Replacement Data Center and Disaster Recovery Printers
Approved Bidder: Konica Minolta
Approved Bid: \$97,332.56

Sophos Central Intercept-X Advanced
Approved Bidder: Software House International (SHI)
Approved Bid: \$164,534.68

Telephony Target Architecture Upgrades
Sole Source: Waterfield (DBA Altura)
Approved Bid: \$105,266.00

(D) November 2021 Financial Reporting Packages

(E) Statement of Fiduciary Net Position (September 2021)

(F) Impact of 2021 Year-To-Date Investment Income of Employer Reserves,
Funding Status and Average Employer Contribution Rate (November 2021)

(G) Schedule T - Report of Expenditures (October 2021)

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

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-07) (Certification of Results of Executive Trustee Election) General Counsel informed that IMRF conducted an election for one Executive Trustee position with a five-year term of office beginning January 1, 2022. David Miller was the only candidate in this election.

Staff recommends that the Board certify David Miller as an Executive Trustee for the term of January 1, 2022 to December 31, 2026.

It was moved by Mr. Kosiba, seconded by Ms. Copper to certify David Miller as an Executive Trustee for IMRF for the term of January 1, 2022 to December 31, 2026.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-08) (Election of 2022 Board Officers) The Chair reported that the Officer Nominating Committee met on December 15, 2021, and recommend the Board approve the following Trustees for Board Officers: Natalie Copper for the Office of President of the Board, Tom Kuehne for the Office of Vice President of the Board, and Peter Stefan for the Office of Secretary of the Board commencing January 1, 2022.

It was moved by Ms. Stanish, seconded by Mr. Kosiba, to approve the recommendations of the Officer Nominating Committee.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-09) (2022 Board Meeting Dates) The Executive Director presented a proposed list of 2022 Board Meeting dates. It was noted that the January 14, 2022 meeting will be held virtually via MS Teams or by telephone. The Board agreed to hold Special Board Meetings if the Benefit Review Committee cases call for it.

It was moved by Ms. Copper, seconded by Mr. Kosiba, to adopt the following 2022 Board Meeting dates:

- January 14, 2022
- February 11, 2022
- March 25, 2022
- May 27, 2022
- August 19, 2022
- November 18, 2022
- December 16, 2022

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(20-12-10) (Appointment of Actuarial and Medical Consultants to the Board for 2022) The Chief Financial Officer reported that it was in order to appoint an actuary for 2022; and Legal Counsel reported that it was in order to appoint a medical consultant for 2022.

After questions and discussion, it was moved by Mr. Kuehne, seconded by Ms. Stanish, to appoint Gabriel, Roeder, Smith & Co., as actuary to assist the fund in 2022; and to appoint Managed Medical Review Organization (MMRO) as medical consultant to assist the fund in 2022.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(20-12-11) The Chair of the Benefit Review Committee reported on the Benefit Review Committee Meeting that was held on December 16, 2021.

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

- To adopt the recommended decision of the hearing officer in the City of Elgin, Jeffrey Mertz and Kelly Garcia Cosimo appeals.
- Regarding the City of Elgin appeal, the Committee recommends adding to a future legislative agenda an exemption to the Accelerated Payment statute for situations in which a decrease in hours causes the AP charge.
- On the disability appeals, the Committee recommends that the Board affirm staff on the denial of total and permanent disability benefits for Jackie Hayes and recommends deferring the appeals of James Principe, Veronica Montoya, and Kevin Gill to allow for the gathering of additional information.
- To approve the Benefit Review Committee Charter as amended.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-12) (Investment Committee Meeting) The Chair of the Investment Committee reported on the Investment Committee Meeting that was held on December 16, 2021.

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

For Private Equity

- Authorize an aggregate commitment of up to \$200 million to Lightspeed Venture Partners Fund XIV, L.P., Lightspeed Venture Partners Select V, L.P., and Lightspeed Opportunity Fund II, L.P., subject to satisfactory legal due diligence.

- Authorize staff to complete all documentation necessary to execute this recommendation.

Next, the Chief Investment Officer and Consultant, presented a review of the 2022 Annual Asset Allocation to the Committee. This included asset allocation background and overview, asset allocation process and asset class overview, and benchmarking. This presentation was followed by questions from the Committee. No recommendations for changes were made.

The Chief Investment Officer and consultant presented the Timberland and Agriculture update to the Committee. This presentation was followed by questions from the Committee. No recommendations for changes were made.

Next, the Chief Investment Officer presented the Investment Committee Charter and Statement of Investment Policy with recommended changes.

