

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 23-11
NOVEMBER 17, 2023

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 23-11

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:14 a.m. November 17, 2023, in the Fund Office at 2221 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 (via MS Teams), Kosiba, Kuehne, Miller, Stanish, Stefan, Stulir

Absent: All present

The following people were also present at the meeting: Mark Buis, Bonnie Worst, and Francois Pietrese from Gabriel Roeder Smith & Company; and Ms. Joanna Bewick, and Mr. Dan Caumo from Wilshire Associates.

(23-11-01) (Actuarial Update/Annual Funding Policy) Mr. Mark Buis, Ms. Bonnie Worst, and Mr. Francois Pieterse from GRS gave an actuarial update, as well as an update on IMRF's Funding Policy. They explained that IMRF Actuary performs an Experience Study every 3 years; and IMRF's funded status is in the top 10% of all Statewide systems. The top three reasons for this status are:

- Strong funding policy - always make the recommended contribution
- Strong assumption setting process
- Strong financial performance

GRS also reported on the potential impact of the pandemic. The analysis is based on data through December 31, 2022. All three years are impacted by the pandemic. The general recommendation is partial recognition of 25% towards actual experience was given to this period for most assumptions. The actuarial valuation is 'self correcting' as each year's valuation takes into account actual experience.

GRS also explained the following primary risks/assumptions and gave recommendations for each.

- *Demographic*
 - Normal retirement
 - Early retirement
 - Death-in-service
 - Disability
 - Withdrawal/Turnover
 - Pre and post mortality
- *Economic*

- o Price inflation
- o Wage inflation
- o Investment return
- o Merit and Longevity pay increases

GRS presented and reviewed the demographic and economic assumptions listed in the Triennial Experience Study Report.

After questions and discussion, it was moved by Mr. Kosiba and seconded by Ms. Copper to adopt the updated demographic assumption tables and to maintain the price inflation, wage inflation, and investment return assumptions at their current levels.

Roll Call Vote:

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

Nay: None

8 Ayes; 0 Nays; 0 Absent - Motion Carried

(23-11-02) (3rd Quarter Investment Performance Report) Mr. Caumo and Ms. Bewick from Wilshire presented the performance reports for the 3rd quarter.

Highlights of the presentation included:

- Market value as of September 2023 is \$48.9 billion.
- IMRF total fund return for 3Q 2023: -2.47% versus the Total Fund Benchmark return of -1.92%.
- U.S. equity markets posted negative returns for the quarter as the Fed's policy of higher rates for longer weighed on markets
- IMRF U.S. Equity Portfolio underperformed the benchmark during the quarter, returning -3.74% versus -3.59%.
- International equity markets were down for the quarter, with higher rates still being a concern, coupled with continued economic weakness in China.
- IMRF International Equity Portfolio outperformed the benchmark during the quarter, returning -3.04% versus -3.77%.
- Fixed income markets were generally negative for the quarter as the ten-year Treasury yield rose to its highest level since 2007.
- IMRF Fixed Income Portfolio underperformed the benchmark during the quarter, returning -2.11% versus -2.00%.
- All asset class allocations remain within the rebalancing range in the Investment Policy.

Finally, they informed the Board that Ativo is on the "watch" list due to personnel changes.

(23-11-03) (Investment Reports) Ms. Angela Miller-May, CIO for IMRF, reported the following changes to asset classes for the month-to-date period ending November 15, 2023:

- Domestic Equity increased 7.44% from \$16,709 million to \$17,952 million
- International Equity increased by 7.33% from \$8,728 million to \$9,368 million
- Fixed Income increased by 2.42% from \$11,603 million to \$11,885 million
- Private Real Assets increased by 1.07% from \$4,920 million to \$4,973 million

- Alternative Investments increased by 1.67% from \$5,515 million to \$5,607 million
- Cash decreased by -47.05% from \$409 million to \$217 million
- The overall fund saw an increase of 4.42% going from \$47,885 million to \$50,001 million

Furthermore, the following benchmark returns were reported:

S&P 500	+7.48% (MTD)
Custom U.S. Equity Benchmark	+7.46%
93% Russell 3000 Index	
7% FTSE Global Core Infrastructure 50/50 Index (Net)	
MSCI ACWI Ex-U.S.	+7.42%
Broad International equity market benchmark	
Bloomberg Barclays Aggregate	+2.67%
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.

