

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 24-11
NOVEMBER 22, 2024

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 24-11

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:03 a.m. November 22, 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.

Ms. Herman took a roll call:

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

Absent: All present

The following people were also present at the meeting: Mark Buis and Francois Pieterse from Gabriel Roeder Smith & Company; and Mr. Ali Kazemi and Joanna Bewick (via MS Teams) from Wilshire Associates.

(24-11-01) (Public Comments) Ms. Teresa Ablordeppey, who is a member of IMRF, addressed the Board with her concerns. She retired in 2022 after 20 years of service with her local school district. Until about 5-6 months ago, there were no problems with her pension checks. Then, suddenly, she was not receiving any pension checks for months, then back pensions paid, then missing checks again, all the while having no communication with IMRF. She is fearful that she will not receive her pension check on December 1st. She believes this new system is causing hardships on the members. Mr. Stefan assured her that he will give staff her contact information and someone will reach out to her to resolve her issues.

(24-11-02) (President's Discussion - Advocating for a Voluntary Program Allowing an Employer to Fund the 13th Payment at a 100% Level) Mr. Stefan explained that he was advocating for a voluntary program allowing an employer to fund the 13th payment at a 100% level. He believes it would be a benefit, especially for young employees. Mr. Kosiba would rather see employees, especially young employees, invest using other alternatives such as VAC or 457 where an employer can contribute to and IMRF can encourage employer contributions. There were concerns about employers opting in and then opting out. The Board agreed to encourage the other investment alternatives mentioned above rather than create this new option. Ms. Copper mentioned that she would like IMRF to communicate with the employers to encourage their employees to participate in the VAC program.

(24-11-03) (President's Discussion - Follow Up on Developing a More Dynamic and Flexible Assumed Rate of Return Assumption) Mr. Stefan introduced Mr. Buis and Mr. Pieterse from GRS who gave a presentation about Mr. Stefan's proposed concept. They explained the approach that was

presented at the August Board meeting where IMRF would adjust the rate of return annually based on market performance by using either the 10-year or 30-year Wilshire Assumption as target return. They then gave the following proposed adjustments to the original approach, if the Board were to move forward with Mr. Stefan's proposal:

- Use the 5-year smoothed return instead of the 1-year gross return
 - Will mirror the actual impact on annual valuation
 - Will result in offsetting adjustments in any given valuation year
- Use 10-year Capital Market Assumptions Modeler (CMAM) (survey data) for target return instead of the 10-year Wilshire return
 - Will be more consistent with national averages (NASRA data)
 - Using the average of multiple investment consultants will reduce volatility of target return on year-to-year basis

Mr. Buis then explained the impact on plan costs and gave some hypothetical scenarios to demonstrate the concept of dynamic and flexible assumed rate of return assumption. He also gave the following advantages of this approach:

- Helps expectation stay within national averages (not be an outlier)
- Small incremental changes would have minimal impact to plan costs in any given year
- Avoids having to make any large changes at once during difficult economic times:
 - o 2008 had largest one-time impact to pension plans across the country
 - o Employers across the country were forced to lower future expectations (increasing costs) at the worst possible time
- Helps maintain a healthy funded status

Mr. Pieterse informed of what other Public Retirement Systems have done.

- CALPERS , Michigan Retirement Systems, and Michigan Employees Retirement Systems have mechanisms in place to reduce the assumed rate of return if investment return exceeds a certain threshold
- They do not increase assumed rates of return if investment returns are below a certain threshold

Lastly, he presented some other considerations that the Board should note.

- Does IMRF want to change the assumed rate annually?

- o The change affects interest on IMRF Voluntary Additional Contributions (VAC)
- o The change affects any interest on member contribution refunds paid either at retirement or as death benefits
- o The change affects purchasing of IMRF past service credit
- o Impacts the calculation of actuarial factors and optional forms of payment (could change every 3 years as an option)
- o Will IT systems be able to handle a frequent change in the assumed rate?

Discussion ensued. Mr. Kosiba liked the approach because it helps smooth the volatility in employer contribution rates. He believes it will help employers and will help fund the system. Mr. Miller feels an automatic small toggle for employers would be more beneficial than large increments. He believes IMRF has been hitting the national average. This new approach could affect things such as fees, funding status, etc. He feels IMRF's actual returns have been far better than expectations, and we have been meeting the expectations of employers and members. Mr. Stefan explained that this approach would help avoid future problems. Mr. Kosiba would like to move forward with the proposal because he feels this is a good time to do it in respect to unknown market movements. Ms. Henry said she remembers political push-back when they considered a similar approach years ago. She feels IMRF should not move forward. Ms. Copper agrees with Mr. Miller and Ms. Henry that we do not need to address this issue at this time. Mr. Kuehne commented that he likes this approach because he believes a pension plan needs to remain on the conservative side. He likes the long-term perspective of this approach. Ms. Stanish suggested creating a policy but re-evaluate it every year rather than automatic. Mr. Stefan agreed.

The Board decided that they would like to have GRS provide more information and provide a "stress test" to review. Mr. Miller asked GRS to look up and present historical data showing any years where IMRF did not hit the return for the year. Ms. Henry and Ms. Copper believe this is something that should not be decided immediately. Ms. Henry feels that we need to reach out to the employers to see if there is even any interest. Mr. Kosiba disagreed because he believes the employers should look at IMRF for guidance. The Board agreed to the following:

1. No decision today
2. Look for more information
3. Discuss in December to determine how to proceed.

No action was taken.

***Note: Item 4A listed on the agenda (Actuarial Update/Annual Funding**

(24-11-04) (3rd Quarter Investment Performance Report) Mr. Kazemi and Ms. Bewick from Wilshire presented the performance reports for the 3rd quarter.

Highlights of the presentation included:

- IMRF's market value as of September 2024 is \$56.4 billion.
- IMRF total fund return for 3Q 2024: 5.31% versus the Total Fund Benchmark return of 5.37%.
- U.S. equity markets posted positive returns for the quarter, sector performance was mostly positive for the quarter, with only the energy sector producing a loss.
- IMRF's U.S. Equity Portfolio underperformed the benchmark during the quarter, returning 6.13% versus 6.74%.
- Performance results within international equity markets were positive for the third quarter, with emerging markets outperforming developed.
- IMRF's International Equity Portfolio underperformed the benchmark during the quarter, returning 7.08% versus 8.06%.
- During the quarter, the U.S. Treasury yield curve was down across the maturity spectrum and credit spreads were modestly down with high yield bond spreads down -14 basis points, to end the quarter below 3%.
- IMRF's Fixed Income Portfolio underperformed the benchmark during the quarter, returning 4.82% versus 4.90%.
- All asset class allocations remain within the rebalancing range in the Investment Policy.

