

FUNDAMENTALS

IMRF

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Louis W. Kosiba: Visionary leadership in pursuit of excellence

Under the far-sighted leadership of Executive Director Louis W. Kosiba, IMRF experienced exponential growth and has become one of the most respected public pension plans in the country. As Kosiba prepares to retire at the end of 2017, IMRF leaders reflect on his lasting legacy.

“Against the backdrop of negative stories regarding public pensions, IMRF is seen as a pension fund that works,” said Deputy Executive Director Dan Duquette. “Through Lou’s leadership and his outreach programs, we’ve become highly respected amongst all of our stakeholder groups—our members, our employers, the Illinois General Assembly, and the press.”

IMRF Board of Trustees President Sue Stanish said that Kosiba’s legacy is one of continuous improvement.

“That never stopped under his watch,” Stanish said. “By improving systems, improving teams, and improving processes, Lou leaves IMRF a much better place.”

“One of Lou’s biggest accomplishments has been bringing IMRF to the forefront of public pension plans—not only in Illinois, but on a national basis.”

—Dan Duquette, IMRF
Deputy Executive Director

Telling IMRF’s success story

With assets approaching \$40 billion, and a funded status nearing 95%, IMRF is universally recognized as a national leader within the public pension industry.

“One of Lou’s biggest accomplishments has been bringing IMRF to the forefront of public pension plans—not only in Illinois, but on a national basis,” Duquette said.

“He realized that in today’s environment, you just can’t keep your head down when it comes to public pensions—you need to tell the story.”

IMRF’s success was not always well-known to the Illinois General Assembly. After becoming Executive Director in 2001, Kosiba made a concerted effort to cultivate relationships with Illinois legislators, visiting them in their home districts and making them aware of the ways in which IMRF was unique.

As he developed relationships and trust, Kosiba became “the go-to guy in Illinois to talk to about pensions,” said IMRF General Counsel Kathy O’Brien. “Based on all the work that he’s done and that he’s had us do, we’re now very well-known and highly thought of in Springfield.”



Louis W. Kosiba speaks at the 2014 ILPEX Awards, where IMRF won a Silver Award.

Kosiba’s efforts to distinguish IMRF from the state pension funds have made a big difference for IMRF, its operations, and its membership. As the public discussion surrounding Illinois pensions became more heated, IMRF’s sterling reputation enabled it to fend off any number of legislative attacks, including:

- Attempts to place governmental appointees on IMRF’s Board of Trustees. IMRF is one of the only public pension funds to have a Board solely composed of elected

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Kosiba's appearance on the WTTW program *Chicago Tonight*.

Kosiba addresses IMRF employers at a 2016 event.

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Trustees who are members of the plan, a structure that ensures Trustees are motivated to uphold the fund's success and are not beholden to outside interests.

- A push for IMRF to pursue 90% rather than 100% funding. IMRF believes that being 100% funded is the soundest long-term approach for managing its assets and liabilities. It also means that a pension fund has enough money in reserve today to meet all current and projected pension obligations for benefits earned to date.
- Several 2017 bills that would have created a Tier 3 for new IMRF members that included a defined contribution component. IMRF believes that defined benefit plans like IMRF, in which members receive a monthly pension for life, provide better retirement security for members, and are a valuable recruitment and retention tool for employers.

Pursuing world-class customer service

As IMRF's General Counsel and later as Executive Director, Kosiba led in defining a customer-oriented direction for IMRF as embodied in its mission, vision, and values (read more at www.imrf.org/mvv).

“Legislators knew him, the press knew him, employers knew him, members knew him—he really reached out to people and built relationships with our stakeholders.”

—Dan Duquette, IMRF Deputy Executive Director

Even before Kosiba became Executive Director, he pushed to define IMRF's mission statement in the Illinois Pension Code. To date, IMRF is the only Illinois pension fund to have done so. Later, after he became Executive Director, he worked to develop IMRF's vision and values.

As IMRF looked for ways to improve, Kosiba and Duquette attended a workshop focusing on the Baldrige Criteria for Performance Excellence, which provides a framework for continuous improvement of systems and operations.

“He was so excited about the Criteria of

Excellence that he wanted to jump on board that train immediately,” Duquette said. “I think I'll always remember the enthusiasm that he showed.”

IMRF has used this framework to better understand its customers, its staff, its investments, and its operations, and has reengineered its business processes accordingly, even developing whole new channels for communicating with members, retirees, and employers.

Several of the most common ways that members and employers contact IMRF were developed under Kosiba's watch. These include:

- Member and Retiree workshops
- The 1-800-ASK-IMRF (275-4673) customer service line
- Formal Authorized Agent training
- Annual meetings with employers across Illinois to discuss the state of IMRF

IMRF's pursuit of excellence has been recognized three times by the Illinois Performance Excellence (ILPEX) Recognition Program, most recently in 2014, when IMRF earned a Silver Award for “Progress towards Excellence.”