(23-11-04) (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

Approval of Minutes

- (B) Regular Meeting minutes from August 25, 2023
- (C) Executive Session minutes from August 25, 2023
- (D) Special Meeting minutes from October 17, 2023

(E) Bids

2023 CSI Maintenance Renewal
 Sole Source: Connectivity Systems, Inc.
 Approved Bid: \$40,327.24

2023 IBM Hardware Maintenance Renewal
 Sole Source: Sirius Computer Solutions
 Approved Bid: \$43,140.00

2023 SolarWinds Orion & SQL Sentry Subscriptions Renewal
 Approved Bidder: Dell Technologies
 Approved Bid: \$225,224.02

2023 Treehouse N2O Maintenance Renewal
 Sole Source: Treehouse Software
 Approved Bid: \$32,970

2024 IBM Datacap Renewal
 Sole Source: SIA Innovations, Inc.
 Approved Bid: \$45,907

2024 Microsoft Products and Services Agreement (MPSA) Renewal
 Approved Bidder: Software House International (SHI)
 Approved Bid: \$474,676.12

Avaya AEP and Nuance License Increase
 Sole Source: Waterfield Technologies, Inc.
 Approved Bid: \$130,605

Digital Print Center Printer/Copiers Maintenance Renewal
Sole Source: Impact Networking
Approved Bid: \$20,000/year for next 3 years

Robert Half Direct Hire Agreements
Sole Source: Robert Half Technology
Approved Bid: 20% fee based on hired candidates' starting salaries for
a Network Architect and a Network Security Architect

(G) Participation of New Unit of Government and Instrumentality

Village of Altona
County: Knox
2023 Employer Rate: 9.79%
Effective Participation Date: December 1, 2023
Number of Employees: 1

Village of Oakwood
County: Vermillion
2023 Employer Rate: 6.72%
Effective Participation Date: December 1, 2023
Number of Employees: 7

Monroe County Road District #1
County: Monroe
2023 Employer Rate: 5.09%
Effective Participation Date: December 1, 2023
Number of Employees: 1

Monroe Randolph Transit District
County: Randolph
2023 Employer Rate: 15.71%
Effective Participation Date: December 1, 2023
Number of Employees: 15

(H) Review of September and October 2023 Financial Reporting Packages

(I) Statement of Fiduciary Net Position

(J) Impact of 2023 Year-To-Date Investment Income of Employer Reserves,
Funding Status and Average Employer Contribution Rate

(K) Schedule T - Report of Expenditures

It was moved by Ms. Copper, seconded by Ms. Stanish, to approve items A-J on
the consent agenda.

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

(23-11-05) (Audit Committee) The Chair of the Audit Committee
reported on the Audit Committee meeting that was held on November 17, 2023,
at 8:00a.m.

The Chair reported the following:

Committee approved the minutes from the May 26, 2023 meeting as well as the minutes from the Closed Session Audit Committee meeting on May 26, 2023.

General Counsel presented the Annual Report on Compliance Activity. There were 19 complaints reported on the hotline, where 17 of the 19 complaints were external; and 2 of the 19 complaints were internal. All external and internal complaints were addressed and closed. The Code of Conduct training was conducted via video format in the Spring and Fall of 2023, and 100% of staff completed the training during the Spring of 2023; and 100% of staff who were not on FMLA and 100% of IMRF Board members completed the training during the Fall of 2023. Fall training included harassment training as required by law and was also completed by 100% of the Board. Quizzes were administered after completion of training. Average scores were 92% in the Spring and 93% in the Fall of 2023, demonstrating a high level of comprehension. Training was offered to the external consultants as well.