Ms. Bewick informed that inflation rates are slowing the pace of federal rate cuts for 2025. She explained that the SAHM Rule and inverted yield curve are reliable indicators of a possible recession, and to avoid a recession, the federal government must slow the pace of cutting interest rates. Mr. Kazemi added that IMRF's portfolio is in the top quartile and the overall portfolio performance has been strong. He informed that the following managers are on the watch list:

- Ativo
- Brown
- Western Assets
- Franklin Templeton

(24-11-05) (Investment Reports) The Wilshire monthly report given reflected the following:

- IMRF ended September 2024 with a market value of \$56.36 billion, up for the month by approximately \$886 million. IMRF returned 1.47% during the month, underperforming the Total Fund Benchmark, which returned 1.78%. Performance across GICS sectors have been mostly positive for the past quarter. Energy and healthcare were the main market laggards while utilities and consumer discretionary were the main market leaders for the past three months.
- The broad U.S. Equity market was positive for the month, while Large Cap stocks underperformed Small Cap. The U.S. Equity Portfolio underperformed its benchmark during September, returned 1.78% versus 2.12%. The portfolio's allocation to Small Cap Value and Large Cap Equity were the largest contributor to relative underperformance.
- International Equity markets were positive in September, with Developed Markets trailing Emerging. The International Equity portfolio underperformed the benchmark during the month, returning 2.05% versus 2.69%. In aggregate, investment manager

performance in Large Cap Growth, Large Cap Active Core, All Cap Developed and Small Cap Equity were the largest contributors to relative underperformance.

- The U.S. Treasury yield curve was down across the maturity spectrum during the quarter. Credit spreads were down while high yield corporate bonds were up for the month. The Fixed Income Portfolio slightly underperformed the benchmark during the month, returning 1.28% versus 1.30%. The High Yield manager was the largest contributor to relative underperformance.
- As of September 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.

Ms. Angela Miller-May, CIO for IMRF, reported the following changes to asset classes for the month-to-date period ending November 20, 2024:

- Domestic Equity increased 2.53% from \$20,431 million to \$20,947 million
- International Equity decreased by -6.22% from \$11,401 million to \$10,692 million
- Fixed Income decreased by -2.35% from \$12,369 million to \$12,078 million
- Private Real Assets decreased by -0.10% from \$5,228 million to \$5,223 million
- Alternative Investments increased by 0.45% from \$6,480 million to \$6,509 million
- Cash decreased by -47.80% from \$454 million to \$237 million
- The overall fund saw a decrease of -1.20% going from \$56,364 million to \$55,686 million

Furthermore, the following benchmark returns were reported:

S&P 500	+3.80% (MTD)
Custom U.S. Equity Benchmark	+4.03%
93% Russell 3000 Index	
7% FTSE Global Core Infrastructure 50/50 Index (Net)	
MSCI ACWI Ex-U.S.	+6.32%
Broad International equity market benchmark	
Bloomberg Barclays Aggregate	+1.50%
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.

The Board took a 10-minute break at 10:45am.

(24-11-06) (Insurance Renewals) General Counsel Vladimir Shuliga explained that IMRF currently has seven lines of insurance: commercial property, business automobile, workers compensation, commercial umbrella liability, fiduciary dishonesty, fiduciary liability, cyber network security. IMRF staff has been working with Gallagher Risk Management to evaluate risks and identify appropriate insurance coverage to mitigate those risks. Staff does not recommend adding any new insurance policies. Based on the relevant exposures, staff recommends renewing the existing coverages at the rates proposed by Gallagher.

<u>Insurance Policy</u>	<u>Renewal Premium</u>
Commercial Property Package	\$24,386
Business Automobile	\$15,280
Workers Compensation	\$38,169
Commercial Umbrella	\$19,083
Fiduciary Dishonesty	\$16,577
Fiduciary Liability	\$80,003
Cyber Network Security	<u>\$100,185</u>
Total	\$293,683

The largest individual policy increase was on the workers compensation policy. This was driven by an increase in the covered payroll. For the second year in a row, our cyber network security policy premium decreased. This is a further reflection of the progress that we have made in improving our cybersecurity posture. The overall annual increase for the insurance package is 1.6%.

Staff recommendations that the Board approve the above-named insurance policies be renewed through Gallagher for a total cost of \$293,683.

It was moved by Mr. Kosiba, seconded by Mr. Kuehne to approve the above-named insurance policies be renewed through Gallagher for a total cost of \$293,683.

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

(24-11-07) (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 30, 2024

(C) Bids

Executive Director Brian Collins explained to the Board the bid for *Temporary Staff Solution*. He explained that a key contributor in the Benefits Department has relocated for personal reasons and is no longer employed with IMRF. IMRF staff seeks to minimize the disruption of this departure during this critical time in the Horizon transition by partnering with a temporary staffing service that will allow IMRF to retain the skills and contributions of the former employee while complying with all applicable legal requirements. IMRF staff consulted with outside tax counsel who in turn recommended a staffing firm which specialized in similar relocation scenarios. Therefore, IMRF staff recommends a single-source contract with Globalization Partners LLC. The cost for a six-month assignment is \$58,660. Staff recommends that the proposal from Globalization Partners LLC be approved by the Board of Trustees, pending legal due diligence.

The other bids up for approval are:

2024 Sale of IMRF Vehicles

Approve to declare four 2016 Chevy Impalas surplus and authorize staff to sell the vehicles to CarMax. (Estimated value of \$39,400 for all four vehicles)

2024 Sophos Central Renewal and Training

Approved Bidder: vPrime Tech, Inc.

Approved Bid: \$203,686.76

2025 Temporary Staffing Services

Approved Bidders: LaSalle Network (\$32.30-\$71.40)
Banner Personnel (\$26.35-\$77.50)
Managed Staffing (\$25.65-\$87.75)
22nd Century Technologies, Inc. (\$24.70-\$65.00)

Approved Bids: listed above

Microsoft SQL Server Enterprise Licensing with Software Assurance (96 cores)

Approved Bidder: Optiv Security, Inc.