It was the consensus of the Investment Committee to recommend that the Board approve the 2022 Investment Committee Charter as amended, and the 2022 Statement of Investment Policy as amended.

It was moved by Mr. Miller, seconded by Mr. Kosiba, to approve the recommendations of the Investment Committee.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-13) (Legislative Committee) The Chair of the Legislative Committee reported on the Legislative Committee Meeting that was held on December 16, 2021.

The Committee approved the minutes from the November 18, 2021 meeting.

The Committee was then presented with House Bill 4249 (Friess). The bill creates a permanent transfer provision allowing up to 15 years to be transferred from an Article 3 fund to SLEP and also allows certain Tier 2 SLEP members who transfer service under this provision to be put into Tier 1 SLEP. After discussion, the Committee voted to oppose House Bill 4249 (Friess).

The Committee discussed the potential Springfield drive-down event for 2022. The Committee decided not to proceed with a drive-down in 2022 and will instead explore the possibility of coordinating virtual meetings with legislators.

It was moved by Ms. Stanish, seconded by Ms. Copper to approve the following recommendations of the Legislative Committee.

- Oppose House Bill 4249 (Friess)
- Schedule virtual meetings with legislators rather than participating in the 2022 Drive Down event

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-14(A) (Approval of Resolutions) General Counsel presented the following resolution for Board approval.

Resolution on Disability Appeal Procedure

Current Board Resolution 2020-02-10(d) defines the Disability Appeal Procedure. Staff recommends amending the resolution to include updates to the procedure. The new recommended resolution is:

Appeal Procedures (Disability-Medical)

I. Administrative Staff Determination

1. Staff Determination

The IMRF Administrative staff is responsible for the daily claims-processing function of the Fund, including processing of all claims for disability benefits.

II. Hearing

1. Petition

Any person adversely affected by the disposition of a disability claim by the administrative staff may petition for a hearing before the Board of Trustees Benefit Review Committee. The petition must be in writing on a Form 5.70 "Request For A Hearing". A copy of this form is sent to the member at the time staff denies or terminates disability benefits. The completed 5.70 form should be returned to the Disability Manager in the IMRF Oak Brook office and must be received by IMRF no later than sixty-three (63) days after the date of the staff disposition letter. Failure to timely file a 5.70 form shall result in the staff disposition becoming a final administrative decision, for purposes of the Administrative Review Law, on the sixty-fourth (64th) day after the date of the staff disposition letter.

2. Acknowledgment of a Request For A Hearing

Upon the filing of the Request For A Hearing, the Disability Manager shall send an acknowledgment of the Request.

3. Scheduling of Hearing

Upon receipt of the Request For A Hearing, the Disability Manager will schedule the hearing as follows:

- o If the Hearing Request indicates that additional medical information WILL NOT be submitted for consideration, the hearing will be scheduled for the next available meeting of the Board of Trustees Benefit Review Committee.
- o If the Hearing Request indicates that additional medical information WILL be submitted for consideration, the hearing will be scheduled for the next available meeting of the Board of Trustees Benefit Review Committee following the review of the additional medical information. If the petitioner does not submit additional medical information within ninety-one (91) days from the date of receipt, by IMRF, of the Request For A Hearing Form 5.70, the Benefit Review Committee will consider the appeal at the first available meeting after the expiration of the foregoing ninety-one (91) day period.

4. Notification

Upon scheduling of a hearing before the Benefit Review Committee, a petitioner shall be provided with written notice of the date, time and place of the hearing. Due to the volume of medical records, the petitioner will not routinely be provided with all of the documentation and other materials to be presented to the Benefit Review Committee by the administrative staff. However, copies of any or all of those materials will be provided to the petitioner or his/her representative upon request.

5. Continuances and Extensions of Time

o Continuance of the hearing date

Continuances of the hearing date may be requested by the petitioner. IMRF staff is authorized to grant up to two (2) hearing continuances if the petitioner makes a written request at least five (5) business days prior to the scheduled date. Any additional continuance(s) of the hearing date may only be granted by the Benefit Review Committee. For such additional continuance(s), the petitioner is required to appear before the Benefit Review Committee on the scheduled date and request additional time.

o Other Extensions of Time

Additional medical information or other materials must be received by IMRF no later than twenty (20) days prior to the scheduled hearing date. All additional materials received less than twenty (20) days before the hearing date will be considered a "late submission". Whenever a claimant makes a late submission, the Benefit Review Committee will proceed in one of three ways:

1. The Benefit Review Committee can proceed with the hearing and not consider the late submission;
2. The Benefit Review Committee can proceed with the hearing and choose to consider the late submission; or
3. The Benefit Review Committee can postpone the hearing until the earliest available future date in order to allow for consideration of the late submission.

