

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 24-05
MAY 31, 2024

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 24-05

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m. on May 31, 2024, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Mr. Stefan presided as President/Chair and called the meeting to order at 9:00 a.m.

Ms. Herman took roll call:

Present: Copper, Cycholl, Henry, Kosiba, Kuehne, Miller, Stefan
Absent: Stanish

Also Present: Mr. Kazemi and Ms. Bewick from Wilshire Associates were present at the meeting, as well as Mr. Buis, Mr. Pieterse, and Ms. Bonita Wurst from Gabriel Roeder Smith & Company.

(24-05-01) (2023 Actuarial Valuation Report - 2023 Gain/Loss Analysis - Mark Nannini and Gabriel Roeder Smith & Company) Mr. Mark Buis, Ms. Bonita Wurst, and Mr. Francois Pieterse from Gabriel Roeder Smith Company presented IMRF's Annual Actuarial Valuation as of December 31, 2023, and IMRF's Gain/Loss Analysis, noting that the objective of the Analysis is to calculate employer rates for 3,401 rate groups for the 2025 calendar year; measure financial position and funding progress; explain changes in financial position that occurred during the year; and update on the Pandemic experience and actuarial standards of practice.

Highlights of the presentation included:

- IMRF experienced a net actuarial investment loss on a smoothed basis over the last 5 years. In addition, there were pay increases greater than assumed.
- Average 2025 rates are slightly higher than 2023 rates for most employers.
- 2026 rates will be affected by:
 - Continued emergence of Tier 2;
 - Continued recognition of \$771 million unrecognized investment losses;
 - Market volatility (up/down tendencies) for 2024; and
 - Potential ongoing pandemic impact.
- IMRF is now 96.6% funded (95.2% based on market value); which is well above the national average.

Looking ahead, GRS explained the following:

- Assuming IMRF earns 7.25% for the next 3 years, average projected contribution rates would initially increase and then slowly decrease
 - o Estimated 2026 rate (Regular): 7.28%
 - o Estimated 2027 rate (Regular): 7.63%

- o Estimated 2028 rate (Regular): 7.51%
- This is due to \$771 million in unrecognized asset losses and continued impact of lower cost for Tier 2 members
- Future is highly uncertain!
 - o Actual rates will depend on actual experience and potential changes to assumptions/methods
 - o Favorable investment experience would mitigate this
 - o This is the perfect example of why actuaries use asset smoothing

(24-05-02) (1st Quarter 2024 Investment Performance Report - Angela Miller-May and Wilshire Associates) Mr. Kazemi and Ms. Bewick presented the 1st Quarter Investment Performance Report.

The highlights are as follows:

- IMRF market value as of March 2024 is \$54.1 billion
- IMRF total fund return for 1Q 2024 is 4.33% versus the Total Fund Benchmark return of 5.02%
- U.S. Equity markets posted positive returns for the quarter, starting the year on a good note
- IMRF U.S. Equity Portfolio slightly outperformed the benchmark during the quarter, returning 9.51% versus 9.42%
- International equity markets were also up for the quarter, with improving outlook in China although the European economy remain weak
- IMRF International Equity Portfolio outperformed the benchmark during the quarter, returning 5.20% versus 4.69%
- Fixed income markets were down as yields rose and credit spreads tightened
- IMRF Fixed Income Portfolio outperformed the benchmark during the quarter, returning 0.08% versus -0.27%
- All asset class allocations remain within the rebalancing range in the Investment Policy
- Furthermore, Wilshire would like to keep Ativo and Brown Capitol on the "watch list". Both are due to personnel changes and should be monitored closely.