Approved Bid: \$331,865.76

Microsoft Windows Server Data Center License True-Up

Approved Bidder: Optiv Security, Inc.

Approved Bid: \$250,293.54

UKG Ready SaaS Time and Attendance

Approved Bidder: Andrew's Technology

Approved Bid: \$26,200

XIMA WFM and Professional Services

Approved Bidder: Bluewire Communications

Approved Bid: \$59,998.00

Architectural Services for Workspace Improvement Project

Approved Bidder: EWP Architects, Inc.

Approved Bid: \$4.10/SF (\$266,500)

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

(D) Participation of New Unit of Government

City of Park City

County: Lake

2024 Employer Rate: 12.52%

Effective Participation Date: December 1, 2024

Number of Employees: 10

LakeComm

County: Lake

2024 Employer Rate: 4.50%

Effective Participation Date: December 1, 2024

Number of Employees: 115

Southern Will County Coop for Special Education (SOWIC)

County: Will

2024 Employer Rate: 7.83%

Effective Participation Date: October 1, 2024

Number of Employees: 146

(E) Review of September and October 2024 Financial Reporting Packages

(F) 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

It was moved by Mr. Miller, seconded by Ms. Copper, to approve items A-H on the consent agenda.

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

(24-11-08) (Appointment to Fill an Executive Trustee Vacancy Effective January 1, 2025) Mr. Stefan recused himself for this agenda item and Vice Chair Kosiba led the Board's discussion and action on this agenda item. Mr. Kosiba explained that Trustee Sue Stanish announced her retirement effective December 31, 2024. Trustee Stanish's retirement and corresponding resignation from the IMRF Board of Trustees creates a vacancy in an Executive Trustee seat beginning on January 1, 2025. Trustee Stanish's term was set to expire on December 31, 2028. Since the remaining term is greater than two years in length, the Board is authorized to fill the vacancy by appointment until the next trustee election. 40ILCS 5/7-174(f). In anticipation of the vacancy, staff solicited interested candidates who were qualified for the seat. Only one candidate submitted a letter of interest; therefore, it is unnecessary for the Board to conduct interviews with potential candidates. The only interested party, Pete Stefan, meets the eligibility requirements to serve as Executive Trustee. This appointment is until the next regular trustee election, which will be conducted in the fall of 2025. Therefore, this appointment is for January 1, 2025 through December 31, 2025. Since Mr. Stefan is the only candidate who submitted a letter of interest, and he meets the eligibility requirements, staff recommends that Pete Stefan be appointed to the vacant Executive Trustee seat effective January 1, 2025 through December 31, 2025.

It was moved by Ms. Copper, seconded by Mr. Miller to appoint Pete Stefan to the vacant Executive Trustee seat effective January 1, 2025 through December 31, 2025.

Roll Call Vote:

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

Abstain: Stefan

Nay: None

Absent: None

7 Ayes, 1 Abstain, 0 Nay - Motion Carried

(24-11-09) (Audit Committee) Mr. Kosiba, the Chair of the Audit Committee, reported on the Audit Committee meeting that was held on November 22, 2024, at 8:00a.m.

The Chair reported the following:

Committee approved the minutes from the May 31, 2024 virtual/in-person Audit Committee meeting as well as the minutes from the Closed Session Audit Committee meeting on May 31, 2024.

The 2024 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 2024 Third Party Penetration Testing and Vulnerability Assessment results were presented by David Anderson, CLA. The Penetration Testing and Vulnerability Assessment performed related to the Information System Area resulted in the following:

- A. External Penetration Assessment: No critical or high-risk vulnerabilities. CLA was unable to gain unauthorized access to IMRF systems or sensitive data from the outside (from the internet).
- B. Remote Social Engineering - Email Phishing: No vulnerabilities noted. None of the targeted users visited the malicious website or followed instructions.
- C. Web Application Penetration Test - Member/Employer Portals: CLA was able to find risk vulnerabilities. 1) Cross-site scripting flaw could allow attackers to compromise application users; 2) Applications disclosed participants' full social security numbers.
- D. 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.
- E. Wireless Network Security Assessment: CLA identified no critical or high-risk vulnerabilities in the wireless network.

General Counsel presented the Annual Report on Compliance Activity. There were 41 complaints reported on the hotline, where all the complaints were external and were addressed and closed. The Code of Conduct training was conducted via video format in the Spring and Fall of 2024, and 100% of staff completed the spring training, 100% of staff completed the fall training, and 100% of IMRF Board members completed the fall training. Quizzes were administered after completion of training. Average scores were over 90%.

General Counsel presented the report on the 2025 Employee Compliance Review Plan. The 2025 proposed scope for Employer Compliance Review is for staff to audit 320 employers. This is an increase of 105 employers from previous years. The proposed scope includes follow-up reviews and first-time audits.

Chairman Kosiba reported that the Audit Committee approved the following:

- 2024 Third Party Penetration Testing and Vulnerability Assessment performed by Clifton Larson Allen
- Acceptance of 2024 and extension of 2025 Plante Morran Contract for Audit and SOC 1 Type 2 report
- 2025 Internal Audit Plan, Required Communication, Q2 & Q3 Activities Updates and New Internal Audit Standards Overview as presented by David Doney

It was moved by Mr. Kosiba and seconded by Mr. Kuehne to approve the action items/recommendations from the Audit Committee.

ALL VOTED AYE - MOTION CARRIED
8 AYES; 0 ABSENT

(24-11-10) (Benefit Review Committee Report) Ms. Copper, the Chair of the Benefit Review Committee, reported on the Benefit Review Committee meeting that was held on November 21, 2024, at 1:30 p.m.

The Committee approved the open session meeting minutes from August 29, 2024.

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

- Adopt the finding and conclusions of the IMRF hearing officer in the Basil Rigas case.
- Adopt the finding and conclusions of the IMRF hearing officer in the Kevin Minnick case.
- Adopt the finding and conclusions of the IMRF hearing officer in the Marcy Lawrence case.
- Affirm the staff decision that Mrs. Kinzie violated the return-to-work rules and accrued a total overpayment of \$179,708.18. The Committee finds that the Huntley School District #158 should be held liable for 50% of the overpayment. The Committee also finds that the remaining 50% of the overpayment be recovered from Mrs. Kinzie's future benefits at a rate of \$60 per month.
- Adopt the finding and conclusions of the IMRF hearing officer in the Debra Lynn Aladeen case.
- Adopt the finding and conclusions of the IMRF hearing officer in the Debra Merritt-Blacher case.