If a hearing is postponed in order to allow for consideration of the late submission, any additional materials submitted within twenty (20) days of the re-scheduled hearing date WILL NOT be considered by the Benefit Review Committee or by the full Board of Trustees. In the event that a petitioner fails to appear on the scheduled hearing date, the Benefit Review Committee's consideration of the appeal will be based solely upon the written materials that are already in the IMRF file and no hearing will be held.

6. Representation

The petitioner may be represented by counsel or a designated spokesperson at the hearing. The Disability Manager or his/her designated representative shall present the IMRF administrative staff position.

7. Conduct of the Hearing

- o Appearance

The petitioner is not required to personally appear at the hearing and may be represented solely by the medical records and related documentation on file with IMRF. In the alternative, at the petitioner's discretion, the petitioner or his representative may appear in person, or the hearing may be conducted via telephone or video conference.

- o Procedures

The Chairman of the Benefit Review Committee shall conduct a full and fair hearing, maintain order and make a sufficient record for a full and true disclosure of the facts and issues. Three members of the Benefit Review Committee shall constitute a quorum and a quorum is needed for all hearings. The hearing shall be informal and the rules of evidence shall not apply. Any part of the evidence may be received in written form. The Committee shall be provided with a copy of the Statement of Claim, a statement of the position of the administrative staff, which shall include the administrative staff determination, and such other documentation (medical records, etc.) as is available. Members of the Benefit Review Committee may ask questions necessary for better understanding of the facts or law. The hearing shall be open to the public unless the chair, for good cause shown and pursuant to the applicable provisions of the Open Meetings Act, shall determine otherwise. An IMRF employer (participating municipality or participating instrumentality) may provide written materials to IMRF staff for incorporation into the packet submitted to the Benefit Review Committee and the full Board of Trustees. Such documents are subject to the 20-day rule as provided in Section II(5)(b). An employer may also attend hearings of the Benefit Review Committee and meetings of the full Board of Trustees and can make audio recordings of said hearings and meetings. An employer also has standing to, in a separate proceeding, contest a rate increase that might be assessed due to a decision of the Benefit Review Committee and the full Board of Trustees. However, an employer normally does not have standing to actively participate in an individual's appeal of an administrative staff determination.

- o Record of Proceedings

A record of proceedings shall be kept which shall be in the form of a non-verbatim summary report. The petitioner may obtain a verbatim record of the hearing taken by a court reporter by making a timely request and paying the actual cost entailed. The Disability Manager shall be the custodian of the documents and record of proceedings.

- o Determination

Upon conclusion of all evidence and arguments, the Benefit Review Committee shall, in private deliberation, make its decision as to the disposition of the claim. The vote of at

least a majority of a quorum shall be required for any decision of the Benefit Review Committee. The Benefit Review Committee shall render one of the following decisions: affirmance of the administrative staff determination; reversal of the administrative staff determination; remand of the proceedings to the administrative staff for further investigation; or, in the case of a deadlock, continuation of the claim for consideration by the full Board of Trustees. The decision shall be in the form of a recommendation to the full Board of Trustees. Where an appeal is to be decided via Schedule H, any one member of the Committee can request that the matter be removed from said Schedule and placed on a future Committee agenda for hearing and recommendation.

III. Final Administrative Decision

1. Decision of the Full Board of Trustees

The full Board of Trustees will consider the recommendation of the Benefit Review Committee in making the decision for the Fund as to the disposition of the appeal. The Board will also decide appeals in which a formal hearing has not been held before the Benefit Review Committee. At least five (5) affirmative votes shall be required for any decision of the Board of Trustees. The Board of Trustees shall render one of the following decisions: affirmance of the administrative staff determination or reversal of the administrative staff determination. The Board of Trustees will normally consider an appeal following receipt of the Benefit Review Committee's recommendation, or if the appeal concerns legal, as opposed to factual issues, after the expiration of the aforementioned ninety-one (91) day period.

2. Final Administrative Decision

A decision of the Board of Trustees either affirming or reversing the determination of the administrative staff shall be a final administrative decision for purposes of review under the Illinois Administrative Review Act (735 ILCS 5/3-101 et seq.)

3. Notice of Decision

The Disability Manager shall send written notice of the decision of the Board of Trustees to the petitioner and, if applicable, the petitioner's representative.

It was moved by Mr. Kosiba, seconded by Mr. Kuehne to adopt the above resolution which supersedes Board Resolution 2020-02-10(d) and amends the disability appeal procedures.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-14(B) (Approval of Board Resolutions) General Counsel presented the following resolution for Board approval.

