



**EFL Associates**

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**ILLINOIS MUNICIPAL RETIREMENT SYSTEM**

**CHIEF INVESTMENT OFFICER**

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**POSITION SPECIFICATIONS**

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**ABOUT THE CLIENT**

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Our client is the **Illinois Municipal Retirement Fund (IMRF or the Fund)**. **IMRF** is a multi-employer agent public employee retirement system providing retirement, survivor, death and disability benefits to employees of local government in Illinois. Created by the Illinois Legislature in 1939, **IMRF** began operations in 1941 and is a defined benefit pension plan. Members, employers and annuitants elect eight (8) trustees who govern **IMRF**. The **Fund** is separate and apart from Illinois State government and is not included in the state's financial statements. **IMRF** now serves 3,025 units of government, 177,809 active members, 262,259 inactive members, and 138,089 retirees and beneficiaries.

The **Fund** has adopted the following Mission, Vision, and Values:

**Mission:** *To efficiently and impartially develop, implement, and administer programs that provide income protection to members and their beneficiaries on behalf of participating employers, in a prudent manner.*

**Vision:** *To provide the highest quality retirement services to our members, their beneficiaries, and employers.*

**Values (REAACH):**

- *Respect*
- *Empathy*
- *Accountability*
- *Accuracy*
- *Courage*
- *Honesty*

Major initiatives underway at **IMRF** include a number of systems and systems infrastructure upgrades. The largest of these is the ongoing replacement of the current pension administration technology with a new Horizon Project system. This project is expected to “go live” in October 2022.

In November 2019, **IMRF** was named the first public pension fund in the nation to receive the prestigious Malcom Baldrige National Quality Award (MBNQA). The MBNQA was established by Congress in 1987 and is designed to raise awareness of quality management and to recognize U.S. organizations that have implemented highly successful quality management systems. The awarding of this honor to **IMRF** speaks to the **Fund’s** continued dedication to delivering excellent customer service to its members, annuitants, and employers.

Located in Oak Brook, IL, a Chicago suburb, **IMRF** employs a staff of approximately 223 dedicated professionals.

For more information about **IMRF**, please visit the website at [www.imrf.org](http://www.imrf.org).

## **INVESTMENT PROGRAM**

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As of December 31, 2020, the aggregate market value of **IMRF’s** assets was \$49.8 billion. As of December 31, 2019, the aggregate actuarial funding ratio was 90.7% (95.1% on a market value basis). These funding ratios are for the **Fund** as a whole. Under the Illinois Pension Code, each employer funds the pensions for its own employees, so funding ratios for individual employers and plans vary widely.

The funding of **IMRF** is comprised of three components. The first is member contributions (either 4.5% or 7.5% of covered wages depending on the plan). The second portion of funding is employer contributions. These contributions are based on an individual rate calculated for each employer annually by the **Fund’s** actuaries. It is based on each employer’s member demographics, wages, and experience. The final and most important component of funding the plan is investment income.

**IMRF’s** primary goal is to optimize the long-term total return of the **Fund’s** investments through a policy of diversification within a parameter of prudent risk, as measured on the total portfolio. Currently, the public markets portfolio is managed by 43 professional investment management firms handling 48 mandates. The private markets portfolio is invested with 58 investment firms across 167 separate funds. For both public and private market assets, investment managers make investment decisions under the Prudent Man Rule, authorized by Article 1 of the Illinois Pension Code and by investment policy guidelines adopted by the **Board of Trustees**.

As of December 31, 2020, the targeted and actual allocations, by asset class were as follows:

	<u>Target Alloc.</u>	<u>Actual Alloc.</u>
Domestic Equity	37.0%	43.0%
International Equity	18.0%	19.2%
Fixed Income	28.0%	24.5%
Real Estate	9.0%	6.4%
Alternative Investments	7.0%	6.4%
Cash & Equivalents	<u>1.0%</u>	<u>.5%</u>
	100.0%	100.0%

The **Fund’s** total annual return, net of fees, at December 31, 2020 was 14.69% versus the benchmark return of 13.16%. The 3-, 5-, and 10-year net returns were 9.45%, 10.34%, and 8.94%, respectively, versus benchmark returns of 9.17%, 9.93%, and 8.70%, respectively. The **Fund’s** actuarial assumed rate of return is 7.25%.

In 2019, the Investment Department added the capability for internally managed U.S. Equities. This team of three staff members handled approximately \$2 billion in assets for as of December 31, 2020 across two active quantitative-based portfolios.

**IMRF’s** investment portfolio encompasses a portfolio that includes internally and externally managed U.S. and non-U.S. equity assets, private equity funds and co-investing program, fixed income, real estate, agriculture, timber and cash. Oversight is accomplished through the use of internal staff organized by key functional areas (Public Markets, Private Markets, Internally Managed Portfolio, Operations, Diverse Manager Program, and Total Portfolio) with external consultants serving as an extension of resources available for investment staff.

The **Board of Trustees** employs an investment consultant (Wilshire Associates) to assist staff in the development and evaluation of **IMRF’s** strategic asset allocation, asset liability modeling study, and investment policy statements. The Investment Consultant also assists in the selection of investment management firms and in the monitoring and evaluation of investment manager performance, as needed and determined by the **Chief Investment Officer**.

