

**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**MINUTES OF**  
**REGULAR MEETING NO. 23-02**  
**FEBRUARY 3, 2023**



ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 23-02

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m. on February 3, 2023, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Mr. Kuehne presided as President/Chair and called the meeting to order.

Ms. Herman took a roll call:

Present: Copper, Henry\*, Kosiba, Kuehne, Miller\*, Mitchell\*, Stanish, Stefan

Absent: None

*\*Trustees Henry, Miller, and Mitchell attended the meeting via MS Teams.*

Ms. Dean and Messrs Kazemi and Caumo from Wilshire Associates were also present at the meeting.

(23-02-01) (4<sup>th</sup> Quarter 2022 Manager Performance Report - Wilshire Associates) Mr. Kazemi introduced a new colleague, Mr. Dan Caumo, who will be participating in today's presentation as well as future presentations. Mr. Kazemi from Wilshire Associates presented a report on IMRF's investment performance during the 4th quarter of 2022.

Mr. Kazemi presented the following 4th Quarter 2022 performance highlights as of December 31, 2022:

- IMRF ended December 2022 with a market value of \$47.89 billion.
- IMRF total fund return for 4Q 2022 was 6.07% versus the Total Fund Benchmark return of 4.77%.
- U.S. equity markets rebounded for the quarter as CPI reports pointed to inflation having already peaked.
- IMRF U.S. Equity Portfolio outperformed the benchmark during the quarter, returning 8.91% versus 7.32%.
- International equity markets benefited from a softening U.S. dollar, broadly outperforming domestic markets during the quarter.
- IMRF International Equity Portfolio outperformed the benchmark during the quarter, returning 14.67% versus 14.28%.
- Fixed income markets stabilized during the quarter on the hope that the current rated hike cycle was coming to an end.
- IMRF Fixed Income Portfolio underperformed the benchmark during the quarter, returning 2.09% versus 2.17%.
- All asset allocations remain within the rebalancing range in the Investment Policy.

Mr. Kazemi informed that Genesis is still on the watch list (since July 2022).

(23-02-02) (Investment Reports - Angela Miller-May) - CIO Angela Miller-May reported that the total fund value as of February 1, 2023, was \$50.51 billion. She further reported that as of February 1, 2023, the Domestic Equity portfolio was up 8.20%; the International Equity portfolio was up 9.18%; the Fixed Income portfolio was up 3.41%; the Real Estate portfolio was down -.20%; the Alternative Investments portfolio was up .62%; and the cash portfolio was down -19.43%. Overall, IMRF's portfolio was up in value by 5.45% on February 1, 2023, compared to what it was on December 31, 2022. Furthermore, the following benchmark returns were reported as of February 1, 2023:

S&P 500	1.05%
Custom U.S. Equity Benchmark	1.09%
93% Russell 3000 Index	
7% FTSE Global Core Infrastructure 50/50 Index (Net)	
MSCI ACWI Ex-U.S.	.65%
Broad International equity market benchmark	
Bloomberg Aggregate	.68%
Broad U.S. bond market benchmark	

Ms. Miller-May reminded everyone of IMRF's Investment Philosophy which includes the following:

- IMRF is a long-term and patient investor that has exceeded its expected rate of returns over the long investment horizon.
- Asset allocation is the primary driver of long-term total fund returns and IMRF is disciplined to their Asset Allocation Targets.
- Strategic Decisions will prevail in determining asset allocation rather than tactical or short-term market timing decisions.
- Investment Structure and Rebalancing is vital in complying with asset allocation targets.
- Diversification is key across all asset classes and is the main defense against realizing losses.

Monthly Minority Manager Utilization and Brokerage reports were given as information as well. It was noted that Minority/Persons with Disabilities owned companies comprise 25.3% of IMRF's total assets.

In addition, the Wilshire monthly report was posted for review. Highlights of the summary included:

- IMRF ended November 2022 with a market value of \$49.4 billion, up for the month by approximately \$2.11 billion. IMRF returned 4.75% during the month, outperforming the Total Fund Benchmark, which returned 4.52%. Growth and defensive assets were both positive for the month on the back of lowered inflation and interest rates.
- The broad U.S. Equity market was up for the month, with large cap outperforming small cap. The U.S. Equity Portfolio outperformed the benchmark during November, returning 5.51% versus 5.40%. In aggregate, investment manager performance in Small Cap was the largest contributor to relative outperformance.

