

**ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 16-02
FEBRUARY 26, 2016**

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 16-02

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m. February 26, 2016, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Mr. Kuehne presided as Chair and called the meeting to order.

Ms. Enright called the roll:

Present: Copper, Henry, Kuehne, Piechocinski, Stanish, Thompson

Ms. Williams was present via telephone.

Absent: Miller

Ms. Becker-Wold and Mr. Ball from Callan Associates, Mr. Moss from Seyfarth Shaw and representatives from Topeka Capital Markets and Loop Capital were also present.

(16-02-01) (Board of Trustees) The Executive Director reported that Gwen Henry, John Piechocinski, Sharon U. Thompson and Trudy Williams had subscribed to the constitutional oath of office that was filed in the Fund's records.

(16-02-02) (4th Quarter Investment Performance Report) Ms. Becker-Wold of Callan Associates presented an evaluation of IMRF's investment performance for the period ending December 31, 2015.

The report was followed by discussion from Board Members.

(16-02-03) (Investment Manager Activities - Callan Associates) Mr. Ball of Callan Associates presented the following report to the Board on the activities of IMRF's investment managers for the month of January 2016:

January 31, 2016



**Illinois Municipal
Retirement Fund
Monthly Performance Report**

**Investment Measurement Service
Monthly Review**

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. Callan does not provide advice regarding, nor shall Callan be responsible for, the purchase, sale, hedge or holding of individual securities, including, without limitation securities of the client (i.e., company stock) or derivatives in the client's accounts. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the conformity of individual security holdings with the client's investment policies and guidelines, nor has it assumed any responsibility to do so. Advice pertaining to the merits of individual securities and derivatives should be discussed with a third party securities expert. Copyright 2016 by Callan Associates Inc.

MARKET ENVIRONMENT

January 31, 2016

**Major Market Returns
Returns****for Periods Ended January 31, 2016**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell:3000 Index	(5.64)	(5.64)	(2.48)	10.55	10.40	6.38
Russell:1000 Index	(5.38)	(5.38)	(1.82)	10.94	10.68	6.52
Russell:Midcap Index	(6.55)	(6.55)	(7.39)	9.19	9.48	6.73
Russell:2000 Index	(8.79)	(8.79)	(9.92)	6.11	7.25	4.92
MSCI:ACWI x US (Net)	(6.80)	(6.80)	(11.95)	(2.17)	(0.55)	1.51
MSCI:EAFE US\$	(7.23)	(7.23)	(8.43)	0.68	1.59	1.65
MSCI:Emer Markets	(6.48)	(6.48)	(20.62)	(8.91)	(5.23)	2.16
Barclays:Aggregate Index	1.38	1.38	(0.16)	2.15	3.51	4.66
NFI-ODCE Index	1.10	1.10	15.00	13.90	13.62	6.51
NAREIT Equity Index	(3.35)	(3.35)	(6.53)	8.63	10.49	6.29

Equity markets stumbled out of the gate in 2016 and notched the worst January performance since 2009. Fear over a weakening economy in China and oil prices that hit an intra-month low under \$30 per barrel, spilled over into financial markets pushing investors out of risky assets and into safe havens. Volatility is elevated and correlations between equity markets and oil prices are similarly heightened.

GDP growth in the fourth quarter sputtered as the economy grew at 0.7%. The newest reading contrasts with the robust second quarter expansion of 3.9% and the average third quarter increase of 2.0%. This brought 2015 growth to 2.4% on par with the uninspiring pace that we have seen throughout the recovery. Inventory stockpiles, declining net exports, and business investment all weighed on the economy during the final three months of 2015. Headline inflation continues to remain low given the decline in oil prices but ticked up slightly in December to 0.7% year-over-year. Core CPI (excluding food and energy) finally broke through the Fed's target of 2.0%, with an increase of 2.1% for the year.

The jobs market cooled slightly during January after a torrid hiring pace in 2015. During the month, 151,000 jobs were added to payrolls, slightly behind expectations of 185,000. However, headline unemployment dipped to 4.9%, marking the first time this measure has been below 5.0% since February of 2008. There have been additional indications that the labor market is tightening as average hourly earnings for private sector workers jumped 12 cents to \$25.39 and the labor force participation rate ticked up slightly to 62.7%.

Oil prices continued their slide in January, stumbling to lows beneath the \$30 per barrel threshold on fears of a continued global supply glut and a slowing Chinese economy. Oil prices grasped for a bottom as many analysts warned that the \$20 mark might be tested. Market participants seem to be using oil prices as an indicator of global economic health as 30 day rolling correlations to broad equity markets has spiked to near 1.0 which has many wondering if the tail is now wagging the dog.

*Due to a lag in the reporting of NCREIF Property Index returns, the monthly return shown is deduced from the most recent quarterly return. This monthly return, when compounded over three months, equates to the quarterly return.

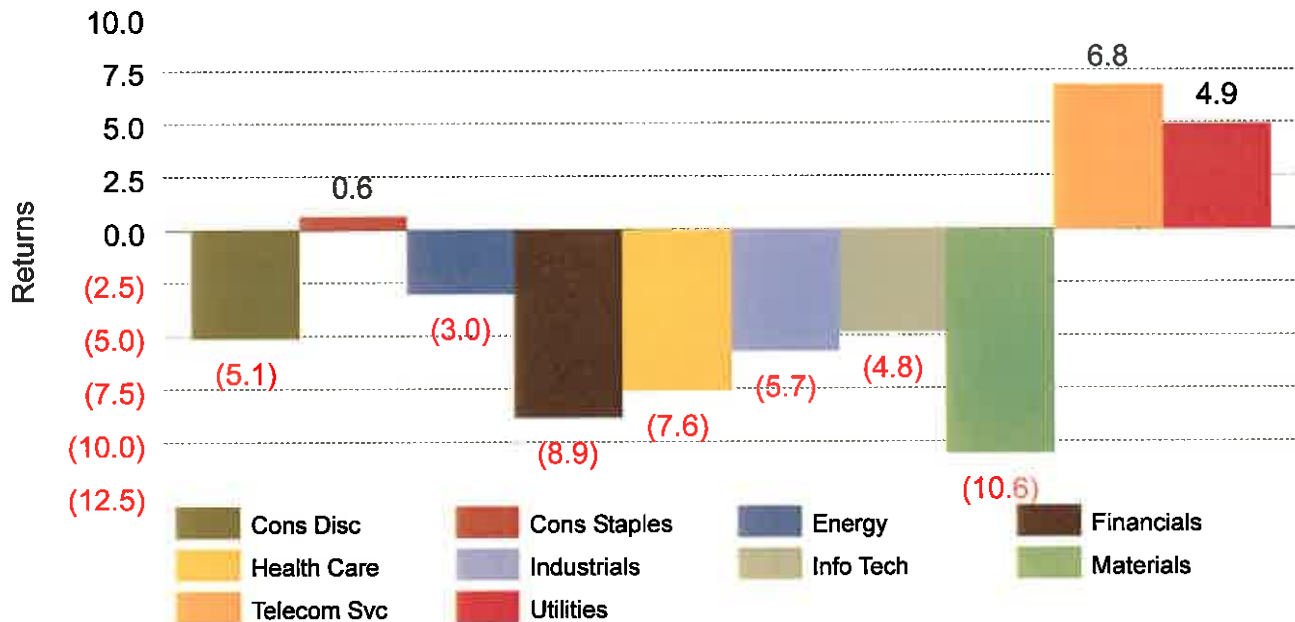
Returns
for Periods Ended January 31, 2016