Discussion ensued regarding the return-to-work case (Mrs. Kinzie). Mr. Miller recommended the Legislative Committee research an effectuated more equitable solution for employer responsibility. Mr. Collins suggested imposing a cap, i.e., \$10,000, of what the employee would be responsible for and the balance would be the responsibility of the employer to pay. Staff will look into options.

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

(24-11-11) (Investment Committee Meeting) Ms. Stanish, the Chair of the Investment Committee, reported on the Investment Committee Meeting that was held on November 21, 2024 at 9:00a.m.

The Investment Committee approved the meeting minutes from the August 29, 2024 meeting.

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

For Alternatives Recommendations

- Authorize a commitment of up to \$50 million to Francisco Partners Credit Partners III, L.P., subject to satisfactory legal due diligence
- Authorize a commitment of up to \$100 million to BPEA Private Equity Fund IX, SCSp., subject to satisfactory legal due diligence
- Authorize Staff to complete all documentation necessary to execute these recommendations, subject to satisfactory legal due diligence.

For Real Estate Recommendations

- Authorize a commitment of up to \$25 million to Grain Communication Opportunity Fund IV, L.P., subject to satisfactory legal due diligence
- Authorize a commitment of up to \$75 million to BIG Real Estate Fund III, L.P., subject to satisfactory legal due diligence
- Authorize Staff to complete all documentation necessary to execute these recommendations

For Fixed Income Rebalance Recommendations

- Authorize the following actions subject to satisfactory legal due diligence and suitable liquidity/market conditions:
 - o Authorize the termination and full redemption from the Western Core Plus Fixed Income account
 - o Authorize an allocation of up to \$250 million to the Longfellow Core Plus Fixed Income Strategy
 - o Authorize an allocation of up to \$250 million to the Loop Core Plus Fixed Income Strategy
 - o Authorize an allocation up to \$100 million to the Brandes Core Fixed Income Strategy
 - o Authorize an allocation of the residual Western balance (approximately \$373 million) to the NTI Aggregate US Bond Index strategy.
 - o Authorize staff to complete all documentation necessary to execute these recommendations.

ALL VOTED AYE - MOTION CARRIED

8 AYES; 0 NAYS; 0 ABSENT

(24-11-12(a)) (Resolution Updating the Disability Appeal Procedures) General Counsel Vladimir Shuliga explained that IMRF's current procedures for disability appeals are provided for in Board Resolution 2021-12-14(a). Staff recommends the following updates to these procedures. The proposed resolution would supersede Board Resolution 2021-12-14(a).

The purpose of the proposed amendments is to align the language of the disability appeal procedures with the Horizon system. Prior to the Horizon system, all IMRF forms had both an assigned number and a title. In the case of the disability hearing request form, the document was entitled "Form 5.70 Request for a Hearing". Under the Horizon system, all forms are only assigned a title. As such, the disability request form is now called: "Request For A Hearing". The proposed resolution adjusts all references to this form with the new title as used in Horizon. No substantive changes to the procedures are recommended at this time. This revision was previously reviewed by the Benefit Review Committee. It is recommended that the Board adopt the proposed resolution (below) which supersedes Board Resolution 2021-12-14(a) and amends the disability appeal procedures.

Board Resolution 2024-11-XX Topic: Appeal Procedures Subtopic: Disability-Medical Date: 11/22/2024 Status: Active Status Notes: Supersedes 2021-12-14(a) Appeal Procedures (Disability-Medical)

- I. Administrative Staff Determination
1. Staff Determination

The IMRF Administrative staff is responsible for the daily claims processing function of the Fund, including processing of all claims for disability benefits. II. Hearing 1. Petition Any person adversely affected by the disposition of a disability claim by the administrative staff may petition for a hearing before the Board of Trustees Benefit Review Committee. The petition must be in writing on the IMRF form: "Request For A Hearing". A copy of this form is sent to the member at the time staff denies or terminates disability benefits. The completed form should be returned to the Disability Manager in the IMRF Oak Brook office and must be received by IMRF no later than sixty-three (63) days after the date of the staff disposition letter. Failure to timely file a "Request for A Hearing" form shall result in the staff disposition becoming a final administrative decision, for purposes of the Administrative Review Law, on the sixty-fourth (64th) day after the date of the staff disposition letter.

2. Acknowledgment of a Request For A Hearing Upon the filing of the "Request For A Hearing" form, the Disability Manager shall send an acknowledgment of the Request.

3. Scheduling of Hearing Upon receipt of the "Request For A Hearing" form, the Disability Manager will schedule the hearing as follows:

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

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

5. Continuances and Extensions of Time

- Continuance of the hearing date Continuances of the hearing date may be requested by the petitioner. IMRF staff is authorized to grant up to two (2) hearing continuances if the petitioner makes a written request at least five (5) business days prior to the scheduled date. Any additional continuance(s) of the hearing date may only be granted by the Benefit Review Committee. For such additional continuance(s), the petitioner is required to appear before the Benefit Review Committee on the scheduled date and request additional time.
- Other Extensions of Time Additional medical information or other materials must be received by IMRF no later than twenty (20) days prior to the scheduled hearing date. All additional materials received less than twenty (20) days before the hearing date will be considered a "late submission". Whenever a claimant makes a late submission, the Benefit Review Committee will proceed in one of three ways: 1. The Benefit Review Committee can proceed with the hearing and not consider the late submission; 2. The Benefit Review Committee can proceed with

the hearing and choose to consider the late submission; or 3. The Benefit Review Committee can postpone the hearing until the earliest available future date in order to allow for consideration of the late submission. If a hearing is postponed in order to allow for consideration of the late submission, any additional materials submitted within twenty (20) days of the re-scheduled hearing date WILL NOT be considered by the Benefit Review Committee or by the full Board of Trustees. In the event that a petitioner fails to appear on the scheduled hearing date, the Benefit Review Committee's consideration of the appeal will be based solely upon the written materials that are already in the IMRF file and no hearing will be held.