- International Equity markets were up for the month. Emerging markets outperformed developed, primarily driven by the easing of Covid restrictions in China. The International Equity Portfolio underperformed the benchmark during November, returning 11.76% versus 11.80%. Investment manager performance in Large Cap Growth and Core were the largest detractors.
- U.S. Treasury yields fell and spreads narrowed in November. The Fixed Income Portfolio outperformed the benchmark during the month, returning 3.26% versus 3.21%. Investment manager performance in Core Fixed was the largest contributor to relative outperformance.
- As of November month-end, all underlying asset class allocations in the Portfolio are within the stated four percentage point rebalancing range as outlined by the current Statement of Investment Policy.

(23-02-03) (Consent Agenda) The President/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.

(A) Schedules - Dated January 2023

- 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

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(C ) Participating Units of Government

Troy Fire Protection District  
County: Madison  
2023 Employer Rate: 9.62%  
Effective Participation Date: March 1, 2023  
Number of Employees: 8

City of Mount Sterling  
County: Brown  
2023 Employer Rate: 10.14%  
Effective Participation Date: March 1, 2023  
Number of Employees: 15

(D) Bids

Avaya Cloud Office (ACO) Subscriptions - Addendum 1.0  
Sole Source: Bluewire Communications  
Approved Bid: \$140,768

Disaster Recovery Hardware Replacements - Addendum 1.0  
Approved Bidder: Dell Technologies, Inc.  
Approved Bid: \$30,008.76

Employee Engagement Survey  
Approved Bidder: McLean & Company  
Approved Bid: \$155,000 (5-year term)

2023 Nimble Maintenance Renewal  
Sole Source : American Digital Corporation  
Approved Bid: \$49,558.04

Springfield Conference Room AV Refresh  
Sole Source : AVI-SPL, LLC  
Approved Bid: \$27,545.71

(E) November 2022 and December 2022 Financial Reporting Packages

(F) November and December 2022 Statement of Fiduciary Net Position

(G) December 2022 - Impact of 2022 Year-To-Date Investment Income of Employer Reserves, Funding Status and Average Employer Contribution Rate

(H) Schedule T - Report of Expenditures (November 2022 and December 2022)

It was moved by Mr. Kosiba, seconded by Ms. Copper to approve the items on the Consent Agenda.

**VOTE:**

**ALL VOTED AYE - MOTION CARRIED**  
**8 AYES; 0 ABSENT**

(23-02-04) 2023 Post Go-Live Additional Support Services, Hour Bank and 2023 Pre Go-Live Additional Support Hours

Executive Director Brian Collins explained to the Board that during the second half of 2022, IMRF, LifeWorks and Provaliant clarified processes, scope and fees associated with the on-going service model (maintenance, support and ad hoc changes) to ensure common understanding between IMRF and LifeWorks and to facilitate a smooth transition from implementation to on-going service delivery.

IMRF has deemed it necessary to start the use of LifeWorks bank of hours during the Horizon Pilot execution since one of the pilot's objectives is to practice the Horizon ongoing support and maintenance model. IMRF staff is in the process of knowledge transfer from LifeWorks for all technical components that make up the Horizon solution and the tools to monitor and control production execution. The knowledge transfer will soon transition to working alongside LifeWorks to actually learn and practice how to manage and support the new Horizon and other integrated solutions. As IMRF staff become proficient with Horizon, the use of LifeWorks assistance will decline.

Collins explained that staff is recommending that the Board of Trustees approve Change order 2023-020 for the 6,075 hours of support post Go Live and 2023-021 for the 2,500 hours of support during Pilot execution to allow staff to test and practice the support model. These services were included and approved in the IMRF 2023 budget. However, since IMRF and LifeWorks have now finalized the approach and scope of these services, Change Orders 2023-020 and 2023-021 document the requirements of these services.

It was moved by Mr. Kosiba, seconded by Mr. Stefan, to approve Change Order 2023-020 for the 6,075 hours of support post Go Live and 2023-021 for the 2,500 hours of support during Pilot execution to allow staff to test and practice the support model.