General Counsel presented the report on the 2024 Employee Compliance Review Plan. The 2024 proposed scope for Employer Compliance Review is for staff to audit 215 employers. This is less than 3% membership. The proposed scope includes follow-up reviews and first-time audits.

The 2023 Internal Audit Work results were presented by David Doney, IMRF Internal Audit Officer, and David Anderson from Clifton Larson Allen. Internal Audit Work performed related to the Information System Area: External Penetration Assessment (EPA), Remote Social Engineering (RSA), Internal Penetration Assessment (IPA), and Wireless Network Security Assessment (WNSA).

The 2023 Internal Audit Work performed related to the Information System Area resulted in the following:

- A. External Penetration Assessment: CLA was unable to gain access to IMRF systems or sensitive data from the outside (from the internet).
- B. Remote Social Engineering - Email Phishing: 3 out of 249 employees clicked on a link within a phishing email and provided credentials. No unauthorized access was obtained from the credentials provided.
- C. Internal Penetration Assessment: CLA was able to find high risk vulnerabilities on the internal systems that allowed CLA to gain administrative rights to the network.
- D. Wireless Network Security Assessment: CLA identified no critical or high-risk vulnerabilities in the wireless network.

Chairman Stefan reported that the Audit Committee approved the following:

- 2023 Internal Audit Work performed by Clifton Larson Allen
- External Audit Services plan, as presented by Plante Moran
- 2024 Plante Moran Contract for Audit and SOC 1 Type 2 reporting
- Internal Audit Plan and Charter as presented by Internal Audit Officer David Doney

It was moved by Mr. Stefan and seconded by Ms. Copper to approve the action items/recommendations from the Audit Committee.

ALL VOTED AYE - MOTION CARRIED

8 AYES; 0 ABSENT

(23-11-06) (Benefit Review Committee Report) Mr. Miller, the Chair of the Benefit Review Committee, reported on the Benefit Review Committee meeting that was held on November 16, 2023, at 2:15 p.m.

The Committee approved the open session meeting minutes from August 24, 2023.

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

- Affirm the staff decision denying temporary disability benefits for Rubel Chowdhury effective August 1, 2022.
- Affirm the staff decision denying total and permanent disability benefits for Marisela Rios.
- Adopt the finding and conclusions of the IMRF hearing office in the Woodstock Community Unit School District #200 case.
- Adopt the finding and conclusions of the IMRF hearing office in the River Forest School District #90 case.
- Adopt the finding and conclusions of the IMRF hearing office in the Alan Walker case.

ALL VOTED AYE - MOTION CARRIED

8 AYES; 0 NAYS; 0 ABSENT

(23-11-07) (Investment Committee Meeting) Ms. Henry, the Chair of the Investment Committee, reported on the Investment Committee Meeting that was held on November 16, 2023 at 9:00a.m.

The Investment Committee approved the meeting minutes from the August 24, 2023 meeting.

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

For Private Equity

- Authorize a commitment of up to \$50 million to SK Capital Partners VI, L.P., subject to satisfactory legal due diligence
- Authorize a commitment of up to \$50 million to ABRY Partners X, L.P., subject to satisfactory legal due diligence
- Authorize a commitment of up to \$30 million to Agent Capital Fund III, L.P., subject to satisfactory legal due diligence
- Authorize a commitment of up to \$60 million to Insight Partners Fund XIII, L.P., subject to satisfactory legal due diligence; and,
- Authorize Staff to complete all documentation necessary to execute these recommendations

It was moved by Ms. Henry and seconded by Mr. Kosiba to approve the above recommendations in regard to Private Equity investments.