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

7. Conduct of the Hearing

- Appearance - The petitioner is not required to personally appear at the hearing and may be represented solely by the medical records and related documentation on file with IMRF. In the alternative, at the petitioner's discretion, the petitioner or his representative may appear in person, or the hearing may be conducted via telephone or video conference.
- Procedures - The Chairman of the Benefit Review Committee shall conduct a full and fair hearing, maintain order and make a sufficient record for a full and true disclosure of the facts and issues. Three members of the Benefit Review Committee shall constitute a quorum and a quorum is needed for all hearings. The hearing shall be informal and the rules of evidence shall not apply. Any part of the evidence may be received in written form. The Committee shall be provided with a copy of the Statement of Claim, a statement of the position of the administrative staff, which shall include the administrative staff determination, and such other documentation (medical records, etc.) as is available. Members of the Benefit Review Committee may ask questions necessary for better understanding of the facts or law. The hearing shall be open to the public unless the chair, for good cause shown and pursuant to the applicable provisions of the Open Meetings Act, shall determine otherwise. An IMRF employer (participating municipality or participating instrumentality) may provide written materials to IMRF staff for incorporation into the packet submitted to the Benefit Review Committee and the full Board of Trustees. Such documents are subject to the 20-day rule as provided in Section II(5)(b). An employer may also attend hearings of the Benefit Review Committee and meetings of the full Board of Trustees and can make audio recordings of said hearings and meetings. An employer also has standing to, in a separate proceeding, contest a rate increase that might be assessed due to a decision of the Benefit Review Committee and the full Board of Trustees. However, an employer normally does not have standing to actively participate in an individual's appeal of an administrative staff determination.
- Record of Proceedings - A record of proceedings shall be kept which shall be in the form of a non-verbatim summary report. The petitioner may obtain a verbatim record of the hearing taken by a court reporter by making a timely request and paying the actual cost entailed. The Disability Manager shall be the custodian of the documents and record of proceedings.

- Determination - Upon conclusion of all evidence and arguments, the Benefit Review Committee shall, in private deliberation, make its decision as to the disposition of the claim. The vote of at least a majority of a quorum shall be required for any decision of the Benefit Review Committee. The Benefit Review Committee shall render one of the following decisions: affirmance of the administrative staff determination; reversal of the administrative staff determination; remand of the proceedings to the administrative staff for further investigation; or, in the case of a deadlock, continuation of the claim for consideration by the full Board of Trustees. The decision shall be in the form of a recommendation to the full Board of Trustees. Where an appeal is to be decided via Schedule H, any one member of the Committee can request that the matter be removed from said Schedule and placed on a future Committee agenda for hearing and recommendation. III. Final Administrative Decision 1. Decision of the Full Board of Trustees The full Board of Trustees will consider the recommendation of the Benefit Review Committee in making the decision for the Fund as to the disposition of the appeal. The Board will also decide appeals in which a formal hearing has not been held before the Benefit Review Committee. At least five (5) affirmative votes shall be required for any decision of the Board of Trustees. The Board of Trustees shall render one of the following decisions: affirmance of the administrative staff determination or reversal of the administrative staff determination. The Board of Trustees will normally consider an appeal following receipt of the Benefit Review Committee's recommendation, or if the appeal concerns legal, as opposed to factual issues, after the expiration of the aforementioned ninety-one (91) day period.
- Final Administrative Decision - A decision of the Board of Trustees either affirming or reversing the determination of the administrative staff shall be a final administrative decision for purposes of review under the Illinois Administrative Review Act (735 ILCS 5/3-101 et seq.)
- Notice of Decision - The Disability Manager shall send written notice of the decision of the Board of Trustees to the petitioner and, if applicable, the petitioner's representative

It was moved by Mr. Kosiba, seconded by Ms. Copper to adopt the Resolution Updating the Disability Appeal Procedures which supersedes Board Resolution 2021-12-14(a) and amends the disability appeal procedures.

ALL VOTED AYE - MOTION CARRIED

8 AYES; 0 NAYS; 0 ABSENT

(24-11-12(b)) (Resolution Renewing the MissionSquare Deferred Compensation Plan Contract) General Counsel Vladimir Shuliga explained that MissionSquare Retirement f/k/a/ ICMA-RC is the provider of the 457 retirement plan for IMRF staff. This resolution would authorize staff to extend the current contract at a favorable rate. Many IMRF staff participate in the 457 plan which is currently offered through MissionSquare Retirement. In March 2020, the IMRF Board approved a five-year agreement with MissionSquare with administrative fees at 9.5 basis points. This five-year term is now up for renewal. Based on the growth of IMRF staff assets in the plan, IMRF staff has negotiated a more favorable rate of 7.0 basis points on the administrative fees upon renewal. This resolution would supersede Resolution 2020-03-04, under which the current MissionSquare

contract operates. It is recommended that the Board (1) authorize staff to amend the current MissionSquare Retirement 457 Plan contract to reflect the new administration fee of 7.0 basis points and a three-year term extension, subject to satisfactory legal due diligence, and (2) authorize staff to complete all documentation necessary to execute this recommendation.
(Resolution below)

**Board Resolution 2024-11-XX Topic: IMRF Staff Subtopic: IMRF Staff 457 Plan
Date: 11/22/2024 Status: Active Status Notes: Supersedes Board Resolution
2020-03-04**

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules necessary or desirable for the efficient administration of the Fund; and WHEREAS, under sections 7-121, 7-186, 7-189, and 7-190 of the Pension Code, the Board of Trustees is the governing body of IMRF and the employer of the IMRF staff; and WHEREAS, the Board of Trustees has previously established a 457 Plan administered by MissionSquare Retirement f/k/a ICMA-RC for IMRF staff; and

WHEREAS, the established MissionSquare Retirement 457 Plan must periodically be renewed in order to continue administration of the Plan; and

WHEREAS, the Fund may reduce administrative costs of the Plan upon renewal of the contract for a period of three years.

NOW THEREFORE BE IT RESOLVED that the MissionSquare Retirement contract for administration of a 457 Plan for the employees of the Board of Trustees of the Illinois Municipal Retirement Fund is hereby extended for a period of three years, subject to satisfactory legal diligence on the legal contract. The amendment shall reflect the new administration fee of 7.0 basis points. BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take such further action as may be necessary or advisable to effectuate this Resolution

Mr. Miller mentioned that he would like to see an IMRF endorsed 457 Plan that would benefit all of IMRF's members.