(24-05-03) (Investment Reports - Angela Miller-May) CIO Angela Miller-May reported that the total fund value as of May 29, 2024, was \$53.5 billion. She further reported that as of May 29, 2024, the Domestic Equity portfolio was down -2.5%; the International Equity portfolio was up 1.06%; the Fixed Income portfolio was down -2.14%; the Private Real Assets portfolio was up 1.15%; the Alternative Investments portfolio was up 3.82%; and the cash portfolio was down -66.75%. Overall, IMRF's portfolio was down in value by -1.21% on May 29, 2024. Furthermore, the following benchmark returns were reported as of May 29, 2024:

S&P 500	4.73%
Custom U.S. Equity Benchmark	4.23%
93% Russell 3000 Index	
7% FTSE Global Core Infrastructure 50/50 Index (Net)	
MSCI ACWI Ex-U.S.	2.57%
Broad International equity market benchmark	

Bloomberg Aggregate .91%
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. Ms. Miller-May reported as of 4/30/2024 utilization of minority owned companies is 26.2% of total assets, which exceeds the target of 20-22%.

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

- IMRF ended March 2024 with a market value of \$54.1 billion, up for the month by approximately \$958 million. IMRF returned 2.20% during the month, slightly outperforming the Total Fund Benchmark, which returned 2.19%. Both growth and defensive assets recorded positive returns as equity markets experienced low volatility, and fixed income investors sought indications of potential future rate cuts.
- The broad U.S. Equity market was positive for the month, while Small Cap stocks outperformed Large Cap. However, the U.S. Equity Portfolio outperformed its benchmark during March, returning 3.69% versus 3.24%. The portfolio's allocation to Large Cap Value was the largest contributor to relative outperformance.
- International Equity markets were positive in March, with Emerging Markets training Developed. The International Equity portfolio underperformed the benchmark during the month, returning 3.05% versus 3.13%. In aggregate, investment manager performance in Large Cap Core and Small Cap were the largest contributors to relative underperformance.
- Bond yields rose and credit spreads widened slightly in March. The Fixed Income Portfolio outperformed the benchmark during the month, returning 0.99% versus 0.92%. Core Plus managers were the largest contributors to relative outperformance.
- As of March month-end, all underlying asset class allocations in the Portfolio are within the stated four percentage point re-balancing range as outlined by the current Statement of Investment Policy

(24-05-05) (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) Approval of 2024 Trustee Election Procedures - Vlad explained this item and why it was placed on the Consent Agenda.

(B) Schedules - For the months of March & April 2024

- 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

(C) Approval of Minutes

Regular Board Meeting minutes from April 12, 2024.

(D) Bids

2024 F5 Maintenance and Support Renewal
Approved Bidder: vCloud Technologies
Approved Bid: \$87,246.72

2024 BoardDocs Renewal - 5-year term
Sole Source: Diligent Corporation
Approved Bid: \$74,686.51

Pure Storage Conversion Kits
Sole Source: Sentinel Technologies, Inc.
Approved Bid: \$377,918.20

2024 Employee Trustee Election - Printed Materials
Approved Bidder: Meridian Printing

Approved Bid: \$24,098.00

2024 Employee Trustee Election - Ballot Tabulation

Approved Bidder: TAB Services

Approved Bid: \$5,800

Cybersecurity Vulnerability Assessment

Sole Source: CliftonLarsonAllen (CLA)

Approved Bid: \$64,565

(D) Participation of New Units of Government

Tri-County Regional Planning Commission

County: Peoria

2024 Employer Rate: 12.52%

Effective Participation Date: July 1, 2024

Number of Employees: 7

South Elgin & Countryside Fire Protection District

County: Kane/DuPage

2024 Employer Rate: 12.06%

Effective Participation Date: June 1, 2024

Number of Employees: 4

Lake Villa Fire Protection District

County: Effingham

2024 Employer Rate: 4.96%

Effective Participation Date: June 1, 2024

Number of Employees: 1

Will County Regional Office of Education

County: Will

2024 Employer Rate: 6.83%

Effective Participation Date: February 1, 2024

Number of Employees: 6

(E)April & May 2024 Financial Reporting Packages

(F)February & March 2024 Statement of Fiduciary Net Position

(G)Impact of 2024 Year-To-Date Investment Income of Employer Reserves,
Funding Status and Average Employer Contribution Rate

(H)Schedule T - Report of Expenditures (April 2024 & May 2024)

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

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-05-05) (Trustee Election Procedures Resolution)General Counsel Vladimir Shuliga explained that the Pension Code requires the IMRF Board to establish rules and regulations which govern IMRF trustee elections. 40

ILCS 5/7-175(e). The Board has adopted such procedures, which are periodically updated when the necessity arises.