ALL VOTED AYE - MOTION CARRIED

8 AYES; 0 NAYS; 0 ABSENT

For Real Estate Equity

- Authorize a commitment of up to \$150 million to Barings Real Estate Debt Income Fund, L.P., subject to satisfactory legal due diligence
- Authorize a commitment of up to \$25 million to JLC Infrastructure Fund II, L.P., subject to satisfactory legal due diligence
- Authorize a commitment of up to \$75 million to Partners Group Direct Infrastructure Fund IV, L.P., subject to satisfactory legal due diligence; and,
- Authorize Staff to complete all documentation necessary to execute these recommendations

It was moved by Ms. Henry and seconded by Ms. Stanish to approve the above recommendations in regard to Real Estate Equity investments.

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

Furthermore, it was moved by Ms. Henry and seconded by Mr. Miller to ratify the termination of the emerging markets strategy with Genesis Investment Management and to approve the Delegation of Authority Watchlist Action Recommendation.

It was noted in the Committee report that trustee members unanimously agreed to amend the Delegation of Authority Watchlist Action Recommendation to include a 48-business hour notification to the Board of Trustees before action is taken including and up to termination of the manager.

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

(23-11-08) (Legislative Committee Report) Mr. Kosiba, the Chair of the Legislative Committee reported on the Legislative Committee Meeting that was held on November 16, 2023 at 1:00 p.m.

The Legislative Committee approved the meeting minutes from the March 6, 2023 meeting.

It was the consensus of the Legislative Committee to change committee procedures to the following:

- Consolidate the current legislative Board resolutions and rescind the current resolution opposing legislation that would consolidate the investment functions of the five state-funded systems;
- Have a default of no position, except allow staff to oppose legislation that adversely affects operational ability or potentially violates the Pension Protection Clause in the Illinois Constitution and include this additional authority in the consolidated Board resolution;
- Have staff provide regular updates on newly introduced legislation to the Board and if a trustee believes that the Board should issue an opinion on any proposal(s), he or she could ask staff to attempt to schedule an in-person special Board meeting

It was the consensus of the Legislative Committee to recommend the following proposals for the 2023 IMRF Board of Trustees Legislative Agenda.

- Increase the death benefit from \$3,000 to \$5,000;
- Allow members who are participating as a regular member and then became an elected official at the same employer to remain a participant without first filing an affirmative election to participate as long as the employer continued to report the member's wages when they started the new position.

The Committee did not choose to recommend that the Board include the following proposals in its 2024 agenda:

- Allow virtual meetings without limitation;
- Increase the return-to-work hourly standard to 1,000 hours for all retirees regardless of the employer from which they retired or to which they are returning.

The Committee requested that staff restructure the proposal to allow the Board to impose up to 100% of the liability created for return to work and separation of service violations and bring the new language to the Committee at its December meeting for discussion.

The Committee recommended that the Board remain neutral on House Bill 4139 (Fritts) that would allow additional medical practitioners to certify disability eligibility.

Finally, the Committee voted to hold a 2024 Springfield Drive-Down.

It was moved by Mr. Kosiba and seconded by Mr. Miller to approve the recommendations from the Legislative Committee.

ALL VOTED AYE - MOTION CARRIED

8 AYES; 0 NAYS; 0 ABSENT

(23-11-9) (Resolutions - Correct Board Resolution 2020-05-10(c) and Activate Board Resolution 2011-02-09) General Counsel explained that at the May 2020 meeting, the Board adopted Resolution 2020-05-10(c), which sought to combine all resolutions related to the definition of reportable IMRF earnings into one resolution. The aggregation of these resolutions was intended to keep the definition of earnings the same. However, a scrivener's error was found which could cause the resolution to be interpreted to give part of the resolution a different meaning than it had before. Therefore, action should be taken to correct and clarify that the Resolution did not change IMRF's definition of earnings. It is recommended that a motion be made to correct the scrivener's error and reflect that IMRF's definition of "overtime" set forth in Resolution 2011-02-09 is restored, and that comp time cash outs are not considered earnings under IMRF's definition for SLEP Tier 2 members.