Resolution on Disposal of Surplus Property

General Counsel explained that while IMRF has formal policies regarding the procurement of goods for administrative use, there is no formal policy

regarding the disposal of personal property that is no longer needed, but still retains some value. Staff recommends the adoption of a formal policy to dispose of such surplus property. Under the proposed resolution, the value of the property and whether the property has a title determine who can take action. Property that has an aggregate actual resale value of \$25,000 or more can only be disposed of in accordance with Board action. The same is true of any personal property with a title, regardless of value (e.g., a Fund vehicle); it must be disposed of in accordance with Board action.

For items of lower value, the proposed policy would permit the Executive Director or another Director to take action for disposal of the property. In these cases, the assigned individual would be required to maintain a particular protocol regarding the disposal. First, the individual must make a written determination of value and the reasons for the disposal. Next, the individual must solicit proposals for the purchase of such property, sell it at public auction, scrap the property, donate the property, or authorize a trade of such property for the purchase of other property, whichever, in his or her judgment, will generate a greater return to IMRF. In no case may disposal be made to an officer or employee of the Fund or to a person related by blood or marriage to an officer or employee of the Fund, except items sold through sealed bid or at public auction.

Staff recommends that the Board adopt the following resolution:

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules necessary or desirable for the efficient administration of the Fund; and WHEREAS, the Fund is a unit of government required to purchase various goods for the administrative use of the Fund; and

WHEREAS, from time to time, these goods may become no longer necessary, useful to, or for the best interest of the Fund; and

WHEREAS, it is appropriate and desirable that the Board of Trustees adopt rules for disposing of such personal property that is no longer necessary, useful to, or for the best interest of the Fund.

NOW THEREFORE BE IT RESOLVED, that the following policy shall govern the disposal of surplus personal property owned by the Fund.

Property less than \$1,000 in aggregate value

Whenever the Fund owns any personal property which is determined by a Director or their designee to be no longer necessary, useful to, or for the best interest of the Fund and having an original value of less than one thousand dollars (\$1,000.00), a Director, at their discretion, may authorize the disposal of said property, in accordance with the following conditions and procedures without any further action of the Board of Trustees.

A Director or their designee shall make a written determination that the property is no longer needed by the Fund and shall set forth reasons therefor.

A Director or their designee shall solicit proposals for the purchase of such property, sell it at public auction, scrap the property, donate the property, or authorize a trade of such property for the purchase of other property, whichever, in their judgment, will generate a greater return to the Fund. If a Director or their designee chooses to solicit proposals, he or she may do so by such means as he or she deems suited to generate the best response.

Disposal or sale of the property hereunder shall not be made to an officer or employee of the Fund or to a person related by blood or marriage to an officer or employee of the Fund, except items sold through sealed bid or at public auction.

Property between \$1,000 and \$25,000 in aggregate value
Whenever the Fund owns any personal property which is determined by the Executive Director or their designee to be no longer necessary, useful to, or for the best interest of the Fund, and having an original value of one thousand dollars (\$1,000.00) or more and currently having actual resale value of less than twenty five thousand dollars (\$25,000), the Executive Director or their designee shall be authorized to dispose of said property, in accordance with the following conditions and procedures without any further action of the Board of Trustees.

The Executive Director or their designee shall make a written determination that the property has a resale value of less than twenty-five thousand dollars (\$25,000) and is no longer needed by the Fund and shall set forth reasons therefor.

The Executive Director or their designee shall solicit proposals for the purchase of such property, sell it at public auction, scrap the property, donate the property, or authorize a trade of such property for the purchase of other property, whichever, in his or her judgment, will generate a greater return to the Fund. If the Executive Director or their designee chooses to solicit proposals, he or she may do so by such means as he or she deems suited to generate the best response.

Disposal or sale of the property hereunder shall not be made to an officer or employee of the Fund or to a person related by blood or marriage to an officer or employee of the Fund, except items sold through sealed bid or at public auction.

Property over \$25,000 in aggregate value or having title
Whenever the Fund owns any personal property which is determined by the Executive Director or designee to be no longer useful to, or for the best interest of the Fund, and having actual resale value of more than twenty-five thousand dollars (\$25,000), or consisting of an item having a title (e.g. vehicle), the items may only be disposed of in accordance with Board action.

Reporting Requirements

Following the sale or disposition of such property, the Director, Executive Director, or their respective designee making the surplus determination under paragraphs 1(a), 2(a), or 3 above, shall file with the Chief Financial Officer and Comptroller the written determination of surplus and a summary of the method by which the property was disposed.