**VOTE:**

**ALL VOTED AYE - MOTION CARRIED**

**8 AYES; 0 ABSENT**

(23-02-05(a)) (A Resolution Amending the Staff Travel Policy)

General Counsel Beth Janicki Clark explained that this amendment will update which staff are provided a per diem for international business travel. Currently, the per diem policy only specified that a per diem of \$125 is available to the investment staff for travel outside of the United States. Staff recommends striking the term "investment staff", to allow the per diem to be applicable to all IMRF employees who may travel internationally, regardless of department. Staff recommends the adoption of Resolution 2023-02-05(a) which supersedes Resolution 2020-12-26(b).

The Board discussed the topic of per diem currently given to staff for both domestic and international travel. Ms. Copper would like to increase staff's travel allowance to equal the Trustees' travel per diem allowance for in-state travel and approve the proposed resolution to increase staff's allowance for international travel; and she would like staff to research any future adjustments/increases to the per diem amount. The Board agreed with Ms. Copper.

It was moved by Ms. Copper, seconded by Ms. Stanish, to increase staff's travel allowance to equal trustees' travel per diem allowance for in-state travel and approve the proposed resolution to increase staff's allowance for international travel; and ask staff to research any future adjustments/increases to the per diem amount.

**VOTE:**

**ALL VOTED AYE - MOTION CARRIED**

**8 AYES; 0 ABSENT**

(23-02-05(b)) (A Resolution Amending the Required Minimum Distribution Age) General Counsel Beth Janicki Clark explained that in late December 2022, legislation known as the SECURE 2.0 Act of 2022 was enacted. The SECURE Act updated various rules which are applicable to various retirement plans. IMRF staff have identified that the updates to the required minimum distribution ages made in Section 107 of the SECURE Act require an update to Resolution 2020-02-10(b) on plan administration.

The proposed resolution makes amendments to Resolution 2020-02(b), which was last updated after the SECURE Act of 2019 increased the age for required distributions to 72. The proposed changes made in the SECURE Act of 2022 further increase the ages for required minimum distributions. The changes are structured as a tiered increase. There is no change for those born on or before December 31, 1950. For those born between January 1, 1951, and December 31, 1958, the applicable age will be 73. Last, for those born on or after January 1, 1959, the required minimum distribution age will be 75 years old. These changes have been made in the proposed resolution. Ms. Janicki Clark recommended that the Board adopt the proposed resolution which supersedes Board Resolution 2020-02(b).

It was moved by Ms. Stanish, seconded by Mr. Stefan, to approve the proposed resolution amending the required minimum distribution age which will supersede Resolution 2020-02(b).

**VOTE:**

**ALL VOTED AYE - MOTION CARRIED**

**8 AYES; 0 ABSENT**

(23-02-06) (2023-2024 Projection Report - Death and Disability Rates) The Chief Financial Officer explained that every February, the Board of Trustees sets the average employer death benefit rate and the disability benefit rate for the upcoming year. The report he presented to the Board recommends those rates for 2024. The report also projects internal cash flow, details the distribution of investment earnings, and projects the percentage amount of the 13<sup>th</sup> payment.

Staff made the following recommendations for the Board to approve:

- Keep the death benefit rate unchanged in 2024 at 0.18% of payroll, the same as in 2023.
- Decrease the disability benefit rate in 2024 to 0.08% of payroll, from 0.10% in 2023.

He further estimates:



- Benefit payments will exceed contributions by approximately \$1,988.3 million in 2023.
- IMRF credited approximately \$1,481.1 million of interest and charged (\$11,410.4) million of residual investment loss to employer reserves in 2022, based on investment returns of (12.8)% in 2022.
- The supplemental retirement benefit for 2023 will be approximately 23% of the June benefit.

It was moved by Mr. Stefan, seconded by Ms. Copper, to approve the above recommendations from the Projection Report for 2023 and 2024 as presented.

**VOTE:**

**ALL VOTED AYE - MOTION CARRIED**

**8 AYES; 0 ABSENT**

(23-02-07) (Report of the Investment Committee Meeting) The Vice-Chair of the Investment Committee gave a report of the meeting that was held on February 2, 2023.