The procedures currently require candidates for Employee and Annuitant elections to provide at least two business days of notice if they wish to be present for the counting of the ballots. Such notice is not required for Executive Trustee candidates. This is because the Employee and Annuitant ballot counting was conducted by an outside vendor, while the Executive ballots were counted in IMRF offices by staff. However, it is now current practice that all ballots are counted by the outside vendor; Employee, Annuitant, and Executive. The recommended update would require all candidates, regardless of position type, to provide the notice to staff two business days prior to the counting, so that staff can notify the outside vendor.

Staff recommends adopting the following resolution which supersedes Resolution 2019-12-12(b).

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

WHEREAS, SECTION 7-175 (E) of the Illinois Pension Code authorizes the Board of Trustees to establish rules governing the conduct of elections for trustee;

THEREFORE, BE IT RESOLVED that the following shall constitute the procedures and rules for elections for trustee.

IMRF Board of Trustees

The Board of Trustees shall adopt the election schedule and name election judges and clerks at its May meeting. A separate schedule shall be created and adopted for each trustee election (Executive, Employee, and Annuitant). The Executive Director shall then certify eligible candidates no later than the fourth Friday in September. The Board shall certify election winners at its December meeting.

In the event that only one eligible candidate is certified for a trustee election by the Executive Director, no additional election activities will take place for that position and that candidate will be certified as the winner by the Board at its December meeting.

The Board of Trustees does not endorse candidates for elections and candidates cannot in any way imply that they are "endorsed" by IMRF or the Board of Trustees. This provision does not prohibit incumbent trustees from endorsing or advocating for candidates in their individual capacity.

Candidates

Per Board Resolution 1992-06-19, the IMRF logo cannot be used by any candidate in any election materials. In addition, IMRF will not provide any quantity of publications, such as benefit booklets and forms, to candidates for use in their campaign.

Candidates may not campaign at any IMRF-sponsored presentation or training session.

Prohibited campaign activities include, but are not limited to, passing out literature, advocating for the candidate's election, and soliciting petition signatures.

IMRF Staff

IMRF staff members are prohibited from using their position as an IMRF staff member to campaign for or against any candidate for trustee. No campaign activity for a trustee candidate, such as passing out literature, advocating for the candidate's election, or soliciting petition signatures, shall be done during work hours.

IMRF staff may not provide support or information to any candidate that is not available to all other candidates. IMRF staff responsible for the election process shall maintain a log of all contact with trustee candidates regarding the election process. The log shall include the name of the requester, name of the staff person, contact information, type of election, request, and resolution. The log shall be available upon request, except that requester contact information shall be redacted.

It was moved by Mr. Kuehne and seconded by Mr. Miller to adopt the proposed Resolution on Trustee Election Procedures which supersedes Board Resolution 2019-12-12(b).

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-05-06) (Resolution for the Policy on Refunds of Voluntary Additional Contributions) General Counsel Vladimir Shuliga explained that the current Board Resolution 2013-09-08 sets forth the rules regarding refunds of voluntary additional contributions ("VAC"). Based on significant increases in the number of VAC refund applications and to enhance the efficient administration of the Fund, it is desirable to set limits on the amount of refunds which may be taken each year.

He further explained that active IMRF members may make after-tax voluntary additional contributions in an amount up to 10% of reportable earnings. 40 ILCS 5/7-173(a)(2). VAC are granted interest (currently 7.25%, as set by the Board) at the end of each calendar year, based upon the VAC balance at the beginning of that year. Upon termination of IMRF participation, the member receives a refund of VAC plus interest. Upon retirement, the member can choose to take the refund, or, if the VAC balance is \$4,500 or more, the member can choose to annuitize the VAC fund.