Mr. Stefan questioned the disposal to a "person related by blood or marriage". Ms. Stanish suggested auctioning the items as several municipalities do.

After questions and discussion, it was moved by Ms. Stanish, seconded by Mr. Kuehne, to adopt the above resolution.

Vote:

ALL VOTED AYE - MOTION CARRIED
ABSENT - MITCHELL

(21-12-15) (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 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 the IDHR review the EEOC's determination in this matter. Upon completion of its 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 CH 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: After IMRF's second motion to dismiss, the Park District has abandoned its constitutional claims. This case is now proceeding solely on the administrative review count. The Court has set a briefing schedule culminating in a hearing currently scheduled for April 21, 2022.

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: Following IMRF's motion to dismiss, Bauler has filed an amended complaint which addresses the deficiencies raised by the motion. Therefore, staff will file the administrative record and await a briefing schedule to be set by the Court.

WILLIAM SAUNDERS v. MICHAEL S. HEDRICK 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 a claim, but the actual calculation of individual damages for each claimant has not yet been addressed.

(21-12-16) (Report of the Executive Director) Executive Director Brian Collins provided the Board with an update on the Horizon Project, as well as FOIA requests and personnel.

He also thanked the Senior Leaders for the great progress and results made throughout the year, including dealing with the pandemic.

(21-12-17) (Appreciation of Service) Members of the Board and the Executive Director honored Belinda Davis, Wage Report Analyst, who is retiring in December 2021 with the following Resolution of Appreciation:

WHEREAS, Belinda Davis, Wage Report Analyst, has faithfully served IMRF from August 1980 through December 2021, and;

WHEREAS, Belinda Davis has held positions in the Office Services Department and Finance Department, first as a Senior File Clerk and since March 1993 as an Audit Clerk, Member Examiner, Wage Report Analyst, and;

WHEREAS, as part of a team, Belinda Davis helped IMRF transition to SPECTRUM by transferring IMRF member and employer data into SPECTRUM, and;

WHEREAS, during her 28 years in the Finance Department, Belinda Davis successfully performed SWAT (Service, Wages, Adjustments Team) and Wage Report duties including member audits, tier change, WROFIA (Write Off Member Accounts), Coup Verification, Death Interest, Member Owes Contribution (MB04), WI-34 Termination, and WI-27 Enrollment, and;

WHEREAS, Belinda Davis played a critical role in reviewing and processing information for the monthly Delinquent reports, and;

WHEREAS, Belinda Davis demonstrated IMRF's Values of Accountability and Accuracy when reviewing numerous reports and she also demonstrated IMRF's Value of Respect when speaking to IMRF employers, and;

THEREFORE, be it resolved, that the IMRF Board of Trustees recognizes and honors Belinda Davis for her significant contributions and service to the Illinois Municipal Retirement Fund.

It was moved by Mr. Kosiba, seconded by Ms. Copper, to adopt the resolution for Appreciation of Service for Belinda Davis, as presented.

Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL

(21-12-18) (Trustee Comments) Ms. Copper thanked Senior Leaders and all employees for their hard work throughout the year.

(21-12-19) (Trustee Forum) The Chair reported that there were no new requests to attend conferences at this point. A list of conferences was provided for all to review. Also provided was a chart listing the training hours each Trustee accrued in the year 2021.

(21-12-20) (Executive Session) The Chair called for a motion to go into executive session to conduct the annual performance appraisal of the Executive Director pursuant to Section 2 (c) 1 of the Open Meetings Act.

It was moved by Ms. Copper, seconded by Mr. Wallace, to go into executive session pursuant to Section 2 (c) 1 of the Open Meetings Act at 9:52a.m.

Roll Call Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Stanish, Stefan

Nay: None

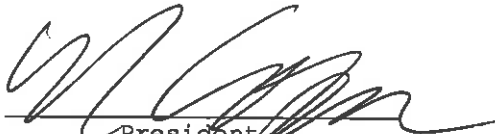
Absent: Mitchell

(21-12-21) (Adjournment) It was the moved by Ms. Copper, seconded by Mr. Kuehne, to adjourn the Board Meeting at 11:45 a.m., to reconvene at 9:00 a.m., January 14, 2022.

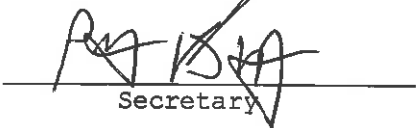
Vote:

ALL VOTED AYE - MOTION CARRIED

ABSENT - MITCHELL



President



Secretary

2-11-2022
Date

02-11-2022
Date