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell:3000 Index	(5.64)	(5.64)	(2.48)	10.55	10.40	6.38
Russell:1000 Index	(5.38)	(5.38)	(1.82)	10.94	10.68	6.52
Russell:1000 Growth	(5.58)	(5.58)	1.32	13.02	11.67	7.72
Russell:1000 Value	(5.17)	(5.17)	(5.00)	8.79	9.61	5.19
Russell:Midcap Index	(6.55)	(6.55)	(7.39)	9.19	9.48	6.73
Russell:2000 Index	(8.79)	(8.79)	(9.92)	6.11	7.25	4.92
Russell:2000 Growth	(10.83)	(10.83)	(10.01)	7.68	8.28	5.74
Russell:2000 Value	(6.72)	(6.72)	(9.94)	4.53	6.17	4.01

Equities in the U.S. experienced one of the worst starts to the year on record in January as stocks sold off across the board. Lower than expected fourth quarter growth and declining corporate earnings estimates spooked investors and contributed to a 5.6% decline for the Russell 3000 Index. Plunging oil prices exacerbated the downdraft as prices broke through \$30 a barrel and no bottom has been found. Large cap stocks significantly outpaced their smaller counterparts, losing 5.4% (Russell 1000 Index) for the month versus the 8.8% decline for the Russell 2000 Index. The mid cap segment landed in the middle, with the Russell Midcap Index giving up 6.6%. Growth and value stocks reversed rolls this month as value stocks finally held up better than growth in both large and small caps.

Results were mostly negative across economic sectors of the S&P 500. Defensive, high yielding Telecom Services (+6.8%) and Utilities (+4.9%) were the only sectors to post positive performance. All other sectors were negative with Materials leading the way down (-10.6%).

S&P 500 Sector Returns for 1 Month Ended January 31, 2016



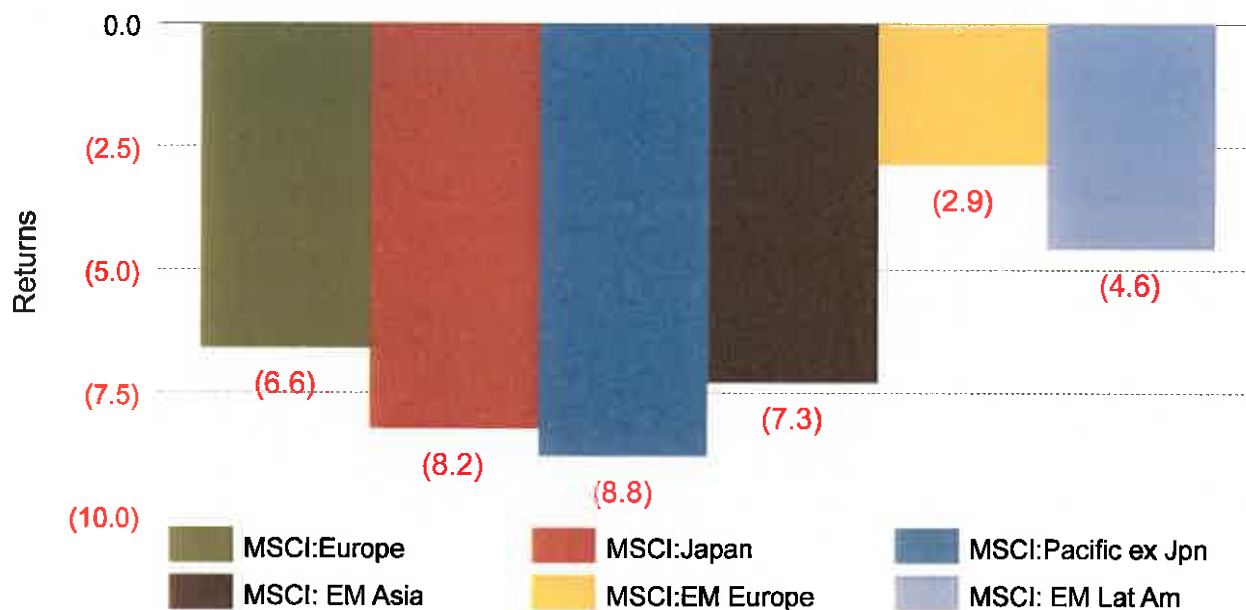
Returns
for Periods Ended January 31, 2016

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI x US (Net)	(6.80)	(6.80)	(11.95)	(2.17)	(0.55)	1.51
MSCI:ACWI x US Gr	(6.17)	(6.17)	(7.72)	0.54	1.29	2.65
MSCI:ACWI x US Val	(7.43)	(7.43)	(15.41)	(4.07)	(1.55)	1.23
MSCI:EAFE US\$	(7.23)	(7.23)	(8.43)	0.68	1.59	1.65
MSCI:EAFE Hedged Gross	(5.74)	(5.74)	(6.06)	5.01	3.19	0.02
MSCI:Emer Markets	(6.48)	(6.48)	(20.62)	(8.91)	(5.23)	2.16
MSCI:ACWI SC x US	(7.67)	(7.67)	(4.92)	1.42	1.08	3.37

International equities also fell during January, declining 6.8% (MSCI: ACWI x US (Net) Index). Central bankers outside of the U.S. have bemoaned sluggish growth spurring talks of future rate cuts and additional stimulus efforts. Hedged returns retreated less than dollar denominated returns (MSCI EAFE Hedged Index: -5.7%; MSCI EAFE US\$: -7.2%) as the dollar strengthened. Emerging markets also declined during January, losing 6.5% (MSCI Emerging Markets Index). Small cap stocks outside of the U.S. were the most severely depressed as they dropped 7.7% (MSCI ACWI SC x US).

MSCI regional returns were equally discouraging, with Pacific ex Japan leading the plunge, losing 8.8%. It was followed by Japan and Asian emerging markets, which fell 8.2% and 7.3%, respectively (MSCI: Japan, MSCI: EM Asia). European emerging markets fared best and only lost 2.9% (MSCI: EM Europe).