## **RESPONSIBILITIES**

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Reporting to the Executive Director, the **Chief Investment Officer (CIO)** oversees the asset allocation policy, the investment manager due diligence and selection process, monitors investment manager performance across all asset classes, and gives guidance and direction to a staff of investment professionals and an administrative group. The **CIO** presents and seeks approval of investment recommendations from the Investment Committee of the **Board of Trustees**. The **CIO** is responsible for leading, mentoring, and overseeing the ongoing professional development of eight direct reports and eight indirect reports.

### **Essential Duties and Responsibilities include:**

- Direct the design and management of the investment program in the context of the macro environment and investment opportunities across a broad array of asset classes and risk profiles. Provide leadership and direction to investment staff with respect to asset allocation, the investment manager due diligence

process, portfolio construction/management, and the performance monitoring process. The design of this program encompasses a global portfolio that includes internally and externally managed U.S. and non-U.S. equity assets, private equity funds and co-investing program, fixed income, real estate, agriculture, timber and cash. Oversight is accomplished through the use of internal staff and external consultants and investment managers.

- Oversee the day-to-day activities of the Investment Department. This includes development and monitoring of the annual budget; preparation of reports; coordinating communications between master trustee, investment managers, brokers and staff; monitoring the securities lending program; policy compliance, review enforcement; responding to inquiries from the legislature, the **IMRF** membership, government agencies and the public concerning investments; and creating strong lines of communication between all parties involved in the **IMRF** investment process.
- Provide effective oral and written communication of investment policy and operations to the **Board of Trustees**, Executive Director and other interested parties: which includes but is not limited to presenting to the Investment Committee: the Annual Review of the Statement of Investment Policy, Investment Committee Charter, Annual Securities Lending Presentation, Annual Proxy Voting Presentation and Annual Diverse Asset Manager and Diverse Broker Presentation.
- Work with **IMRF's** general Investment Consultant and present to the Investment Committee: Annual Asset Allocation Review, Tri-Annual Asset/Liability Study, Annual Private Markets Portfolio Review, Monthly and Quarterly Performance Reports.
- Coordinate and communicate investment strategy, process and philosophy to other areas in the **IMRF** organization.
- Develops and implement plans that support **IMRF's** Diverse Asset Manager and Diverse Broker program, in compliance with the Illinois Pension Code.

## EDUCATION AND EXPERIENCE

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- Advanced degree in a business-related major and the CFA designation are strongly preferred.
- Substantial (10+ years) related institutional investment management experience; broad understanding of modern portfolio theory and all investment vehicles; advanced portfolio construction and risk management skills.
- Experience (ideally 5 or more years) managing a staff of investment professionals
- Ability to analyze and select investment managers; solid understanding of and experience with the quantitative and qualitative due diligence process, and experience with legal document negotiations in collaboration with internal and external counsel.
- Proven experience negotiating contract terms with external investment managers to minimize expenses to the **Fund**.
- Experience working with a Board of Trustees, investment consultants, and actuaries.
- Advanced technology skills, particularly with leading investment analysis, portfolio modeling, and market intelligence systems.
- Experience in management of public retirement system assets is preferred.
- Fundamental accounting skills are also preferred.

- Ability to travel overnight, estimated at 30 days per year.

## **PERSONAL CHARACTERISTICS**

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- Projects confidence but with humility; a servant leader
- A patient leader who doesn't rely on complex industry jargon and can explain sophisticated investment information in understandable terms.
- Open and welcoming; approachable and visible to board, staff, employers and members; empathetic, with strong emotional intelligence
- A thoughtful decision-maker who values both people and process; willing to get input in the decision-making process; makes the decision but is willing to admit mistakes
- Integrity and backbone; will do what's right for **IMRF**, its members, beneficiaries and participating employers
- Excellent communication skills, including speaking, writing and listening; outstanding presentation skills
- Strong customer service focus
- High energy level and strong work ethic
- Enthusiasm and support for **IMRF's** mission, vision and values; an innovator who will continue to push for improvement

## **COMPENSATION**

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Compensation will consist of a highly-competitive base salary commensurate with experience and qualifications. There is no incentive compensation. In addition, the **Chief Investment Officer** will be entitled to **IMRF's** generous benefits package, which includes choice of medical and dental plans (HMO and PPO); life insurance plus AD&D coverage; 12 paid holidays; paid vacation sick and personal leave; participation in **IMRF's** retirement, death and disability plan (employees contribute 4.5% of their salary); optional 457 deferred compensation plan; flexible spending account; tuition reimbursement for courses directly related to an employee's job (graduate course work requires one year service with **IMRF**); on-site health club facility; employee assistance program; flexible work hours; and, business casual dress code.

## **APPLICATION PROCESS**

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EFL Associates, an executive search firm, is assisting **IMRF** with this important search. All calls and inquiries should be made through the search firm. Referrals and applications will be held in confidence. Review of applications will begin immediately and will continue until the position is filled.

## **NON-DISCRIMINATION**

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Our client and EFL Associates firmly support the principle and philosophy of equal opportunity for all individuals, regardless of age, race, gender, creed, national origin, disability, veteran status or any other protected category pursuant to applicable federal, state or local law.

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