It was moved by Mr. Miller, seconded by Ms. Copper to (1) authorize staff to amend the current MissionSquare Retirement 457 Plan contract to reflect the new administration fee of 7.0 basis points and a three-year term extension, subject to satisfactory legal due diligence, and (2) authorize staff to complete all documentation necessary to execute this recommendation.

ALL VOTED AYE - MOTION CARRIED

8 AYES; 0 NAYS; 0 ABSENT

(24-11-12) (Resolution Updating the Trustee Travel Policy) General Counsel Vladimir Shuliga explained that the current Board Resolution 2020-12-16(a) contains the travel policy for the IMRF Board of Trustees. It is recommended that the policy be amended to update certain rules regarding Trustee travel. Trustee Miller suggested and IMRF staff drafted several revisions to the current Board travel policy in the proposed resolution. First, the proposed resolution removes the requirement that a Trustee receive pre-approval for certain travel. The Board travel policy provides that Trustees may attend two in-state and two out-of-state events each calendar year. These events include conferences, seminars, investments seminars, and client conferences. Foreign travel is excluded, and there are not limits on attendance for IMRF programs and speaking engagements, or meetings with General Assembly members. The current policy requires the Trustee to obtain prior Board approval for each of these travel events.

The proposed amendment removes the requirement that a Trustee obtain prior Board approval for travel that is in accordance with the restrictions as described above. Instead, the Trustee would report the travel to the Board at the next available Board meeting. This change allows greater flexibility for Trustees to attend such events between Board meetings where prior approval may not be timely obtained.

Second, the proposed amendment would require trustees who seek travel in excess of the above parameters (for example, to attend a third in-state conference in the same calendar year) to seek prior Board approval. This excess travel request must be placed on the Board agenda and must be pre-approved by the Board per the current protocol.

It is recommended that the Board pass resolution 2024-11-XX, which supersedes Resolution 2020-12-16(a).

Discussion ensued and Trustee Kosiba provide the background on how the travel policy of 2 out-of-state and 2 in-state travel allowances was created. Mr. Kosiba does not want to allow any more than the 2 out-of-state and 2 in-state conferences per year. Mr. Kuehne disagreed and supports an additional conference be allowed if approved by the Board. Ms. Copper agrees with Mr. Kuehne to allow a 3rd discretionary conference. Further discussion ensued regarding the definition of in-state conference. The Board agreed to table this resolution so staff can bring back a revised resolution to the December meeting that includes a definition of in-state conference.

NO ACTION WAS TAKEN

Ms. Copper stepped out at 11:40am and returned at 11:54am.

(24-11-13) (2025 Compensation Plan) The Director of Human Resources reviewed the 2025 IMRF Staff Compensation Package Report with the Board.

It was moved by Mr. Kosiba and seconded by Ms. Stanish, 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 an 8.25% increase in premiums.
- Renew with Lincoln Dental Insurance PPO Dental Plan for one year with a 5% 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 a premium increase of 8%. It is important to note that IMRF has not had a rate increase with MetLife since 2019.
- 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 2025 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 2025 salary grades and ranges
- Approve bringing 24 employees to the minimum of their new salary range.
- Approve a Base Salary Adjustment of 3.00% to eligible salaries as of December 31, 2024.
- Create a discretionary increase pool equal to 1.25% of December 31, 2024 staff salaries, with maximum increase of both Base Salary Adjustment and Discretionary Increase of 4.75%.

ALL VOTED AYE - MOTION CARRIED
7 AYES; 0 NAYS; 1 ABSENT (COPPER)

(24-11-14) (2025 Proposed Budget and Strategic Plan) The Chief Financial Officer presented a summary of the proposed 2025 Budget document for approval by the Board. He explained that the "theme" behind the budget is tying it to the Strategic Plan.

The highlights of the 2025 Budget are:

- The Information Services area reflects third-party support for the Horizon project, new phone system, new Microsoft licensing, and infrastructure improvements.
- Training and travel for 2025 is reflected throughout this budget. These funds have increased significantly, although they will not be spent if travel is not possible. This includes customer service training.
- Additional staffing to address concerns on employer compliance and responding efficiently and effectively to member and employer inquiries.
- Enterprise Risk Management initiatives are included and reflected in the Organizational Excellence area for 2025 as well as software to assist with the Project Portfolio Management process and future Baldrige process.
- Increase in capital items.
- New software for the Investment department's Private Markets Portfolio area.
- The assistance and investigation of the future of work at IMRF continues in 2025. This initiative investigates our office design needs, real estate analysis and future lease agreements.
- Two summer interns will once again support the Investment Department in 2025, a continuation of a program started back in 2022.
- Funds for election of five open Board positions.

Several Board members commented that staff did a great job on the 2025 Budget.

It was moved by Mr. Miller and seconded by Mr. Kosiba, to approve the 2025 Budget and Strategic Plan as presented by staff.

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

(24-11-15) (2025 Employer Contribution Rates) Dawn Seputis, Customer Service Director, presented the 2025 Employer Contribution Rates for Board approval.

It was moved by Ms. Stanish and seconded by Ms. Copper, to approve the 2025 Employer Contribution Rates as presented by staff.

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

(24-11-16) (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. On November 28, 2023, a hearing before the arbitration panel was held to discuss liability, standing, and a plan for prosecution. Recently, the court has had to approve a replacement for one of the previously approved experts.

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, 2024, 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. 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 for a determination on his application for total and permanent disability benefits. 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 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 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. The first case management conference was held on May 21-24, 2024, and a second conference is expected to be held in late 2024 or January 2025.

VERONICA MONTOYA v. BOARD OF TRUSTEES OF IMRF et al.
(DUPAGE COUNTY 2022 MR 756; THIRD DISTRICT APPELLATE COURT 3-23-0666)

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. The Appellate Court heard oral argument by the parties on July 17, 2024. On September 27, 2024, the Appellate Court granted IMRF's appeal, which overturned the Trial Court's decision and restored the IMRF Board's final administrative decision. On November 4, 2024, Montoya filed a petition for leave to appeal to the Supreme Court. IMRF awaits a determination from the Supreme Court regarding whether the case will be accepted for appeal or will be remanded to the Trial 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 filed an amended complaint. In turn, IMRF filed a responsive pleading. The parties are currently in the midst of discovery.