Regional Returns for 1 Month Ended January 31, 2016



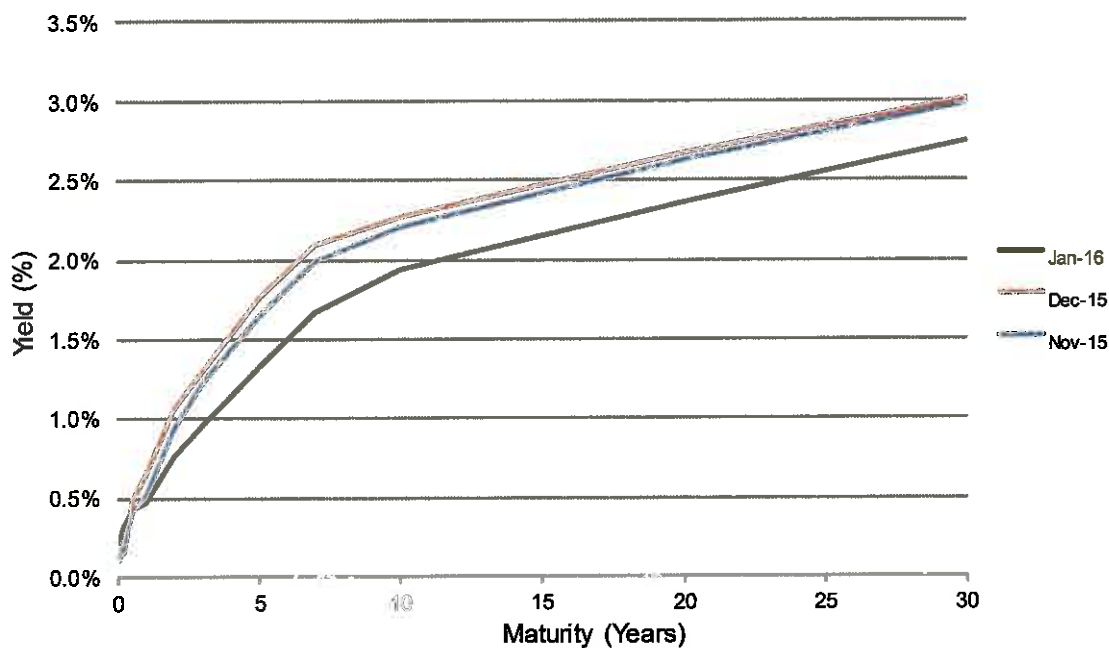
U.S. Fixed Income Overview

Returns

for Periods Ended January 31, 2016

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Barclays:Aggregate Index	1.38	1.38	(0.16)	2.15	3.51	4.66
Barclays:Govt Index	2.08	2.08	0.44	1.96	3.19	4.33
Barclays:Credit	0.52	0.52	(3.00)	1.97	4.44	5.25
Barclays:Mortgage Idx	1.30	1.30	1.96	2.62	3.21	4.74
Barclays:US TIPS Index	1.48	1.48	(3.03)	(1.56)	2.81	4.09
3 Month T-Bill	0.00	0.00	0.05	0.05	0.07	1.21
ML:High Yield CP Idx	(1.58)	(1.58)	(6.69)	0.65	4.08	6.40
CS:Lev Loan	(0.73)	(0.73)	(1.36)	1.93	3.07	3.88
JPM:EMBI Global	(0.20)	(0.20)	0.68	0.34	5.18	6.57
JPM:GBI-EM GI Div	0.35	0.35	(14.91)	(10.06)	(3.11)	3.88

Treasury Yield Curve

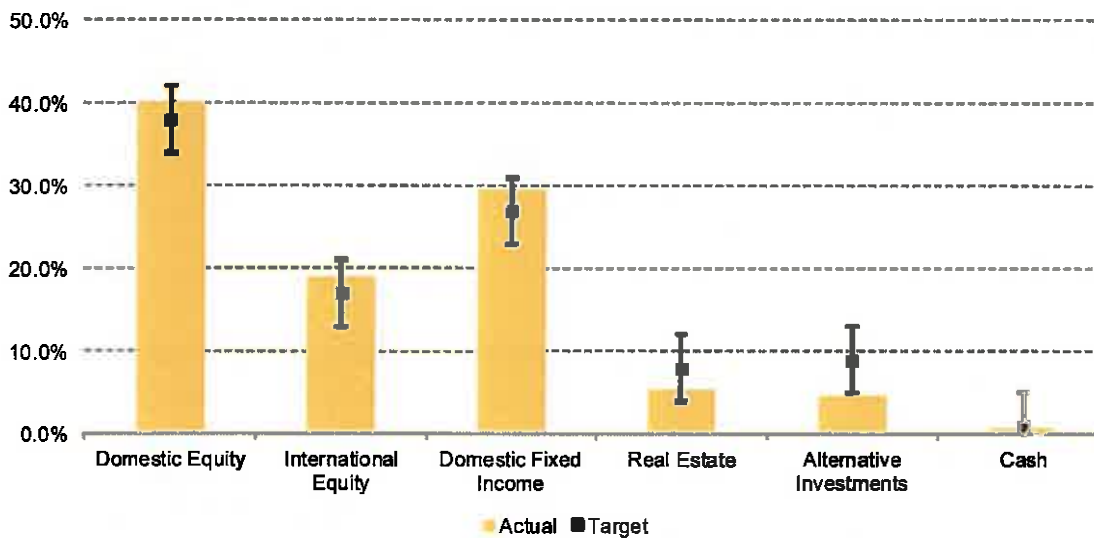


The yield curve flattened in January with very short term rates rising but yields on the 6-month treasury and beyond falling substantially. The Federal Reserve held the Fed Funds Rate steady at their late January meeting and added dovish language to its statement suggesting that they will proceed cautiously this year. Expectations for further rate hikes throughout 2016 continued to fall in the face of global market volatility, growth concerns, and a stock market sell off. The Barclays Aggregate Index, representing the broad market, rose 1.4% as yields fell. Government securities performed best, rising 2.1% (Barclays Government Index) as investors looked for safety. Credit spreads widened and investment-grade credit securities returned 0.5% (Barclays Credit Index) for the month. Mortgage backed securities advanced 1.3% (Barclays Mortgage Index) and inflation-linked treasury securities increased 1.5% (Barclays US TIPS Index). High yield securities were the worst performing sector off 1.6% (ML High Yield CP Index). Levered loans lost 0.7% (CS: Lev Loan Index). The JPM:GBI-EM GI Div Index added 0.4%, while the JPM:EMBI Global Index slipped 0.2%.

Total Fund

Total Fund assets at the end of January were \$32.97 billion, down from \$34.27 billion at the end of December. The Fund returned -4.03% for the month, trailing the benchmark return by 125 basis points. U.S. Equity underperformed its benchmark, while Non-U.S. Equities modestly outperformed its benchmark. Both Real Estate and Alternatives trailed their respective benchmarks for the month. Fixed Income underperformed its benchmark by 0.49%, but produced a positive absolute return (+0.89%). Over the last year, the fund returned -2.74%, trailing the benchmark return of -1.03%.

Current policy states that when the actual allocations of the asset classes differ by more than four percentage points from their policy targets, a recommendation for rebalancing will be made to the Board of Trustees. As of January, Alternatives trailed its target allocation by 4.3%. All other asset classes were within the allowable range. The Chief Investment Officer and Consultant do not recommend any rebalancing at this time.



U.S. Equity

The U.S. equity composite returned -7.12%, relative to the -5.64% return for the Russell 3000. Value outperformed growth in large and small cap stocks. The performance dispersion in the small cap space was wider. The smaller capitalization bias had a negative effect for the month as large cap stocks outperformed small cap stocks by 341 basis points.