The Pension Code permits an employee to withdraw their contributions "at any time" prior to retirement. 40 ILCS 5/7-173(d). Under IRS and Board rules, any VAC refunds taken while still employed with the IMRF employer do not include interest on the FAC. Any interest previously earned on the VAC remains in the account and continues to accrue interest. However, in many cases, a member who takes an in-service refund of VAC has not earned interest and has not received financial benefit from the VAC program.

In 2023, VAC refund applications reached a record high of 4,253. This constitutes an over 70% increase in refund applications since 2019, when IMRF processed 2,489 refunds. The amount of VAC refunds processed in each of the last five years are:

2019: 2,489
2020: 2,778
2021: 3,160
2022: 3,785
2023: 4,253

This trend indicates that members are using the VAC program as a short-term savings vehicle, rather than retirement planning. Due to the significant staff demand to process these applications and lack of member benefit to in-service refunds, staff recommends limiting the number of these in-service refunds. The proposed resolution limits a member to two in-service VAC refunds in each calendar year. The amendment also allows additional refunds to be granted in exceptional circumstances. The proposed resolution will increase the ability of the Benefits Department to timely process all benefits applications. It will also encourage members to leave contributions on file in order to earn interest and ultimately realize the benefits and fulfill the public policy purpose of the VAC program, which is to encourage IMRF members to save for retirement.

Staff recommends the adoption of the resolution, which supersedes Resolution 2013-09-08.

Mr. Kosiba commented that he sees a problem with this because the statute allows refunds at any time. He feels the Board cannot override what is statutorily provided. Mr. Miller feels a service charge should be imposed for every refund (maybe allow one free refund and then impose a fee for each additional refund processed). Discussion ensued regarding the possibility of an "emergency" situation arising, and what would constitute an "emergency" situation.

Mr. Kosiba would like to see this item deferred until additional information is provided, i.e., number of participants in VAC who take an excessive amount of refunds. He would also like to see the number of accounts that have interest; as well as a list of emergencies for withdrawals from other retirement savings plans, i.e., 401k.

It was moved by Mr. Kosiba and seconded by Mr. Kuehne to table this resolution until the Board receives additional information and bring it back to the August 2024 meeting.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-05-07) (Resolution on Staff Retiree Health Insurance) General Counsel Vladimir Shuliga explained that the current Board Resolution 2002-03-05(b) sets forth the subsidy schedule for staff retiree health insurance. It is necessary to update the referenced retirement age to include retirees under Tier 2. IMRF subsidizes health insurance for staff retirees with ten or more years of IMRF service. The original resolution, Board Resolution 2002-03-05(b), was passed prior to the creation of Tier 2

plan. The amended resolution updates the retirement age section to include Tier 2 individuals and the Tier 2 retirement age. The subsidy rate schedule remains the same, and there are no other necessary amendments to the resolution.

Staff recommends the adoption of the following resolution which supersedes Resolution 2002-03-05(b).

1. Age. Tier 1 employees are eligible at age 50 (through ERI) or age 55 (without ERI). Tier 2 employees are eligible at age 57 (with ERI) or age 62 (without ERI).
2. Retirement Period. The employee must immediately begin receiving a retirement benefit from IMRF.
3. Current Enrollment. An employee must be enrolled in the current health insurance program at the time of retirement.
4. Length of IMRF Service. Only employment with IMRF will be recognized. Service with other IMRF employers, reciprocal service, leaves of absence, military service, out-of-state service or other non-IMRF work will not be recognized.
5. Length of IMRF employment. Minimal subsidy starts at 10 years of employment. Maximum subsidy is reach at 30 years of employment.
6. Percent of Subsidy. With 10 years of employment, the subsidy would be 20% (employee pays 80%); with 15 years of employment, the subsidy would be 27.5% (employee pays 72.5%); with 20 years the subsidy would be 35% (employee pays 65%). Between years 20 and 30, the subsidy increases 1.5% per year, resulting in the following schedule