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: After initially and incorrectly filing the suit as an employment security case, the case was transferred to the Chancery division. Since then, the court has dismissed the first three complaints which have been filed due to errors within the complaints. Plaintiff recently filed his third amended complaint. IMRF intends to file another motion to dismiss based on the defects in the amended complaint. The next status date is set for November 25, 2024.

JULIE BRUZZINSKI v. BOARD OF TRUSTEES OF IMRF et al.
(DUPAGE COUNTY 2024 MR 412)

Summary: Bruzzinski retired from IMRF effective July 1, 2023, and disputed application of the 125% rule to her retirement benefit. The 125% rule is an anti-pension-spiking provision of the Pension Code which caps certain wages in the final three months of the final rate of earnings period from consideration in the pension calculation. After hearing before the IMRF hearing officer, the IMRF Board denied Bruzzinski's request for an exception to the Pension Code, leaving her pension as statutorily calculated. Bruzzinski appealed the decision.

Status: After successfully dismissing the individual defendants from the suit, IMRF filed the administrative record. The Plaintiff seeks to add documents to the record which were not part of the proceedings. IMRF is contesting these supplements to the record. The next status date is December 18, 2024.

PAUL JAEGER v. BOARD OF TRUSTEES OF IMRF et al.
(COOK COUNTY 2024 CH 6823)

Summary: Jaeger was a custodian for Evergreen Park School District 231. He applied for temporary disability benefits from IMRF based upon generalized anxiety and unspecified psychological development disorder. Upon evaluation for temporary disability benefits and after an administrative hearing, the IMRF Board denied Jaeger's claim for temporary disability benefits. Jaeger appealed the decision.

Status: IMRF filed a motion to dismiss for failure to state a sufficient claim, due to the deficiencies contained in the initial complaint. The complaint was dismissed, and the Plaintiff was required to file an Amended

Complaint, and IMRF filed the administrative record. A briefing schedule on the merits of the case has been set. The next status date is set for January 15, 2025.

THOMAS SHEEHAN v. IMRF
(JO DAVIESS COUNTY 2024 MR 9)

Summary: Sheehan was a police chief for the Village of Stockton. He 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 Sheehan's claim for total and permanent disability benefits. Sheehan appealed the decision.

Status: The case was filed on July 31, 2024, however no summons has yet been issued by the clerk. IMRF waits to be properly served before filing an appearance and responsive pleading.

ABN AMRO BANK N.V. (NETHERLANDS INVESTOR GROUP ACTION)

Summary: A group of investors is seeking recovery through the against ABN Amro Bank N.V., the third-largest bank in the Netherlands. The claim is based on allegations that ABN persistently failed to disclose information about the bank's serious internal deficiencies that facilitated criminal activity within the bank. Specifically, the entity failed to disclose to investors that the company's internal policies were inadequate and did not comply with international anti-corruption laws and regulations, which resulted in materially false and misleading statements. The Dutch government announced an investigation on the matter in 2019, and ABN ultimately settled with Dutch prosecutors in April 2021.

Status: IMRF has recently 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 Dutch counsel. Staff is working with Dutch counsel and IMRF's investment managers to establish standing for each group of shares that may be recoverable in this action.

HAROLD WILSON, JR. v. ILLINOIS MUNICIPAL RETIREMENT FUND, et al.
(MADISON COUNTY 2024 MR 309)

Summary: Wilson works as a jail deputy for the Madison County Sheriff's Office, where he has participated in the Tier 2 SLEP plan since January 2016. Prior to this, from 2006 to 2016, he worked as a court security officer for Madison County and was enrolled in IMRF's Regular Tier 1 plan. The plaintiff names IMRF and six other defendants, including the County and two labor organizations, alleging that he was improperly classified from 2006 to 2016 as a non-sworn officer, and as such, was underpaid, incorrectly enrolled in the IMRF Regular plan, and enrolled in the wrong labor organization for the affected time period. Plaintiff's SLEP participation for this period has never been determined by the IMRF Board through the regular administrative appeals process.

Status: IMRF was served with the complaint on November 7, 2024. IMRF intends to file a motion to dismiss the complaint for failure to exhaust administrative remedies. No future court date has been set.

(24-11-17) (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 November 12-13. Both were also scheduled for November 14, but both canceled that day's meeting. The second half of the session is scheduled for November 19-21, although the House has not confirmed that it will meet that week. No pension legislation pertaining to IMRF was discussed in the first week, although a bill making several changes to Tier 2 for all systems was introduced.

She further informed that the 103rd General Assembly is in its final weeks. Veto session will end the week before Thanksgiving and then there will be another few days in January for a "lame duck" session immediately before the 104th General Assembly is sworn in.

Senator Robert Martwick (D-Chicago) and Representative Stephanie Kifowit (D-Oswego), chairs of the pension committees in their respective chambers, introduced identical versions of a bill that would make various changes to Tier 2, as well as some other pension changes. It is unlikely that the bill in its current form will pass, but it was rather introduced as a central point for the ongoing negotiations. It was also introduced purposefully on the day the unions, through their We Are One Coalition, held a rally in Springfield to advocate for Tier 2 changes. **Senate Bill 3988 (Martwick)** and **House Bill 5909 (Kifowit)** make various changes to the benefits offered under Tier 2. They also make various changes to other provisions in the individual Articles (including IMRF) that are unrelated to Tier 2. No action has been taken on either bill, although Representative Steven Reick (R-Harvard), who is also the Minority Spokesman of the House pension committee, has filed a request for a state debt impact note.

A summary of the provisions in the bills is below. The proposal does not create a DROP program for any of the systems. Most provisions would return the benefits to those offered under Tier 1.