Large Cap: In aggregate, the Fund's large cap managers returned -6.64% which trailed the Russell 1000 Index return by 126 basis points. Growth managers retreated by -7.76%, underperforming the Russell 1000 Growth Index by 2.18%. Vision was the best performing active growth manager, returning -6.73%. Value portfolios collectively returned -6.27%, underperforming the Russell 1000 Value Index during the month by 110 basis points. Dodge & Cox was the best performing active value manager with a return of -6.46%.

Small Cap: The Small Cap composite returned -8.50% and outperformed the Russell 2000 Index by 29 basis points. Small Cap Growth and Value returned -10.05% and -6.56%, respectively. Pyramis was the best performing small cap growth manager and Investment Counselors of Maryland was the best in value. Both managers outperformed their respective benchmarks. Micro Cap returned -9.32% in January. Ativo was the top performer in the micro-cap segment returning -6.45% for the month.

International Equity

In January, the International Equity Composite outperformed the MSCI ACWI ex-U.S. (Net) Index returning -6.68%. The Index posted a January return of -6.80%.

Large Cap: International Large Cap managers returned -6.72%. This return was 8 basis points ahead of the MSCI ACWI ex-U.S. (Net) Index. International Large Cap Growth returned -7.89% William Blair was best performing international large cap growth manager (-7.46%). International Large Cap Value returned -5.07% for the month. Mondrian (-4.25%) led all other value managers. The International Large Cap Active Core Group returned -6.32% in January. Brown led the way producing a -5.81% return.

International Small Cap and Emerging Markets: The International Small Cap managers were down 7.40%, outpacing the ACWI Small Cap ex-U.S. Index by 27 basis points. The emerging markets portfolio, managed by Genesis, returned -5.75% during January which outperformed the MSCI Emerging Markets Index by 73 basis points.

Fixed Income

For the month, the total fixed income portfolio returned 0.89% (behind the BC Aggregate Index return of 1.38%) as the yield curve flattened. The passive domestic fixed income segment was the best performer, advancing 1.43%.

Active Core: The active core fixed income component, which is made up of EARNEST Partners, Piedmont and Garcia Hamilton, returned 1.25% and trailed the BC Aggregate Index by 13 basis points. Garcia Hamilton outperformed the other managers returning 1.88%.

Core Plus: The core plus managers returned 0.95%, which trailed the BC Aggregate Index by 43 basis points. BlackRock outperformed the other managers returning 1.33%.

Bank Loans: The bank loans component, managed by Babson, decreased 0.86%, which was 30 basis points below its custom benchmark.

Emerging Markets: The emerging markets component, managed by Standish, returned -0.47%, which was 55 basis points behind its custom benchmark.

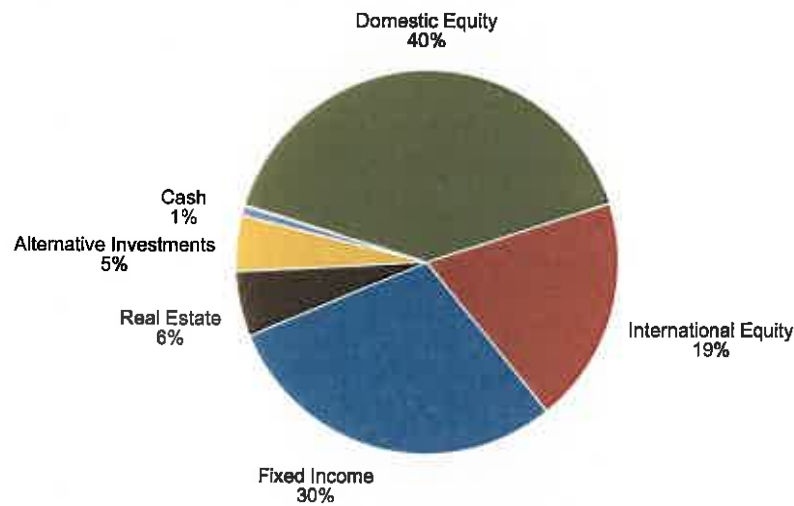
Opportunistic: The opportunistic component, managed by Crescent, produced 0% return, outperforming its custom benchmark by 112 basis points.

High Yield: The high yield manager, MacKay Shields, returned -1.65%, modestly trailing the ML High Yield Cash Pay Index by 7 basis points.

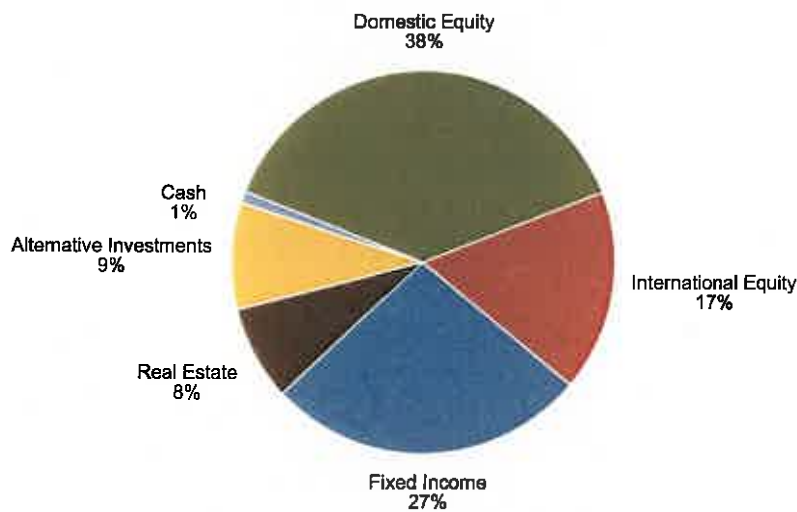
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of January 31, 2016. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$Millions Actual	Percent Actual	Percent Target	Percent Difference	\$Millions Difference
Domestic Equity	13,261	40.2%	38.0%	2.2%	731
International Equity	6,310	19.1%	17.0%	2.1%	705
Fixed Income	9,757	29.6%	27.0%	2.6%	854
Real Estate	1,820	5.5%	8.0%	(2.5%)	(818)
Alternative Investments	1,558	4.7%	9.0%	(4.3%)	(1,409)
Cash	267	0.8%	1.0%	(0.2%)	(62)
Total	32,973	100.0%	100.0%		

* Current Month Target = 38.0% Russell 3000 Index, 27.0% Barclays Aggregate Index, 17.0% MSCI ACWI x US (Net), 9.0% 9% Annually, 8.0% NFI-ODCE Value Weight Net and 1.0% 3-month Treasury Bill.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of January 31, 2016, with the distribution as of December 31, 2015.

