

ILLINOIS MUNICIPAL RETIREMENT FUND
MEETING NO. 13-06-I

MEETING OF THE
INVESTMENT COMMITTEE

The Investment Committee met in the IMRF offices in Oak Brook, Illinois, on Friday, June 28, 2013. Mr. Nannini, Chairman of the Investment Committee, called the meeting to order at 8:00 A.M.

(13-06-01)(Roll Call) Mr. Sambol called the roll:

Present: Copper; Stafford; Nannini; Piechocinski; and Kuehne

Absent: Stulir; Henry; Thompson

Also in attendance were: Ms. Becker-Wold, and Messrs. Ball and Robinson of Callan Associates; Ms. Shah, IMRF Chief Investment Officer; Mr. Sambol, IMRF Investment Manager; and IMRF Investment Analysts.

(13-06-02)(Public Comments) There were no public comments.

--Trustee Thompson, member of the Investment Committee, joined the meeting at 8:02 A.M.

(13-06-03)(Action Items)

- A. Approve Investment Committee Meeting Minutes from May 30, 2013 Meeting The Chairman asked for the approval of the minutes of the May 30, 2013 Investment Committee Meeting.

It was moved by Mr. Piechocinski; and seconded by Ms. Copper; that the minutes of the May 30, 2013 meeting of the Investment Committee be approved.

Vote:

The motion was approved unanimously.

- B. BlackRock Enhanced Index The Chief Investment Officer presented a recommendation to terminate the BlackRock Enhanced Index Portfolio and to transfer these funds to the Northern Trust Investments (NTI) Barclay's Aggregate Bond Index Fund. This recommendation was based on concerns related to the fit of the enhanced index strategy within the fixed income portfolio, underperformance relative to the benchmark, and concerns related to the ongoing changes to BlackRock's organizational structure. As of May 31st, IMRF's investment in the BlackRock Enhanced Index was \$953.7 million.

After discussion, it was moved by Mr. Kuehne; and seconded by Mr. Stafford; to recommend that the Board approve Staff and Consultant's recommendation to terminate the BlackRock Enhanced Index Portfolio and to transfer these funds to the NTI Barclay's Aggregate Bond Index Fund.

Vote:

The motion was approved unanimously.

(13-06-04)(Staff Presentations)

A. Core Real Estate (RE) Funds – Cornerstone Patriot Fund, L.P., Invesco Core RE Fund (USA), LLC, and AEW Core Property Trust (U.S.), Inc. The Chief Investment Officer presented an overview of the core component of IMRF's real estate portfolio. This included recommended increases to the allocations to two existing core managers (Cornerstone and Invesco) and an allocation to a core manager (AEW) that is an existing manager in the Fund's non-core real estate portfolio. After this presentation, the Chief Investment Officer recommends:

- increasing the commitment to the Cornerstone Patriot Fund, L.P., by up to \$25 million, subject to satisfactory legal due diligence;
- increasing the commitment to the Invesco Core Real Estate Fund (USA), LLC, by up to \$25 million subject to satisfactory legal due diligence;
- a commitment of up to \$125 million to AEW Core Property Trust (U.S.), Inc., subject to satisfactory legal due diligence; and,
- authorize Staff to complete all documentation necessary to execute these recommendations

(13-06-05)(Investment Manager Presentations)

A. AEW Core Property Trust (U.S.), Inc. Ms. Herbst and Mr. Bradley of AEW Core Property Trust (U.S.), Inc., presented a review of their firm's organization structure, investment strategy, and performance history. This presentation was followed by questions from the Committee.

(13-06-06)(Action Items)

A. Approve Allocation to Cornerstone Patriot Fund, L.P. After these presentations and after discussion, it was moved by Kuehne; and seconded by Mr. Stafford; to recommend that the Board approve an increased commitment of up to \$25 million to Cornerstone Patriot Fund, L.P.; subject to satisfactory legal due diligence; and to authorize Staff to complete all documentation necessary to execute this recommendation.

Vote:

The motion was approved unanimously.

B. Approve Allocation to Invesco Core RE Fund (USA), LLC It was moved by Ms. Thompson; and seconded by Mr. Piechocinski; to recommend that the Board approve an increased commitment of up to \$25 million to Invesco Core Real Estate Fund (USA), LLC; subject to satisfactory legal due diligence; and to authorize Staff to complete all documentation necessary to execute this recommendation.

Vote:

The motion was approved unanimously.

C. Approve Allocation to AEW Core Property Trust (U.S.), Inc. It was moved Mr. Stafford; and seconded by Mr.Kuehne; to recommend that the Board approve a commitment of up to \$125 million to AEW Core Property Trust (U.S.), Inc.; subject to satisfactory legal due diligence; and to authorize Staff to complete all documentation necessary to execute this recommendation.

Vote:

The motion was approved unanimously.

(13-06-07)(New Business) There was no new business presented or discussed during the meeting.

–The next meeting of the Investment Committee is scheduled to be held on Thursday, July 25, 2013, beginning at 3:00 P.M.

(13-06-08)(Trustee Comments) There were no trustee comments.

(13-06-09)(Adjourn) By unanimous consent, the meeting of the Investment Committee adjourned at 8:55 A.M.

Chairman

Date

Clerk

Date