

ILLINOIS MUNICIPAL RETIREMENT FUND
MEETING NO. 13-11-I

MEETING OF THE
INVESTMENT COMMITTEE

The Investment Committee met in the IMRF offices in Oak Brook, Illinois, on Thursday, November 21, 2013. Ms. Henry, Chairman of the Investment Committee, called the meeting to order at 3:00 P.M.

(13-11-01)(Roll Call) Mr. Sambol called the roll:

Present: Piechocinski; Thompson; Stafford; Kuehne; Stulir; Copper; Henry
Absent: None

Also in attendance were: Mr. Keith Lathan of Williams Capital Group; Mr. Donald Pollak of Northern Trust Investments; Ms. Becker-Wold, Mr. Ball, and Ms. Harris of Callan Associates; Mr. Kosiba, IMRF Executive Director; Mr. Duquette, IMRF Deputy Executive Director; Mr. DeCleene and Mr. Nannini, IMRF Chief Financial Officers; Ms. Shah, IMRF Chief Investment Officer; Mr. Sambol, IMRF Investment Manager; and IMRF Investment Analysts.

(13-11-02)(Public Comments) There were no public comments.

(13-11-03)(Action Items)

- A. Approve Investment Committee Meeting Minutes from July 25, 2013 Meeting The Chairman asked for the approval of the minutes of the July 25, 2013 Investment Committee Meeting.

It was moved by Ms. Thompson; and seconded by Ms. Copper; that the minutes of the July 25, 2013 meeting of the Investment Committee be approved.

Vote:

The motion was approved unanimously.

(13-11-04)(Staff Presentations)

- A. Opportunistic Real Estate Fund – Torchlight Debt Opportunity Fund IV, LLC. The Chief Investment Officer presented an overview of Torchlight Debt Opportunity Fund IV, LLC. She noted that a \$30 million commitment to this Fund had been approved by the Board in October 2012, and that this additional allocation was consistent with IMRF's asset allocation plan and objective of increasing real estate investments. The Chief Investment Officer recommends:

- an additional commitment of up to \$35 million to Torchlight Debt Opportunity Fund IV, LLC., subject to satisfactory legal due diligence; and,

- authorizing Staff to complete all documentation necessary to execute this recommendation

B. Domestic Equity and Fixed Income Allocation Review The Chief Investment Officer presented an overview and recommendations for IMRF's current domestic equity and fixed income allocations. The Chief Investment Officer recommends:

- Reducing the Domestic Equity allocation by withdrawing \$225 million from the NTI Growth Index Fund and \$100 million from the NTI Value Index Fund;
- Increasing the Fixed Income allocation by contributing \$325 million to the BlackRock U.S. Debt Index; and,
- Authorizing Staff to complete all documentation necessary to execute these recommendations

(13-11-05)(Consultant/Staff Presentations)

A. 2013 Asset Liability Modeling Study Staff and Consultant presented the results of the 2013 Asset Liability Modeling Study. This presentation was followed by questions from the Committee.

B. 2013 Asset-Liability Study Recommendation After this presentation, the Chief Investment Officer recommends:

- Reducing exposure to the International Equity asset class from 20% to 17%;
- Reducing exposure to the Fixed Income asset class from 29% to 27%;
- Increasing exposure to the Real Estate asset class from 6% to 8%; and,
- Increasing exposure to the Alternative asset class from 6% to 9%;

C. 2014 Strategic Asset Allocation Recommendations The Chief Investment Officer next presented a Strategic Asset Allocation Recommendation. The Chief Investment Officer recommends:

- Authorizing the adoption of a strategic asset allocation as of January 1, 2014 with the following parameters:
 - 38% Domestic Equity
 - 17% International Equity
 - 27% Fixed Income
 - 1% Cash
 - 8% Real Estate
 - 9% Alternatives

The rebalancing range for each asset class is +/- 4%.

(13-11-06)(Action Items)

A. Approve 2013 Asset Liability Study Recommendation After these presentations and after discussion, it was moved by Mr. Stafford; and seconded by Mr. Kuehne; to recommend that the Board approve the 2013 Asset Liability Study recommendations to:

- Reduce exposure to the International Equity asset class from 20% to 17%;
- Reduce exposure to the Fixed Income asset class from 29% to 27%;
- Increase exposure to the Real Estate asset class from 6% to 8%; and,
- Increase exposure to the Alternative asset class from 6% to 9%.

Vote:

The motion was approved unanimously.

B. Approve Adoption of 2014 Strategic Asset Allocation It was moved by Mr. Stafford; and seconded by Ms. Copper; to recommend that the Board authorize the adoption of a strategic asset allocation as of January 1, 2014 with the following parameters:

- 38% Domestic Equity
- 17% International Equity
- 27% Fixed Income
- 1% Cash
- 8% Real Estate
- 9% Alternatives

The rebalancing range for each asset class is +/- 4%.

Vote:

The motion was approved unanimously.

C. Approve Additional Allocation to Torchlight Debt Opportunity Fund IV, LLC. It was moved by Ms. Thompson; and seconded by Mr. Piechocinski; to recommend that the Board approve an additional allocation of up to \$35 million to Torchlight Debt Opportunity Fund IV, 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.

D. Approve Domestic Equity and Fixed Income Allocation Recommendations It was moved by Mr. Stafford; and seconded by Ms. Copper; to recommend that the Board approve:

- Reducing the Domestic Equity allocation by withdrawing \$225 million from the NTI Growth Index Fund and \$100 million from the NTI Value Index Fund;
- Increasing the Fixed Income allocation by contributing \$325 million to the BlackRock U.S. Debt Index; and,
- Authorizing Staff to complete all documentation necessary to execute these recommendations.

Vote:

The motion was approved unanimously.

(13-11-07)(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, January 23, 2014 beginning at 3:00 P.M.

(13-11-08)(Trustee Comments) There were no trustee comments.

(13-11-09)(Adjourn) By unanimous consent, the meeting of the Investment Committee adjourned at 4:12 P.M.

Chairman

Date

Clerk

Date