Asset Distribution Across Investment Managers

	January 31, 2016		December 31, 2015	
	Market Value	Percent	Market Value	Percent
Domestic Equity	\$13,260,624,186	40.22%	\$14,280,301,960	41.67%
Large Cap Growth				
Holland	778,611,405	2.36%	837,713,130	2.44%
NTGI S&P 500 Growth Idx	1,352,562,734	4.10%	1,424,293,519	4.16%
Sands	1,070,816,601	3.25%	1,211,437,202	3.53%
Vision	159,457,652	0.48%	170,961,330	0.50%
Large Cap Value				
Dodge & Cox	1,012,106,276	3.07%	1,083,375,765	3.16%
BMO	1,108,701,905	3.36%	1,190,157,430	3.47%
LSV	1,094,588,940	3.32%	1,173,438,528	3.42%
NTGI S&P 500 Value Idx	848,753,954	2.57%	892,361,633	2.60%
Large Cap Core				
NTGI MarketCap Index	2,462,873,424	7.47%	2,611,063,592	7.62%
Small Cap Growth				
Frontier	561,393,117	1.70%	632,277,386	1.84%
Pyramis	844,573,661	2.56%	930,862,094	2.72%
Small Cap Value				
Channing	152,185,131	0.46%	165,249,262	0.48%
Dimensional Small Cap Value	618,292,145	1.88%	662,686,464	1.93%
Inv. Counselors of Maryland	505,218,181	1.53%	536,615,156	1.57%
Lombardia	134,167,680	0.41%	144,333,913	0.42%
Micro Cap				
Ariel	58,818,266	0.18%	63,845,982	0.19%
Ativo	49,712,683	0.15%	53,142,192	0.16%
Dimensional Micro Cap	276,476,866	0.84%	295,952,407	0.86%
Wall Street	171,313,565	0.52%	200,534,976	0.59%
International Equity	\$6,310,254,611	19.14%	\$6,761,747,722	19.73%
International Large Cap Growth				
EARNEST Partners	439,212,152	1.33%	479,263,477	1.40%
William Blair	546,057,212	1.66%	590,097,578	1.72%
International Large Cap Value				
Brandes	457,212,656	1.39%	484,183,753	1.41%
Lombardia	25,991,693	0.08%	28,216,290	0.08%
Mondrian	445,948,594	1.35%	465,752,752	1.36%
Lazard	86,168,819	0.26%	91,436,814	0.27%
International Large Cap Core				
Arrowstreet	476,643,057	1.45%	509,008,654	1.49%
Brown	270,775,486	0.82%	287,486,878	0.84%
GlobeFlex	465,253,655	1.41%	498,592,091	1.45%
NTGI MSCI EAFE Index	1,982,121,920	6.01%	2,136,756,667	6.24%
Progress Intl Equity	213,652,489	0.65%	227,410,479	0.66%
International Small Cap				
Franklin Templeton	172,764,762	0.52%	186,769,555	0.54%
William Blair	215,171,627	0.65%	232,187,067	0.68%
Emerging Markets				
Genesis	513,280,488	1.56%	544,585,665	1.59%

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of January 31, 2016, with the distribution as of December 31, 2015.

Asset Distribution Across Investment Managers

	January 31, 2016		December 31, 2015	
	Market Value	Percent	Market Value	Percent
Fixed Income	\$9,756,549,417	29.59%	\$9,695,087,787	28.29%
Domestic Fixed Core				
EARNEST Partners	561,881,820	1.70%	555,906,363	1.62%
Piedmont	542,150,989	1.64%	538,528,321	1.57%
Garcia Hamilton	252,364,078	0.77%	248,253,875	0.72%
Passive Core				
BlackRock US Debt	1,375,946,179	4.17%	1,356,293,905	3.96%
NTGI BC Aggregate Index	1,490,894,476	4.52%	1,470,119,311	4.29%
Domestic Fixed Core Plus				
BlackRock Core Plus	744,808,189	2.26%	737,392,904	2.15%
LM Capital	858,917,766	2.60%	853,488,224	2.49%
Progress Fixed Income	827,775,941	2.51%	818,054,212	2.39%
Taplin, Canada, & Habacht	834,206,034	2.53%	833,068,285	2.43%
Western	1,150,700,689	3.49%	1,145,644,571	3.34%
Bank Loans				
Babson	286,257,301	0.87%	292,194,817	0.85%
Emerging Markets Debt				
Standish	164,390,070	0.50%	165,162,032	0.48%
Opportunistic Fixed Income				
Crescent	110,967,594	0.34%	112,762,176	0.33%
High Yield				
MackKay Shields	548,730,233	1.66%	561,194,217	1.64%
Pyramis High Yield	6,558,058	0.02%	7,024,572	0.02%
Real Estate	\$1,819,793,865	5.52%	\$1,772,879,720	5.17%
Real Estate Core				
TA Buckhead Ind. Prop.	326,658,046	0.99%	326,658,046	0.95%
Comerstone Patriot	137,605,653	0.42%	137,605,653	0.40%
INVESCO Core RE	177,670,792	0.54%	179,155,755	0.52%
AEW Core Property Trust	218,173,959	0.66%	220,686,593	0.64%
CBRE US Core Property Trust	148,106,613	0.45%	146,261,767	0.43%
Real Estate Non-Core				
Franklin Templeton EMREFF	48,446,388	0.15%	51,262,087	0.15%
Security Capital	54,363,047	0.16%	55,134,950	0.16%
Dune II	38,127,689	0.12%	38,127,689	0.11%
Non-Core Real Estate Funds*	561,128,620	1.70%	507,292,413	1.48%
Non-Core Intl Real Estate Funds**	40,619,966	0.12%	33,077,641	0.10%
Rockwood Fund VIII	11,686,626	0.04%	11,686,626	0.03%
Almanac ARS V	16,737,512	0.05%	25,461,547	0.07%
TA Fund IX	40,468,953	0.12%	40,468,953	0.12%
Alternative Investments	\$1,558,159,733	4.73%	\$1,555,270,779	4.54%
Absolute Return				
Aurora	488,085,920	1.48%	492,586,134	1.44%
Private Equity				
Abbott	307,927,140	0.93%	308,256,729	0.90%
Muller & Monroe ILPEFF	8,278,463	0.03%	8,278,463	0.02%
Muller & Monroe MPEFF	11,644,920	0.04%	11,644,920	0.03%
Pantheon	190,538,541	0.58%	191,018,721	0.56%
Private Equity Fund - Domestic	280,071,036	0.85%	276,333,357	0.81%
Private Equity Fund - International	7,711,007	0.02%	3,580,152	0.01%
Agriculture				
Premiere Partners IV	187,029,202	0.57%	186,698,799	0.54%
Timberland				
Forest Investment Assoc.	76,873,504	0.23%	76,873,504	0.22%
Cash	\$267,248,690	0.81%	\$204,672,079	0.60%
Total Fund	\$32,972,630,502	100.0%	\$34,269,960,046	100.0%

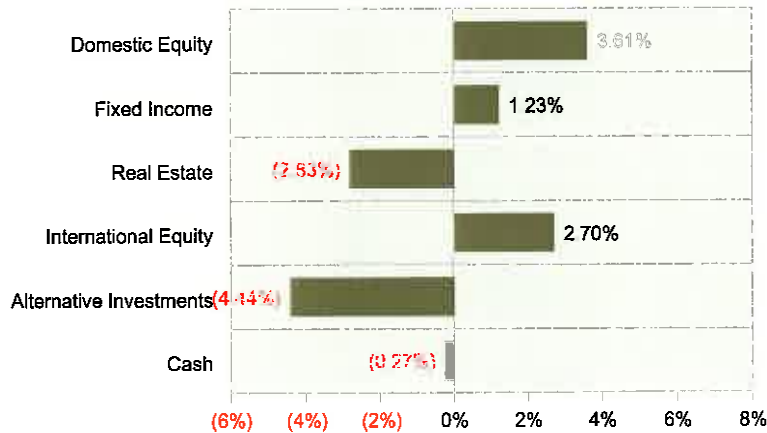
* Non-Core Real Estate Funds funded since September 2011.