It was moved by Mr. Miller and seconded by Ms. Copper to correct the scrivener's error and reflect that IMRF's definition of "overtime" set forth in Resolution 2011-02-09 is restored, and that comp time cash outs are not considered earnings under IMRF's definition for SLEP Tier 2 members.

ALL VOTED AYE - MOTION CARRIED

8 AYES; 0 NAYS; 0 ABSENT

(23-11-10) (2024 Compensation Plan) The Director of Human Resources reviewed the 2024 IMRF Staff Compensation Package Report with the Board.

It was moved by Mr. Kosiba and 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 a 9.5% increase in premiums.
- Renew with Lincoln Dental Insurance High/Low PPO Dental Plan for one year with a 7% increase in premiums.
- Continue the current split between employee-paid insurance premiums and employer-paid insurance premiums.
- Continue to offer a Supplemental Vision Insurance Plan through our contract with EyeMed. Participation in this plan is optional and is paid for 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 to offer both 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 for by the employee.

Compensation Package

- CBIZ provided IMRF with comparable salary structure adjustment data, and after reviewing the 2024 market data, the recommendation is that IMRF adjust its salary ranges in order to remain at the market median. Therefore, the recommendation is to approve the new salary ranges suggested by CBIZ.
- Approve the proposed 2024 salary grades and ranges
- Approve bringing 17 employees to the minimum of their new salary range.
- Approve a Base Salary Adjustment of 4.00% to eligible salaries as of December 31, 2023.
- Create a discretionary increase pool equal to 1.0% of December 31, 2023 staff salaries, with maximum increase of both Base Salary Adjustment and Discretionary Increase of 5.50%.

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

(23-11-11) (2024 Proposed Budget and Strategic Plan) The Chief Financial Officer presented a summary of the proposed 2024 Budget document for approval by the Board. He explained that the "theme" behind the budget is tying it to the Strategic Plan.

Several Board members commented that staff did a great job on the 2024 Budget.

Ms. Copper asked staff to look into changing the travel policy to increase the per diem amount. The Board requested that staff investigate the current

per diem amount and report back to the Board for possible discussion or action at the December Board meeting.

It was moved by Mr. Miller and seconded by Ms. Copper, to approve the 2024 Budget and Strategic Plan as presented by staff.

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

(23-11-12) (2024 Employer Contribution Rates) The Chief Financial Officer presented the 2024 Employer Contribution Rates for Board approval.

It was moved by Ms. Copper and seconded by Ms. Stanish, to approve the 2024 Employer Contribution Rates as presented by staff.

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

(23-11-13) (Appreciation of Service for Theresa Schiefelbein) Executive Director Brian Collins informed the Board that long-time employee Theresa Schiefelbein has retired, and he asked them to adopt the following resolution.

WHEREAS, Theresa Schiefelbein, Senior Benefit Claims examiner, has faithfully served IMRF from May 2006 through September 2023, and;

WHEREAS, Theresa Schiefelbein held positions in the Benefits department throughout her tenure at IMRF, first as a Data Entry Clerk, followed by a Benefit Claims Examiner, and since May 2019 as a Senior Benefits Claims Examiner, and;

WHEREAS, Theresa Schiefelbein - either individually or as part of a team - researched and processed more than 20,000 benefits claims during her tenure, on behalf of IMRF members, and;

WHEREAS, Theresa Schiefelbein played an important role in continuous process improvement at IMRF by enhancing the Pension Benefit Information Death Match process, which located and compensated members and their beneficiaries, and;

WHEREAS, during Theresa Schiefelbein's 17-year tenure, she demonstrated IMRF's organizational Value of Empathy by helping Benefits Examiners with her wealth of benefits knowledge, and even by working nights and weekends to meet the needs of our members, their beneficiaries, and employers, and;

WHEREAS, Theresa Schiefelbein supported the modernization of IMRF's pension administration technology systems by piloting the new "Horizon" software prior to rollout, and;

THEREFORE, BE IT RESOLVED, that the IMRF Board of Trustees recognizes and honors Theresa Schiefelbein for her significant contributions and excellent service to the Illinois Municipal Retirement Fund.