<u>Years</u>	<u>Employee Cost</u>	<u>IMRF Cost</u>
10-14	80%	20%
15-19	72.5%	27.5%
20	65%	35%
21	63.5%	36.5%
22	62%	38%
23	60.5%	39.5%
24	59%	41%
25	57.5%	42.5%
26	56%	44%
27	54.5%	45.5%
28	53%	47%
29	51.5%	48.5%
30	50%	50%

1. Dollar Amount. Will not be used.
2. To Whom the Subsidy applies. Only retiree employee premiums. Spouse, child(ren), family coverage premiums will not be subsidized.
3. Deductibility. Deductibility from the retirement check will be required. (To the extent premiums exceed the retirement benefit, the retiree will be billed).
4. Cut Off. Medicate eligibility.
5. Continuing Eligibility. Subsidy ends if the retiree is eligible for another health insurance program based on their own employment (regardless of cost or benefit structure).
6. Current Retirees. The subsidy program will cover employees retiring on or after January 1, 2000.
7. HMO or PPO. A retiree would receive the same subsidy percentage regardless of the program in which they enroll.
8. The subsidies shall begin the first of the month following approval by the Board of Trustees.

It was moved by Mr. Kuehne, seconded by Mr. Kosiba to adopt the above Resolution on Staff Retiree Health Insurance which supersedes Board Resolution 2002-03-05(b).

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-05-08) (Resolution for Appreciation of Service - Rick Baier)
Executive Director Brian Collins congratulated Mr. Baier and asked the Board to approve the following resolution.

WHEREAS, Rick Baier, Production Support Analyst, has faithfully served IMRF from March 2010 through June 2024, and;

WHEREAS, Rick Baier held positions in the Information Services Department, first as the Lead Computer Operator, and since July 2021 as the Production Support Analyst, and;

WHEREAS, Rick Baier scheduled regular data center activities, including cleaning, electronics disposal, air conditioning cleaning, UPS (Uninterruptible Power Supply) maintenance, managing Vanguard (tape backup vault service), etc., and;

WHEREAS, Rick Baier, as part of a team, played an important role in keeping the data center running properly and on schedule, including during the coronavirus pandemic, and;

WHEREAS, Rick Baier independently handled tasks such as data uploads (reciprocal data, etc.) that needed to happen regularly, and;

WHEREAS, Rick Baier developed procedures to properly and securely dispose of hardware, to properly check stock for Oak Brook and off-site storage, and for any undocumented processes within the Information Services Department, and;

WHEREAS, Rick Baier worked closely with the Communications Department to implement updates to forms that members and employers used to process transactions, and;

WHEREAS, Rick Baier worked closely with the Finance Department to make sure daily and monthly payroll were completed and sent to the bank on time, and;

WHEREAS, Rick Baier was the point person for setting up the Boardroom for Board of Trustees meetings, and;

WHEREAS, Rick Baier demonstrated IMRF's Values of Accountability and Accuracy by taking on various responsibilities outside of his job description to help ensure that the data center runs smoothly and efficiently, by working longer hours on any given day including after-hours, and by executing timely and detail-oriented tasks, and;

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

It was moved by Mr. Kosiba, seconded by Ms. Copper to adopt the above Resolution recognizing Rick Baier for his years of service.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

(24-05-09) (Report of the Audit Committee Meeting) The Chair of the Audit Committee gave a report of the meeting that was held on May 31, 2024. He reported that the Committee approved/accepted the following:

- November 17, 2023 Audit Committee Meeting minutes;
- November 17, 2023 closed session minutes
- 2023 Annual Comprehensive Financial Report of the Illinois Municipal Retirement Fund
- The 2023 SOC 1 Type 2 engagement of the Illinois Municipal Retirement Fund;
- Proposed costs for working on Horizon testing
- Preliminary work for 2024 Horizon System Implementation
- The 2024 Plante Moran Contract for Audit and 2024 SOC 1 Type 2 Report
- The CliftonLarson Allen contract for Information Technology Security Audit Services
- Add one additional FTE to the Internal Audit team

It was moved by Mr. Kosiba, seconded by Ms. Copper to approve the above actions/recommendations from the Audit Committee meeting on May 31, 2024.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT

It was also noted that the 2023 Internal Audit Plan results were presented to the Audit Committee and IMRF's system of internal controls is operating effectively.