** Non-Core International Real Estate Funds funded since August 2014.

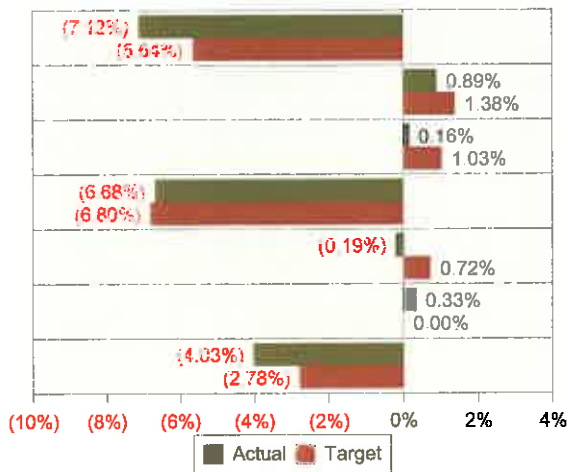
Monthly Total Fund Relative Attribution - January 31, 2016

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

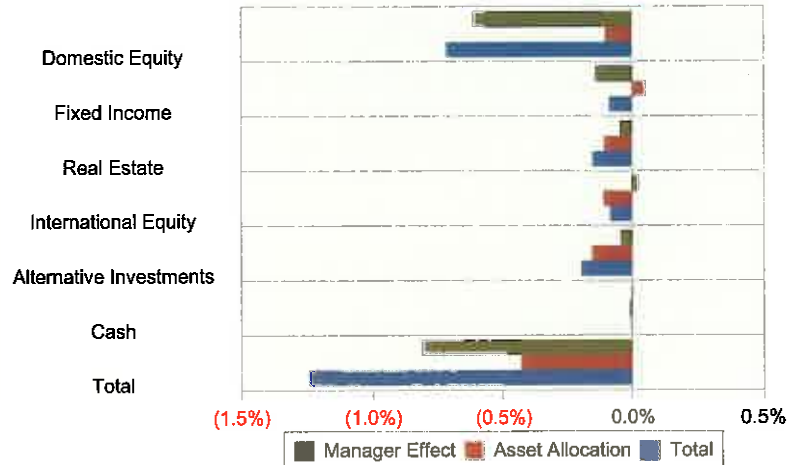
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Month ended January 31, 2016

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	42%	38%	(7.12%)	(5.64%)	(0.61%)	(0.10%)	(0.72%)
Fixed Income	28%	27%	0.89%	1.38%	(0.14%)	0.05%	(0.09%)
Real Estate	5%	8%	0.16%	1.03%	(0.04%)	(0.11%)	(0.15%)
International Equity	20%	17%	(6.68%)	(6.80%)	0.02%	(0.11%)	(0.08%)
Alternative Investments	5%	9%	(0.19%)	0.72%	(0.04%)	(0.16%)	(0.20%)
Cash	1%	1%	0.33%	0.00%	0.00%	(0.01%)	(0.01%)
Total			(4.03%)	(2.78%)	(0.81%)	(0.43%)	(1.24%)

* Current Month Target = 38.0% Russell 3000 Index, 27.0% Barclays Aggregate Index, 17.0% MSCI ACWI x US (Net), 9.0% 9% Annually, 8.0% NFI-ODCE Value Weight Net and 1.0% 3-month Treasury Bill.

Asset Class Returns

The table below details the rates of return for the fund's asset class composites over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last Month	Last 3 Months	Last 12 Months
Domestic Equity	(7.12%)	(8.55%)	(3.96%)
Blended Benchmark**	(5.64%)	(7.07%)	(2.48%)
Domestic Equity - Net	(7.14%)	(8.62%)	(4.19%)
International Equity	(6.68%)	(9.31%)	(8.63%)
MSCI ACWI x US (Net)	(6.80%)	(10.45%)	(11.95%)
International Equity - Net	(6.68%)	(9.40%)	(8.89%)
Fixed Income	0.89%	(0.18%)	(0.85%)
BC Aggregate Index	1.38%	0.78%	(0.16%)
Fixed Income - Net	0.88%	(0.22%)	(0.97%)
Real Estate	0.16%	1.85%	11.84%
Blended Benchmark***	1.03%	3.11%	13.93%
Real Estate - Net	0.16%	1.77%	11.76%
Alternative Investments	(0.19%)	0.38%	6.10%
Alternatives Custom Benchmark****	0.72%	2.18%	9.00%
Alternative Investments - Net	(0.20%)	0.31%	5.70%
Absolute Return	0.00%	0.44%	1.11%
HFR Fund-of-Funds Index	(2.95%)	(3.07%)	(3.33%)
Private Equity	(0.39%)	(2.36%)	6.89%
Alternatives Custom Benchmark****	0.72%	2.18%	9.00%
Agriculture	0.18%	13.38%	20.39%
Blended Benchmark***	1.03%	3.11%	13.93%
Timberland	(0.25%)	(0.51%)	3.93%
Blended Benchmark***	1.03%	3.11%	13.93%
Total Fund	(4.03%)	(5.37%)	(2.74%)
Total Fund - Net	(4.04%)	(5.43%)	(2.95%)
Total Fund Benchmark	(2.78%)	(3.86%)	(1.03%)

* Current Month Target = 38.0% Russell 3000 Index, 27.0% Barclays Aggregate Index, 17.0% MSCI ACWI x US (Net), 9.0% 9% Annually, 8.0% NFI-ODCE Value Weight Net and 1.0% 3-month Treasury Bill.

** The Blended Benchmark is currently Russell 3000 Index. Returns prior to January 1, 2015, reflect those of the Dow Jones U.S. Total Stock Market Index.

*** The Blended Benchmark is currently ODCE Value Weighted Index. Returns between January 1, 2007 and December 31, 2012 reflect NPI+1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%. Given that ODCE returns are updated quarterly, an approximation of the Index is used in the monthly reports.

**** The Alternatives Custom Benchmark is based on an annualized rate of return of 9.0%. Prior to July 1, 2010 the Benchmark was based on an annual return of 12.0%. Prior to 2004, the Benchmark was based on an annual return of 13.0%. Prior to 2003, it was based on an annual return of 15.0%.