It was moved by Ms. Copper and seconded by Mr. Stulir to adopt the above resolution recognizing and appreciating Theresa Schiefelbein's years of service to IMRF.

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

(23-11-14) (Litigation Update) The following is an update of the currently pending or recently concluded litigation:

**CALIFORNIAL 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 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; THIRD DISTRICT APPELLATE COURT 3-22-0404)**

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 return 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 appealed the Circuit Court's decision. The Appellate Court issued its decision on October 16, 2023, which reversed the decision of the Circuit Court. The Appellate Court determined that IMRF should not have retroactively denied Mr. Gardner's temporary disability benefits. The case will be remanded back to the Circuit Court, who will in turn remand it to IMRF for a determination on his application for total and permanent disability benefits. The deadline to request leave to appeal to the Supreme Court is November 20th. Staff recommends to not appeal and let the case be remanded back to IMRF for total and permanent disability benefits.

**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: Discovery in this case is complete. The court has set a January 20, 2024, date for the trial on causation and liability with a damages trial to follow after April 1, 2024. However, there is also ongoing mediation which may resolve this case prior to the trial.

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 possibly 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. Staff is working with the English counsel and IMRF's investment managers to establish standing for each group of shares that may be recoverable in this action.

VERONICA MONTOYA v. BOARD OF TRUSTEES OF IMRF et al.
(DUPAGE COUNTY 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: The court issued its decision on October 18, 2023, which reverses IMRF's denial of total and permanent disability benefits. The deadline to file an appeal with the Appellate Court is November 17th. IMRF recommends to appeal to the Appellate Court.

GIVENS v. IMRF (U.S. EEOC 440-2022-09088; N.D. ILL. 1:23-CV-14101)

Summary: This is a charge of discrimination by a current employee through the U.S. Equal Employment Opportunity Commission.

Status: Plaintiff's Counsel has indicated that she will be filing an amended complaint to make corrections to the original complaint. IMRF will file an appropriate responsive pleading once the amended complaint is received.

RYAN ZIERER v. SENECA TOWNSHIP, IMRF et al.
(MCHENRY COUNTY 2023 MR 143)

Summary: IMRF was named as a necessary party to litigation involving Seneca Township and Zierer, its former employee. Zierer claims that he was eligible to participate in IMRF in 2010 and 2011, but that the Township failed to

enroll him. He seeks mandamus, declaratory judgement, and a civil rights claim against the Township to require the Township to execute the omitted service application for IMRF service credit. Zierer made no claim and had no contact with IMRF prior to filing the lawsuit.

Status: IMRF's position is that IMRF is not a necessary party to the action IMRF has filed a motion to dismiss itself as a misjoined party. During the briefing, Zierer filed a response which does not contest IMRF's request for dismissal. The Court entered an agreed order dismissing IMRF from the litigation on November 3rd.

GREGORY PALMER v. VILLAGE OF SUMMIT, IMRF et al.
(COOK COUNTY 2023 CH 8087)

Summary: IMRF was named as a necessary party to litigation involving the Village of Summit and Palmer, its former employee. Palmer claims that he was eligible to participate in IMRF in 1993 but that the Township failed to enroll him. He seeks mandamus, declaratory judgment, and a civil rights claim against the Village to require the Village to execute an omitted service application for IMRF service credit. Palmer is a current IMRF retiree. Prior to this lawsuit, Palmer submitted an omitted service application to IMRF, however, the form was denied on the basis that it was incomplete due to not providing the time period for which service was being requested.

Status: IMRF's position is that IMRF is not a necessary party to the action. IMRF has filed a motion to dismiss itself as a misjoined party. The motion status date is set for November 21st.