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

- For Private Equity
  - Authorize a commitment of up to \$50 million to STG Fund VII, L.P., subject to satisfactory due diligence.
  - Authorize a commitment of up to \$50 million to Parthenon Investors Fund VII, L.P., subject to satisfactory due diligence.
  - Authorize staff to complete all documentation necessary to execute these recommendations.
- For Real Estate
  - Authorize a commitment of up to \$50 million to Brasa Real Estate Fund III, L.P., subject to satisfactory legal due diligence.
  - Authorize staff to complete all documentation necessary to execute this recommendation.
- For Review of Recommended Changes to Investment Committee Charter and Statement of Investment Policy
  - Approve 2023 Investment Committee Charter as amended
  - Approve 2023 Statement of Investment Policy as amended
    - Ms. Stanish noted that one of the changes to the 2023 Statement of Investment Policy is changing the minority managed investment goal from 30 to 35%. She stressed that the Board appreciates the culture of IMRF in regards to Diversity Equity Inclusion in investments and they encourage IMRF partners to value DEI as well.

**VOTE:**

**ALL VOTED AYE - MOTION CARRIED**

**8 AYES; 0 ABSENT**

(23-02-08) (Report of the Legislative Committee Meeting) The Chair of the Legislative Committee gave a report on the meeting that was held on February 2, 2023.

It was moved by Mr. Kosiba, seconded by Ms. Copper, to accept the following recommendations of the Legislative Committee:

- Oppose House Bill 1277, which suspends the pension of individuals upon being indicted or charged with a job-related felony, instead of upon conviction. No pension will be due to members convicted and those who are not ultimately convicted will have the suspended amounts returned with interest. Applicable to all pension systems.
- Oppose Senate Bill 65, which allows certain employers who are below 5,000 in population to close their Article 3 downstate police and/or Article 4 downstate fire fund(s) to new members by referendum and enroll new members in IMRF.

**VOTE:**

**ALL VOTED AYE - MOTION CARRIED**

**8 AYES; 0 ABSENT**

Mr. Kosiba also explained that the Committee asked staff to research the Open Meetings Act and determine if the committee can still meet virtually and if a change to the committee charters may be needed.

(23-02-09) (Legislative Update) IMRF's Government Affairs Manager gave a report on current legislative activity. She reported that the 103<sup>rd</sup> General Assembly was sworn in on Wednesday, January 11<sup>th</sup>. The Senate was in session the week of January 23<sup>rd</sup>, while the House is scheduled to be in session the week of January 30<sup>th</sup>. There have been only two bills introduced yet that affect IMRF.

The first, **House Bill 1277**, sponsored by Representative Amy Elik (R-Alton), would expand the felony forfeiture provision and applies to all Illinois public pension systems. It would require systems to suspend a member's pension upon indictment or charges filed for a job-related felony. If the member is convicted, the suspension would become permanent and no benefits would be paid. If the member is not ultimately convicted, the suspended amounts would be returned to the member with interest, at a rate to be determined by the Fund. It would apply to both new and current members. Currently, pensions are terminated only upon conviction of a job-related felony.

The second bill, **House Bill 65**, sponsored by Senator Laura Fine (D-Glenview), would create a method for certain communities to close their Article 3 police pension fund and/or Article 4 fire pension fund to new members and enroll those members in IMRF going forward. It would apply to communities that had been mandated to create a police/fire because they had a population above 5,000 and have since dropped below that threshold or communities that were below 5,000 (and remain below that amount) but adopted the fund by referendum. The termination would be effective upon passage of a municipal referendum.

(23-02-10) (Litigation Update) The following is an update of the currently pending or recently concluded litigation:

**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:** The Court partially granted IMRF's motion to dismiss without prejudice and granted the Plaintiff time to file an amended complaint. An amended complaint has not yet been filed.

**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. The parties have recently agreed to a list of qualified experts. The experts will assist the arbitration panel in resolving questions of econometric causation and calculation of alleged damages.

**KEITH GARDNER v. BOARD OF TRUSTEES OF IMRF et al.**  
**(DUPAGE COUNTY 2021 MR 1377)**

**Summary:** Gardner was a sheriff's deputy for the Kane County Sheriff's Office. He then received temporary disability benefits for a number of months. Upon evaluation of his claim for total and permanent disability benefits, IMRF received new information showing that Gardner had refused to attempt to work with medical accommodations offered by Kane County. Therefore, the IMRF Board retroactively terminated Gardner's temporary disability benefits rendering the question of total and permanent disability benefits moot. Gardner appealed the decision.

**Status:** The retroactive denial of temporary disability benefits to Mr. Gardner was affirmed by the Circuit Court. Mr. Gardner has filed a notice of appeal and two motions to extend the time for filing his opening brief. Therefore, this matter is still in the midst of its briefing schedule.