Weathering storms of change

Besides the ongoing challenge of operating in a state where many defined benefit plans are in tough shape, the global financial markets experienced two major economic downturns during Kosiba's tenure. One of these was in 2001, shortly after Kosiba became Executive Director, and the other in 2008.

IMRF Board interviews candidates for Executive Director

In October, the IMRF Board of Trustees interviewed candidates to become the organization's next Executive Director. The Board's goal is to announce the next Executive Director during the fourth quarter, with a start date during early 2018. Check www.imrf.org for more information.

During these market corrections, Kosiba took a long-term view and assured IMRF members, employers, staff, and the Board of Trustees that this was not a time to panic, reminding them that IMRF wasn't saving for one year or two years, but for 50 years and 70 years.

"We stayed the course, and are now close to a \$40 billion pension fund," Duquette said. "We're financially in much better shape than most public pension plans, and trending toward that 100% funding goal."

Kosiba's lasting legacy

Kosiba will be remembered for being a "big picture" thinker who was open to transformative new ideas, and made himself accessible to everyone who had a stake in IMRF.

"He really became a leader in the state," Duquette said. "Legislators knew him, the press knew him, employers knew him, members knew him—he really reached out to people and built relationships with our stakeholders. He did presentations at Lions Clubs and Kiwanis Clubs and Chambers of Commerce—people who needed to be educated about IMRF and about defined benefit plans. And it did come at a personal cost for him, because it's not like his other work just went away. I see him here at work almost every weekend, and that's true as of this past Saturday, even though he's nearing retirement."

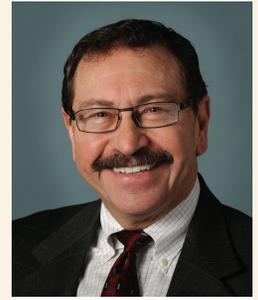
"He's been open to new ways of doing things or thinking outside the box," O'Brien said. "In the past IMRF had brought in outside consultants to review certain aspects of our operations, but the whole idea of the Baldrige Criteria, of internal process improvement, Louie brought that."

"Lou was the face of IMRF," Stanish said. "From a broad perspective, employers, employees, and retirees will remember that Lou was looking out for them, and doing the right things to provide that retirement stability. It's going to be challenging to fill those shoes." ■

From the Executive Director:

A fond farewell

It is and has been an honor, a privilege, and a pleasure to serve you for more than 29 years, starting as your Manager for Field Services, then General Counsel, and finally Executive Director.



Louis W. Kosiba
IMRF Executive Director

Dedicated support

My work was made immeasurably easier due to the vision and dedication of the many members of the IMRF Board of Trustees with whom I worked. Their vision is to ensure IMRF provides you with the highest quality retirement services. The Board has always been committed to providing the programs and staffing needed to fulfill IMRF's responsibilities to you.

IMRF is also blessed with an engaged and dedicated staff which truly embraces our commitment to you. Yes, we make errors, and yes, we seem to be overly detailed at times. But, in our hearts we know it is all about serving you, whether you live and work in Zion or Cairo, Danville or Quincy, or any of the many places in between.

Continuous improvement

I am proud of the many accomplishments IMRF achieved while I was Executive Director (2001-2017). I am most proud of our Journey of Excellence and IMRF's commitment to continuous process improvement.

That journey developed a serious focus in 2008 when staff learned of the Baldrige Criteria for Performance Excellence. The criteria were crafted to foster the development of world class organizations. It challenges IMRF to achieve excellence in leadership, strategic planning, customer and staff focus, developing superior systems and methodologies, and gathering data so that decision making is fact based.

IMRF's dream is to be recognized as a well-funded, outstanding organization which serves as a role model throughout the United States. It is a tough journey, but a worthy journey. To date, IMRF has been recognized for our commitment and progress towards satisfying the Baldrige Criteria. Achieving the top honor has eluded us—but we are working on it!

Looking to the future

As I move on, I know my successor will come to understand they will lead an organization well positioned to serve you and to achieve greatness. ■

Trustee Elections

Employers to elect Executive Trustee

This fall, IMRF employers will elect one IMRF Executive Trustee for a five-year term of office that will run from January 1, 2018, through December 31, 2022. The candidates are:

- **Stephanie A. Helms**, County Treasurer & Collector for Stephenson County
- **Douglas A. Krieger**, City Manager for the City of Naperville
- **Tom Kuehne**, current IMRF Executive Trustee, Finance Director/Treasurer for the Village of Arlington Heights
- **Brad Trent**, Deputy Highway Commissioner for Rockford Township

The election results will appear in next year's Spring edition of *Fundamentals*. ■



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