MARY SERDAR v. IMRF BENEFIT REVIEW COMMITTEE, et al.
(WILL COUNTY 2023 MR 382)

Summary: Serdar was the building secretary for the Village of Plainfield. 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 Serdar's claim for total and permanent disability benefits. Serdar appealed the decision.

Status: IMRF was served with the suit on October 27th. IMRF intends to respond with a motion to dismiss on the basis that Serdar did not name the IMRF Board of Trustees as a defendant.

IN RE GILLIM
(BANKR. N.D. ILL. 23-81265)

Summary: IMRF retiree Tara Gillim previously received IMRF disability benefits. It was later discovered that she had been approved for Social Security disability benefits for the same time period, thereby accruing a prepayment for the difference. As of her bankruptcy filing, her remaining prepayment is less than \$5,000. Member has now filed for Chapter 7 bankruptcy and IMRF was named a creditor.

Status: IMRF's position is that the prepayment is not subject to discharge in bankruptcy. IMRF plans to respond with necessary filings and pursue exemption from the discharge to protect IMRF's ability to collect the prepayment.

(23-11-15) (Legislative Update) IMRF's Government Affairs Manager gave a report on current legislative activity.

She informed that the General Assembly held its first half of the fall veto session from October 24-26th. The second half of the session is from November 7-9th. No pension legislation pertaining to IMRF was discussed. There have been no changes in the status of introduced legislation since the last Board meeting.

She further informed that only one bill pertaining to IMRF has been introduced since the spring session adjourned. House Bill 4139 would expand the types of medical professionals that can certify disability eligibility for members to include nurse practitioners, physician assistants, and clinical psychologists (currently, only physicians are permitted to make these certifications). It was introduced in September, but no other action has been taken.

The House pension committee held hearings over the summer and fall regarding potential changes to the Tier 2 benefit structure. The discussion was focused only on the state-funded systems and CTPF. IMRF was not part of the potential legislation. The main points being discussed included:

- Changing the annual COLA calculation from the lesser of 3% or ½ of the increase in the CPI-u to the greater of the two;
- Reducing the retirement age without penalty to as low as age 62 with additional years of service credit;
- Changing the wage cap to address the potential Safe Harbor testing failures for those plans that do not participate in Social Security (the expectation is that if the Tier 2 changes are expanded to other funds, this provision would be limited only to those systems that are not coordinated with Social Security).

One provision that was included in the draft, although it was not part of the hearing discussions, was a provision to create a DROP plan for IMRF SLEP members. Similar provisions were also included for other systems, including CTPF, SERS, SURS, and TRS, as well as the downstate police and fire funds. The provisions for CTPF and the state-funded systems would apply to all members and not be limited only to public safety members.

The language is based on language that was floated in the final weeks of the spring 2022 session with two main differences. The first difference is that it would allow, but not require, the Board to transfer authority to administer the plan to the State Treasurer, similar to the current authority it has to transfer investment authority to the Illinois State Board of Investments. There is no requirement or expectation that the Board choose this option.

Unlike the provision in 2022, there would be no interest payable on the account (it was set at the 10-year Treasury yield). This was intentionally included by the unions. For those advocating for a DROP plan, they see the monthly pension payments that would be deposited in the DROP account as their goal. They were concerned that asking for interest as well would cause the entire provision to be removed. There is still some bipartisan opposition to DROP plans that they did not want that risk. They were not concerned about additional amounts being included beyond the monthly pension payments. Like the 2022 draft, participants would continue to make their

member contributions, which would be deposited into the IMRF general account to be used for DROP plan administrative costs, as well as act as a backstop if the actual returns are less than the 10-year Treasury guaranteed amount. This provision remains even though there is no longer any interest being paid.