(24-05-10) (Report of the Benefit Review Committee Meeting) The Chair of the Benefit Review Committee gave a report of the meeting that was held on May 30, 2024.

She reported that the Committee approved the open session minutes from April 11, 2024.

She also reported that in the case of Ms. Serdar (f/k/a Stefanech) denial of total and permanent disability benefits, Ms. Serdar appeared for the hearing via videoconference along with her attorney, Ron Fladhammer. After discussion between the Committee, staff, and the appellant, Ms. Serdar was granted a continuance for the August Benefit Review Committee meeting to collect additional documentation. No action was taken at the May Benefit Review Committee.

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

- Adopt the findings and conclusion of the IMRF hearing officer in the Pamela Ford case.
- Adopt the findings and conclusion of the IMRF hearing officer in the Jacksonville School District #117 case.
- Adopt the findings and conclusion of the IMRF hearing officer in the Olympia Community Unit School District #16 case.
- Adopt the findings and conclusion of the IMRF hearing officer in the Linda Martin case.
- Adopt the findings and conclusion of the IMRF hearing officer in the Julie Bruzdziński case.
- Defer determination on Ms. Phetteplace's appeal pending alternative resolution. Staff is directed to issue a determination to the City of Aurora, charging the City of Aurora for the applicable prepayment and providing the right to appeal for hearing before the Benefit Review Committee.
- Affirm staff's decision to deny total and permanent disability benefits to Mr. Thomas Sheehan. Based on the medical documentation provided by Mr. Sheehan and the expert reports, Mr. Sheehan does not meet IMRF's definition of total and permanent disability. The evidence shows that Mr. Sheehan's claimed condition pre-existed his IMRF participation date as defined in Section 7-150(b)(5). Further, Mr. Sheehan's condition does not prevent him from performing gainful activity.
- Affirm staff's decision to deny total and permanent disability benefits to Mr. Paul Jaeger. Based on the medical documentation provided by Mr. Jaeger and the expert reports, Mr. Jaeger does not meet IMRF's definition of temporary disability. The evidence shows that Mr. Jaeger did not experience a change in his abilities or functioning between the period that he performed IMRF-participating work, and the claimed date of disability. The Committee finds that Mr. Jaeger has the ability to perform duties which can be reasonably assigned to him by his employer.

VOTE:

ALL VOTED AYE - MOTION CARRIED
7 AYES; 1 ABSENT

(24-05-11) (Report of the Investment Committee Meeting) The Vice-Chair of the Investment Committee gave a report of the meeting that was held on May 30, 2024.

It was moved by Ms. Copper, seconded by Mr. Kosiba, to approve the following actions/recommendations of the Investment Committee:

- For Alternative Recommendations:
 - Authorize a commitment of up to \$50 million to AUA Fund III, subject to satisfactory legal due diligence;
 - Authorize a commitment of up to £50 million to Inflexion Enterprise Fund VI, L.P., subject to satisfactory due diligence;
 - Authorize a commitment of up to \$35 million to Sterling Group Credit Fund III, L.P., subject to satisfactory due diligence;
 - Authorize a commitment of up to \$35 million to H.I.G. Capital Partners Fund VII, L.P., subject to satisfactory due diligence;
 - Authorize a commitment of up to \$100 million to H.I.G. Whitehorse Middle Market Lending Fund, L.P., subject to satisfactory due diligence; and
 - Authorize staff to complete all documentation necessary to execute these recommendations.