- The retirement age would be the same as that offered under Tier 1.
- Sets the Tier 2 annual increase at a flat 3% non-compounded rate. While this remains a reduction from Tier 1 for the other systems, it would return the Tier 2 annual increase to the Tier 1 amount for IMRF annuitants.
- Sets the Final Rate of Earnings to that used for Tier 1 members (the highest consecutive four years out of the last ten). This would only apply to Tier 2 members who are in active service on or after the effective date of the legislation. For those who terminated or retired prior to that date, they would continue to receive the original Tier 2 annual increase.
- Sets the cap on pensionable wages at the Social Security wage base. This is the main issue for Tier 2 reform as the non-coordinated pension funds (which includes all funds except IMRF and the regular SERS members) are coming close to violating the safe harbor allowance for non-coordinate systems, which could force them to participate in Social Security.
- For IMRF, some members would be put into SLEP. The provision would not be retroactive. Affected members are those who:
 - o Are a county correctional officer or probation officer (this provision was included in **Senate Bill 3627** from the spring 2024 session);

- o Participates as a firefighter;
- o Participates as a sworn law enforcement officer in a municipality that does not have an Article 3 (downstate police) pension fund.

As far as legislator meetings are concerned, because of the 2024 election, legislator meetings were suspended as legislators were busy either with their own election or those of their fellow legislators. We have put the lists together for the next rounds of meetings and will begin reaching out shortly. Contact information for newly elected legislators is not yet available and likely will not be until at least January, however, as they set up their new offices.

(24-11-18) (Building our Future Program) General Counsel presented an update on the Workspace Improvement project, which is part of the Building our Future Program. At this point IMRF staff has defined the desired workspace and evaluated real estate options. Staff is now refining the search and narrowing the scope to select locations and renovation plans. IMRF's current lease in Oak Brook expires at the end of 2025. During the Discovery Phase (April - August 2024), leadership perspectives were considered as well as the employees' perspectives. An employee survey was conducted and we received a 90% return rate, which was helpful in getting the employees perspectives. Other considerations during the Discovery Phase were commute time, keycard stats, and floor layout.

Next, during the Real Estate Evaluation Phase (August - November) staff considered multiple sites and renovation options through office site visits and architectural review. Then, 3 finalists were determined (existing Oak Brook location and two other locations within Oak Brook). Staff will now focus on financial negotiations. Based on these findings, staff will define the best alternate location, consider relocation or renovation, and make a recommendation at the December Board meeting. Mr. Kosiba asked if this plan will affect the remote work policy and Mr. Shuliga confirmed that it would not.

(24-11-19) (Operational Update) Executive Director Brian Collins gave an update on operations, specifically pertaining to Horizon. He reported that from March 4-October 31, 2024, IMRF received \$822,600,000 in total contributions from employers, and IMRF made total payments of \$2,165,306,154 during this same time period. He emphasized that payments were consistently made throughout the Horizon Implementation Period. Also, as of August 28th, there were a total of 2,232 outstanding claims, in which 50% are actionable by IMRF. To help reduce the number of unresolved claims, IMRF hired new personnel (both full-time staff and temps); innovated IMRF's training process (new tailored training plan is expediting productivity); reallocated additional IMRF personnel (leveraged staff from other business units); and updated the support plan to allow additional TELUS and Provaliant personnel to support claims processing.

Mr. Collins continued to report that retirement claims processing has stabilized.

- IMRF paid a total of 2,464 claims since the August Board meeting
- Total outstanding claims were reduced by 25%
- The pipeline of actionable claims was reduced by 47% to 563

He noted that there will always be a pipeline of outstanding claims but we are trending toward an equilibrium.

Mr. Collins also provided a Member Contact Update that included the following:

- Since the August Board meeting there were:
 - o 17,181 answered calls
 - o 15,121 returned Secure Messages
 - o 79,614 Self-service interactions
 - o 48.8% reduction in hold times
 - o 54.0% increase in calls answered
 - o 24 minutes average hold time for Death Claims calls
 - o 6 minutes average hold time for calls for web help and general changes

In conclusion:

- Operations are widely stabilized
- We continue to see improvements in claims processing and customer service
- Pipeline of claims is rapidly trending to normal levels

Ms. Copper and Ms. Henry commented that wait times are still too long. Ms. Copper would like to see a feature added that tells people how long of a hold time to expect. Mr. Kuehne suggested including a Horizon update in the Rate meetings. Mr. Cycholl commented that the old system was able to calculate pension scenarios for years out and hopes this new system can do that as well. Mr. Collins assured this system will do the same.

(24-11-20) (Report of the Executive Director) The Executive Director updated the Board on the progress on strategic objectives and key strategies during the third quarter of 2024 that support IMRF's 2020-2022 Strategic Plan. The Executive Director also provided information on FOIA request and personnel.

(24-11-21) (Trustee Forum) General Counsel explained that Trustee Natalie Copper requested an IMRF-issued credit card to be used for trustee travel. Paragraph 5 of the General Policies for Board of Trustee Travel, found in Resolution 2020-12-16(a), provides:

Board members are encouraged to use credit cards to pay expenses. If an IMRF credit card is needed, the Trustee is to request a credit card in advance of the travel to the full Board of Trustees. Issuance of a credit card to a Trustee is permitted with Board approval. Any Trustee can request a credit card as long as it is properly placed on a Board agenda and approved by a vote of five Board members. Credit cards will be activated by the Chief Financial Officer upon request for each travel event and subsequently deactivated ten days after the travel event.

Staff confirmed that Trustee Copper has properly requested a credit card in advance of travel and the request was placed on the Board agenda, so therefore, recommends that the Board approve Trustee Copper's request for an IMRF-issued credit card for travel purposes.

It was moved by Mr. Kuehne and seconded by Ms. Stanish to approve an IMRF-issued credit card to Ms. Copper for travel purposes; and to any other trustee who requests one prior to travel.

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

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 8-12, 2025 Orlando, FL
Natalie Copper	71 st Annual Employee Benefits Conference International Foundation of Employee Benefits November 8-13, 2025 San Diego, CA

It was moved by Ms. Stanish and seconded by Mr. Kosiba, 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.

(24-11-22) (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. Cycholl, seconded by Mr. Kuehne to go into Executive Session at 1:16p.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, Cycholl, Henry, Kosiba, Kuehne, Stanish, Stefan

Nay: None

Absent: Miller (stepped out momentarily)

7 Ayes, 0 Nay, 1 Absent - Motion Carried

Board took a 10-minute break prior to Executive Session.

The Board returned to open session at 2:34p.m.

(24-11-23) (Adjournment) It was moved by Mr. Kuehne, seconded by Ms. Henry to adjourn the Board Meeting at 2:34p.m., and to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, IL, at 9:00am, on December 20, 2024.

Vote:

ALL VOTED AYE - MOTION CARRIED



President



Date



Secretary



Date