IMRF's tax counsel has reviewed the proposal and has no concerns with it with one caveat. They are concerned that our tax-qualified status would be jeopardized if the Board were to choose the option to have the program administered by the State Treasurer. There is no concern if the option is not exercised. Because transfers of the DROP amounts to the Treasurer would not be to another qualified plan, they would be considered a distribution at the time of the transfer and the member would therefore be considered as having received the distribution at that time. The state-funded systems are mandated to have the Treasurer administer the plan and their tax counsels have identified the same concern.

Legislator Meetings

The virtual legislator meetings continue to be a popular meeting method for legislators. We met with 22 legislators, which matches the total for 2022, with one more that is being finalized for a potential early December date.

(23-11-16) (Report of the Executive Director) The Executive Director updated the Board on the status of the Horizon Project. He informed that, since the last update on October 17th, IMRF focused resources on mitigating the three critical risk factors of the project: annual Closing/GASB risk; employer readiness risk; and staff readiness risk. At the same time, plans were made for TELUS to deliver more defect fixes and IMRF to continue to improve data conversion with more time allowed before Go Live.

In addition to the primary focus of Go Live risk mitigation, IMRF, TELUS, and Provaliant continue to refine and improve preparedness for Go Live through use of the additional time created by the annual closing blackout period. IMRF is working on additional data conversion items to further reduce data issues and findings from annual closing testing. TELUS will deliver more defect fixes and IMRF and Provaliant will test these defect fixes. With each defect fixed, the quality of the overall Horizon solution grows beyond already achieved quality benchmarks. IMRF will provide another project update at the December Board meeting.

Next, the Executive Director highlighted the progress on strategic objectives and key strategies during the third quarter of 2022 that support IMRF's 2020-2022 Strategic Plan.

The Executive Director also provided information on FOIA requests, personnel, and the IMRF retiree endorsed health insurance. Mr. Miller asked for background information on how Doyle & Rowe, LTD became the provider for the IMRF retiree endorsed health insurance. As former Executive Director, Mr. Kosiba explained the history of how Doyle & Rowe became the provider. Mr. Miller has a concern that Doyle & Rowe is the sole provider. Mr. Collins recommended that staff further investigate this and provide an update at one of the 2024 Board meetings. Ms. Copper and Ms. Stanish said they support investigating this further but advise not to eliminate this option because it will cause backlash.

(23-11-17) (Trustee Forum) The Chair reported the following Trustees requested authorization from the Board to attend the following conferences:

Tom Kuehne	Advanced Trustees and Administrators Institute International Foundation of Employee Benefits February 10-14, 2024 Orlando, FL
Natalie Copper	Advanced Trustees and Administrators Institute International Foundation of Employee Benefits February 11-15, 2024 Orlando, FL
Natalie Copper	70 th Annual Employee Benefits Conference International Foundation of Employee Benefits November 9-14, 2024 Orlando, FL

It was moved by Ms. Copper and seconded by Mr. Stulir, to approve the requests of two Board members to attend the conferences listed above.

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

A list of conferences, as well as a chart listing accumulated trustee training hours, were also included as part of the Trustee Forum agenda item.

Mr. Kuehne requested that staff research more conference opportunities, and that trustees share the information about any new conferences they hear of.

(23-11-18) (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 Mr. Stefan, seconded by Mr. Miller to go into Executive Session at 11:33a.m. to conduct the annual performance appraisal of the Executive Director pursuant to Section 2 (c) 1 of the Open Meetings Act.

Roll Call Vote:

Aye: Copper, Henry, Kosiba, Kuehne, Miller, Stanish, Stefan, Stulir
Nay: None
Absent: None

8 Ayes, 0 Nay - Motion Carried

The Board returned to open session at 12:34p.m.

(23-11-19) (Adjournment) It was moved by Mr. Stefan, seconded by Ms. Stanish to adjourn the Board Meeting at 12:34p.m., and to reconvene in the Fund offices, 2221 York Road, Suite 400, Oak Brook, IL, at 9:00am, on December 15, 2023.

Vote:

ALL VOTED AYE - MOTION CARRIED



President



Date



Secretary



Date