VOTE:

ALL VOTED AYE - MOTION CARRIED
7 AYES; 1 ABSENT

Furthermore, Ms. Miller-May, IMRF Chief Investment Office presented the Internally Managed Portfolios Quantitative Research Platform recommendation. FactSet was chosen as the research platform.

(24-05-12) (IMRF Endorsed 457 Plan) Mr. Stefan explained the suggestions of having an IMRF endorsed 457 Plan. Mr. Miller explained that it would be similar to IMRF endorsing retiree health insurance where both plans would help members and employers. He feels there might be an opportunity for IMRF to help evaluate a plan that members can opt into and possibly save money. Mr. Kosiba feels it might be impractical and be too time consuming for IMRF staff to evaluate and administer. He likes the concept but feels it is not feasible. His concerns are staff time to evaluate, administer, and market. Mr. Miller believes the opportunity is worth exploring further. He emphasized that if IMRF does not currently administer the retiree health insurance. He suggested that IMRF could possibly just go out for RFP and negotiate fees and make a recommendation of who to endorse, and then the endorsed company will be responsible for administering and marketing. Executive Director Brian Collins said he can talk to Brad Cole from the Illinois Municipal League to see if this was ever proposed. Mr. Shuliga mentioned a concern that some employers who offer 457 Plans have to offer to both IMRF member and non-members. He would like to get an opinion from our tax counselor to make sure there will not be any tax consequences.

It was moved by Mr. Miller and seconded by Mr. Kosiba to explore an IMRF endorsed 457 Plan.

VOTE:

ALL VOTED AYE - MOTION CARRIED
7 AYES; 1 ABSENT

(24-05-13) (Legislative Update) IMRF's Government Affairs Manager gave a report on current legislative activity. She reported that the legislature has done almost no work in pensions this year. While this could change at any time, there were only three active bills that affect pensions in any way and none apply to IMRF. Two of the bills are technical and make non-substantive changes to various provisions throughout Illinois statutes, including in the Illinois Pension Code, but they are not considered "pension bills."

The only pension bill that has been active is legislation that would change the COVID presumption for duty disability for the Chicago police and fire pension funds. It was assigned to the Senate Judiciary committee, so the pension committee did not meet for just the one bill.

Discussions continue between employer/taxpayer groups and unions on potential Tier 2 enhancements. It is expected that if there is any movement on these proposals, it will not be before the fall veto session, which will occur after the November elections, or even the January lame duck session, which occurs during one to two weeks in January before the new 104th General Assembly is convened. Discussions have of course centered on the need for changes to the wage cap so that the non-coordinated plans (which includes all systems except IMRF and most of SERS) do not run afoul of the requirement that they provide equivalent benefits to Social Security. Discussions have also included potential changes to the retirement age and the COLA calculation.

Discussions have also included a DROP (deferred retirement option plan). While many of the DROP proposals have included all members of TRS and SURS, they have always been limited only to SLEP members of IMRF. They are now focusing only on public safety and are looking at participating in SURS, and state policy and firefighters in SERS. There has not been an agreement as to what it would include or its structure, however.

(24-05-14) (Litigation Update) The following is an update of the currently pending or recently concluded litigation:

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. On November 28, 2023, a hearing before the arbitration panel was held to discuss liability, standing, and a plan for prosecution.

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 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 temporary disability benefits. IMRF determined not to pursue an appeal to the Supreme Court. The case was remanded back to the Circuit Court, who in turn remanded it back to IMRF on December 13, 2023. IMRF is now reviewing the member's eligibility for total and permanent disability benefits. The court has left the case open in the event the total and permanent disability application is denied and the member wishes to pursue an appeal of that determination. No future status date has been set.

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. Staff is working with 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 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: The Court issued its decision on October 18, 2023, which reverses IMRF's denial of total and permanent disability benefits. IMRF has filed an appeal with the Appellate Court at the Board's direction. All briefs have been filed. IMRF awaits an oral argument hearing date from the Appellate Court.