Asset Class Returns

The table below details the rates of return for the fund's asset class composites over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Equity	9.93%	9.92%	6.26%	11.22% ^(1/82)
Blended Benchmark**	10.49%	10.37%	6.48%	11.01% ^(1/82)
Domestic Equity - Net	9.66%	9.65%	6.00%	6.60% ^(1/05)
International Equity	0.73%	2.08%	2.69%	7.45% ^(9/86)
MSCI ACWI x US (Net)	(2.17%)	(0.55%)	1.51%	-
International Equity - Net	0.43%	1.76%	2.35%	4.21% ^(1/05)
Fixed Income	2.16%	4.11%	5.33%	8.62% ^(1/82)
BC Aggregate Index	2.15%	3.51%	4.66%	8.17% ^(1/82)
Fixed Income - Net	2.02%	3.95%	5.18%	4.94% ^(1/05)
Real Estate - Net	11.59%	12.05%	5.94%	6.82% ^(1/05)
Blended Benchmark***	12.85%	12.98%	7.69%	7.82% ^(1/05)
Alternative Investments	9.47%	8.06%	7.14%	10.78% ^(2/86)
Alternatives Custom Benchmark****	9.00%	9.00%	10.31%	13.14% ^(2/86)
Alternative Investments - Net	9.10%	7.75%	6.84%	7.88% ^(1/05)
Absolute Return	4.89%	3.15%	3.50%	4.61% ^(1/02)
HFR Fund-of-Funds Index	2.20%	1.47%	1.67%	3.27% ^(1/02)
Private Equity	11.56%	10.45%	9.47%	12.84% ^(2/86)
Alternatives Custom Benchmark****	9.00%	9.00%	10.31%	13.14% ^(2/86)
Agriculture	19.12%	18.65%	13.66%	9.17% ^(10/97)
Blended Benchmark***	12.85%	12.98%	7.69%	7.59% ^(10/97)
Timberland	7.45%	4.30%	5.30%	8.55% ^(10/92)
Blended Benchmark***	12.85%	12.98%	7.69%	7.60% ^(10/92)
Total Fund	5.98%	6.64%	5.91%	9.78% ^(1/82)
Total Fund - Net	5.75%	6.41%	5.68%	6.20% ^(1/05)
Total Fund Benchmark	6.05%	6.64%	5.87%	6.16% ^(1/05)

* Current Month Target = 38.0% Russell 3000 Index, 27.0% Barclays Aggregate Index, 17.0% MSCI ACWI x US (Net), 9.0% 9% Annually, 8.0% NFI-ODCE Value Weight Net and 1.0% 3-month Treasury Bill.

** The Blended Benchmark is currently Russell 3000 Index. Returns prior to January 1, 2015, reflect those of the Dow Jones U.S. Total Stock Market Index.

*** The Blended Benchmark is currently ODCE Value Weighted Index. Returns between January 1, 2007 and December 31, 2012 reflect NPI+1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%. Given that ODCE returns are updated quarterly, an approximation of the Index is used in the monthly reports.

**** The Alternatives Custom Benchmark is based on an annualized rate of return of 9.0%. Prior to July 1, 2010 the Benchmark was based on an annual return of 12.0%. Prior to 2004, the Benchmark was based on an annual return of 13.0%. Prior to 2003, it was based on an annual return of 15.0%.

Large Cap Equity Returns

The table below details the rates of return for the fund's large cap growth and large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last Month	Last 3 Months	Last 12 Months
Large Cap Equity	(6.64%)	(8.21%)	(2.72%)
Russell 1000 Index	(5.38%)	(6.78%)	(1.82%)
Large Cap Growth	(7.76%)	(8.93%)	(0.49%)
Holland	(7.06%)	(9.11%)	2.08%
LCG Blended Benchmark*	(5.58%)	(6.71%)	1.32%
Russell 1000 Growth Index	(5.58%)	(6.71%)	1.32%
Holland - Net	(7.06%)	(9.16%)	1.92%
NTGI S&P 500 Growth Idx	(5.04%)	(6.37%)	1.91%
S&P/Citi 500 Growth Index	(5.04%)	(6.37%)	1.91%
NTGI S&P 500 Growth Idx - Net	(5.04%)	(6.37%)	1.91%
Sands	(11.61%)	(12.13%)	(5.51%)
LCG Blended Benchmark*	(5.58%)	(6.71%)	1.32%
Russell 1000 Growth Index	(5.58%)	(6.71%)	1.32%
Sands - Net	(11.61%)	(12.13%)	(5.68%)
Vision	(6.73%)	(6.79%)	(3.64%)
LCG Blended Benchmark*	(5.58%)	(6.71%)	1.32%
Russell 1000 Growth Index	(5.58%)	(6.71%)	1.32%
Vision - Net	(6.73%)	(6.79%)	(3.84%)
Large Cap Value	(6.27%)	(8.30%)	(4.71%)
Dodge & Cox	(6.46%)	(9.12%)	(4.86%)
LCV Blended Benchmark**	(5.17%)	(6.85%)	(5.00%)
Russell 1000 Value Index	(5.17%)	(6.85%)	(5.00%)
Dodge & Cox - Net	(6.46%)	(9.12%)	(5.00%)
BMO	(6.76%)	(9.12%)	(5.95%)
LCV Blended Benchmark**	(5.17%)	(6.85%)	(5.00%)
Russell 1000 Value Index	(5.17%)	(6.85%)	(5.00%)
BMO - Net	(6.76%)	(9.17%)	(6.16%)
LSV	(6.65%)	(8.42%)	(4.55%)
LCV Blended Benchmark**	(5.17%)	(6.85%)	(5.00%)
Russell 1000 Value Index	(5.17%)	(6.85%)	(5.00%)
LSV - Net	(6.71%)	(8.48%)	(4.78%)
NTGI S&P 500 Value Idx	(4.89%)	(6.00%)	(3.52%)
S&P/Citi 500 Value Index	(4.88%)	(6.00%)	(3.58%)
NTGI S&P 500 Value Idx - Net	(4.89%)	(6.00%)	(3.53%)
Large Cap Passive Core	(5.68%)	(7.05%)	(2.46%)
NTGI MarketCap Idx	(5.68%)	(7.05%)	(2.46%)
DJ U.S. Total Stock Market Index	(5.68%)	(7.07%)	(2.55%)
NTGI MarketCap Idx - Net	(5.68%)	(7.05%)	(2.47%)

* The LCG Blended Benchmark is currently the Russell 1000 Growth Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Growth Index.

** The LCV Blended Benchmark is currently the Russell 1000 Value Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Value Index.