**IMRF, et al. v. PACIFICORP, et al.**  
**(DOUGLAS COUNTY, OREGON 20cv37637)**

**Summary:** IMRF is one of a group of landowners in Oregon bringing suit against electric company Pacificorp for the loss of timberland due to a forest fire in the Archie Creek area of Oregon believed to be caused by the company. This litigation was previously authorized by the IMRF Board of Trustees.

**Status:** As the parties exchange expert reports and additional information became available, the Plaintiffs recently amended the complaint for damages. Discussions of proper valuation and potential resolution of these claims are ongoing.

**GLENCORE PLC (UNITED KINGDOM INVESTOR GROUP ACTION)**

**Summary:** A group of investors is seeking recovery through the UK's Financial Services and Markets Act against multinational commodity trading and mining company, Glencore PLC. The claim is based on alleged misstatements and omissions concerning Glencore's operations in the Democratic Republic of Congo. Specifically, the entity failed to disclose that its business operations in the DRC were secured through possible corrupt means. Once knowledge of the bribery and corruption scheme became public, the price of Glencore's securities declined significantly, causing substantial losses for investors.

**Status:** IMRF has opted to participate in one of the investor group actions. The action is still gathering qualified investors for the group action and pleadings have not yet been filed. The litigation of these claims will be handled by an outside English counsel.

**VERONICA MONTOYA v. BOARD OF TRUSTEES OF IMRF et al.**  
**(DUPAGE CTY 2022 MR 756)**

**Summary:** Montoya was the transportation coordinator for Rockford School District 205. She applied for and was granted temporary disability benefits from IMRF for the maximum statutorily permitted amount of time. Upon evaluation for total and permanent disability benefits and after an administrative hearing, the IMRF Board denied Montoya's claim for total and permanent disability benefits. Montoya appealed the decision.

**Status:** This matter was recently filed and served. IMRF staff will file the appropriate responsive pleading within the required timeframe.

(23-02-11) (Strategic Plan Update) Organizational Excellence Officer, Michael Everett, presented an update of the 2020-2022 Strategic Plan and the key accomplishments for each Key Result Area: Financial Health; Customer Engagement; Workforce Engagement; and Operational Excellence. Discussion ensued regarding Contact Center wait times as well as employee attraction and retention. Everett also provided an update on the 2023-2025 Strategic Plan.

(23-02-12) (Report of the Executive Director) The Executive Director updated the Board on the progress of the Horizon Project.

Next, the Executive Director presented the 2022 Fourth Quarter Strategic Objectives Update Report which focuses on activities completed during the Fourth Quarter of 2022 that support IMRF's 2020-2022 Strategic Plan.

The Executive Director also provided information on FOIA requests and provided a personnel report.

(23-02-13) (Trustee Forum) The Chair reported that there were 4 new requests to attend upcoming conferences. Ms. Stanish requested permission to attend the FTSE World Investment Forum in June 2023; Ms. Henry requested permission to attend the FTSE World Investment Forum in

June 2023; Mr. Kosiba requested permission to attend the P&I Private Markets Conference in May 2023; and Mr. Miller requested permission to attend the Opal Group Investment Education Symposium in February 2023.

It was moved by Ms. Copper, seconded by Mr. Stefan, to approve the 4 requests to attend upcoming conferences.

**VOTE:**

**ALL VOTED AYE - MOTION CARRIED**

**8 AYES; 0 ABSENT**

A list of upcoming conferences for 2023 was included as well.

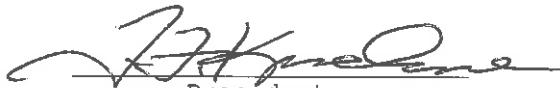
Finally, a chart was included that shows the number hours of training each Trustee has earned in 2022 and so far in 2023.

(23-02-14) (Adjournment) It was the moved by Ms. Copper, seconded by Mr. Kosiba, to adjourn the Board Meeting at 10:34 a.m., and to reconvene at 9:00 a.m. on March 31, 2023.

**VOTE:**

**ALL VOTED AYE - MOTION CARRIED**

**8 AYES; 0 ABSENT**

  
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President

  
\_\_\_\_\_  
Date

  
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Secretary

  
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Date