GIVENS v. IMRF (U.S. EEOC 440-2022-09088)

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

Status: Plaintiff's Counsel has filed an amended complaint. In turn, IMRF filed a responsive pleading. The parties currently await a discovery schedule from the court.

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, which has been stayed pending settlement discussions between the member and employer. In March, a completed omitted service application was submitted, and the purchase of service is in progress. The next status date is June 27, 2024.

RUBEL CHOWDHURY v.
ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY; IMRF et al.
(COOK COUNTY 2024 L 050019)

Summary: Chowdhury worked in maintenance for Glenbrook School District #225. He applied for and was granted temporary disability benefits from January 23, 2021 through July 31, 2022. Upon evaluation for continued temporary disability benefits and after an administrative hearing, the IMRF Board denied Chowdhury's claim for continued temporary disability benefits. Chowdhury appealed the decision.

Status: This suit was incorrectly filed as an employment security case, and incorrectly names IMRF as his employer as well as the Illinois Department of Employment Security ("IDES"), the Director of IDES, and the Board of Review. In March, the Law Division judge transferred the case to the Chancery division. The Chancery judge granted IMRF's motion to

dismiss, and Mr. Chowdhury has until May 31 to file his amended complaint. The next status date is June 12, 2024.

(24-05-15) (Horizon Update and Request for Additional Staffing)
Executive Director Brian Collins presented the 90-Day check-in update. He reported that IMRF delivered the regular monthly payments on time while successfully managing the complex processes involving IMRF, TELUS, and Northern Trust. The July payment includes the 13th payment, which requires a lot of coordination to get the 13th payments out on time. As far as the new Secure Site usage, Mr. Collins reported the sites are performing well and members and employers are both regularly using the new sites. In addition, the self-service resources are being heavily utilized. IMRF's service to employers has greatly improved, i.e., call hold times as well as email response times have both normalized. He explained that, although we have many successes, there are still some issues with our service levels in the Contact Center since call volume and secure messages have been exceeding staff capacity. IMRF implemented several tactics to improve service levels, i.e., overtime (evening and weekend work), shifting staff to the contact center from other operational area, and hiring temps. However, to accelerate progress, additional resources are needed to better serve our members. Therefore, staff is recommending adding a total of 8 full-time employees beyond the budgeted headcount, and thereby increasing the appropriate 2024 budget accounts for a total of \$287,893.00. Staff is recommending adding 4 Contact Center Representatives - Member Services; 3 Benefit Claims Examiners; and 1 Member Education Counselor.

It was moved by Mr. Kuehne and seconded by Mr. Kosiba to approve 8 additional FTEs resulting in an anticipated 2024 budget increase of \$287,893.

Vote:

All Voted Aye - Motion Carried

7 AYES; 1 ABSENT

(24-05-16) (Report of the Executive Director) Executive Director Brian Collins gave an update on the 1st Quarter 2024 Strategic Goals. He also provided information on FOIA requests and an updated personnel report as well.

(24-05-17) (Trustee Forum) The Chair reported that there were not any new requests for travel to conferences:

A list of upcoming conferences for 2024 was included as information.

Finally, a chart was included that shows the number hours of training each Trustee has earned so far in 2024.

Ms. Copper thanked Dawn Seputis for sending someone to speak at the Cook County Clerk's meetings. She also thanked the Communications Department for informative reports.

(24-05-18) (Board Self-Evaluation) The Board was joined by Julia Nicholson, Governance Consultant, to review the results of their recent self-evaluation.

(24-05-19) (Adjournment) It was moved by Mr. Kuehne, seconded by Ms. Copper, to adjourn the Board Meeting at 1:37 p.m., and to reconvene at 9:00 a.m. on August 30, 2024.

VOTE:

ALL VOTED AYE - MOTION CARRIED

7 AYES; 1 ABSENT



President

08-30-2024

Date



Secretary

8-30-2024

Date