Large Cap Equity Returns

The table below details the rates of return for the fund's large cap growth and large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Large Cap Equity	10.75%	10.58%	6.34%	10.82% (1/82)
Russell 1000 Index	10.94%	10.68%	6.52%	11.22% (1/82)
Large Cap Growth	11.41%	11.02%	7.17%	11.32% (1/82)
Holland	10.84%	10.79%	7.84%	9.77% (11/94)
LCG Blended Benchmark*	13.02%	11.67%	7.72%	9.19% (11/94)
Russell 1000 Growth Index	13.02%	11.67%	7.72%	8.39% (11/94)
Holland - Net	10.63%	10.54%	7.58%	6.96% (1/05)
NTGI S&P 500 Growth Idx	13.72%	12.55%	7.92%	5.89% (8/01)
S&P/Citi 500 Growth Index	13.71%	12.54%	7.89%	5.85% (8/01)
NTGI S&P 500 Growth Idx - Net	13.71%	12.54%	7.91%	7.71% (1/05)
Sands	10.64%	12.38%	8.71%	10.09% (11/03)
LCG Blended Benchmark*	13.02%	11.67%	7.72%	7.72% (11/03)
Russell 1000 Growth Index	13.02%	11.67%	7.72%	7.78% (11/03)
Sands - Net	10.43%	12.14%	8.44%	8.63% (1/05)
Vision	7.60%	-	-	8.68% (7/11)
LCG Blended Benchmark*	13.02%	11.67%	7.72%	11.80% (7/11)
Russell 1000 Growth Index	13.02%	11.67%	7.72%	11.80% (7/11)
Vision - Net	7.27%	-	-	8.26% (7/11)
Large Cap Value	10.20%	10.37%	5.64%	9.98% (10/82)
Dodge & Cox	9.57%	10.01%	5.20%	7.93% (9/03)
LCV Blended Benchmark**	8.79%	9.61%	5.19%	7.20% (9/03)
Russell 1000 Value Index	8.79%	9.61%	5.19%	7.41% (9/03)
Dodge & Cox - Net	9.37%	9.79%	4.96%	5.70% (1/05)
BMO	10.80%	11.06%	6.10%	7.09% (2/01)
LCV Blended Benchmark**	8.79%	9.61%	5.19%	4.24% (2/01)
Russell 1000 Value Index	8.79%	9.61%	5.19%	5.46% (2/01)
BMO - Net	10.56%	10.81%	5.85%	6.92% (1/05)
LSV	11.17%	11.18%	6.31%	10.25% (2/03)
LCV Blended Benchmark**	8.79%	9.61%	5.19%	8.42% (2/03)
Russell 1000 Value Index	8.79%	9.61%	5.19%	8.43% (2/03)
LSV - Net	10.87%	10.89%	6.02%	6.80% (1/05)
NTGI S&P 500 Value Idx	8.77%	9.23%	5.02%	4.44% (8/99)
S&P/Citi 500 Value Index	8.66%	9.16%	4.96%	4.42% (8/99)
NTGI S&P 500 Value Idx - Net	8.76%	9.23%	5.01%	5.33% (1/05)
Large Cap Passive Core	10.56%	10.44%	6.38%	10.69% (1/85)
NTGI MarketCap Idx	10.56%	10.44%	6.39%	10.44% (2/85)
DJ U.S. Total Stock Market Index	10.46%	10.36%	6.48%	10.38% (2/85)
NTGI MarketCap Idx - Net	10.55%	10.43%	6.39%	6.67% (1/05)

* The LCG Blended Benchmark is currently the Russell 1000 Growth Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Growth Index.

** The LCV Blended Benchmark is currently the Russell 1000 Value Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Value Index.

Small Cap Equity Returns

The table below details the rates of return for the fund's small cap growth, small cap value, and micro cap managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last Month	Last 3 Months	Last 12 Months
Small Cap Equity	(8.50%)	(9.58%)	(7.49%)
Russell 2000 Index	(8.79%)	(10.56%)	(9.92%)
Small Cap Growth	(10.05%)	(9.49%)	(5.43%)
Frontier	(11.21%)	(10.59%)	(14.59%)
Russell 2000 Growth Index	(10.83%)	(11.98%)	(10.01%)
Frontier - Net	(11.39%)	(10.78%)	(15.10%)
Pyramis	(9.27%)	(8.74%)	2.69%
Russell 2000 Growth Index	(10.83%)	(11.98%)	(10.01%)
Pyramis - Net	(9.27%)	(9.05%)	1.98%
Small Cap Value	(6.56%)	(9.34%)	(7.03%)
Channing	(7.91%)	(12.30%)	(8.79%)
Russell 2000 Value Index	(6.72%)	(9.12%)	(9.94%)
Channing - Net	(7.91%)	(12.40%)	(9.13%)
DFA Small Cap Value	(6.70%)	(9.51%)	(7.93%)
Russell 2000 Value Index	(6.72%)	(9.12%)	(9.94%)
DFA Small Cap Value - Net	(6.70%)	(9.62%)	(8.39%)
Inv. Counselors of Maryland	(5.85%)	(7.44%)	(4.10%)
Russell 2000 Value Index	(6.72%)	(9.12%)	(9.94%)
Inv. Couns. of Maryland - Net	(5.85%)	(7.55%)	(4.50%)
Lombardia	(7.04%)	(11.98%)	(12.39%)
Russell 2000 Value Index	(6.72%)	(9.12%)	(9.94%)
Lombardia - Net	(7.22%)	(12.14%)	(13.00%)
Micro Cap	(9.32%)	(10.44%)	(12.21%)
Ariel	(7.87%)	(11.62%)	(30.93%)
Russell Microcap Index	(10.35%)	(11.74%)	(11.31%)
Russell 2000 Value Index	(6.72%)	(9.12%)	(9.94%)
Russell 2000 Index	(8.79%)	(10.56%)	(9.92%)
Ariel - Net	(8.09%)	(12.02%)	(31.54%)
Ativo	(6.45%)	(8.08%)	(1.43%)
Russell Microcap Index	(10.35%)	(11.74%)	(11.31%)
Russell 2000 Growth Index	(10.83%)	(11.98%)	(10.01%)
Russell 2000 Index	(8.79%)	(10.56%)	(9.92%)
Ativo - Net	(6.64%)	(8.43%)	(2.17%)
DFA Micro Cap	(6.58%)	(8.29%)	(4.70%)
Russell 2000 Value Index	(6.72%)	(9.12%)	(9.94%)
Russell 2000 Index	(8.79%)	(10.56%)	(9.92%)
DFA Micro Cap - Net	(6.58%)	(8.39%)	(5.18%)
Wall Street	(14.57%)	(14.29%)	(17.74%)
Russell 2000 Growth Index	(10.83%)	(11.98%)	(10.01%)
Russell 2000 Index	(8.79%)	(10.56%)	(9.92%)
Wall Street - Net	(14.57%)	(14.54%)	(18.27%)

Small Cap Equity Returns

The table below details the rates of return for the fund's small cap growth, small cap value, and micro cap managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Small Cap Equity	7.86%	8.15%	6.87%	11.91% (7/88)
Russell 2000 Index	6.11%	7.25%	4.92%	8.79% (7/88)
Small Cap Growth	10.02%	8.90%	7.37%	12.75% (7/88)
Frontier	6.66%	6.14%	6.71%	12.46% (8/88)
Russell 2000 Growth Index	7.68%	8.28%	5.74%	7.32% (8/88)
Frontier - Net	6.07%	5.58%	4.91%	5.34% (1/05)
Pyramis	13.06%	11.24%	8.81%	13.62% (8/88)
Russell 2000 Growth Index	7.68%	8.28%	5.74%	7.32% (8/88)
Pyramis - Net	12.45%	10.63%	8.18%	10.37% (1/05)
Small Cap Value	6.80%	7.95%	6.27%	11.52% (9/89)
Channing	6.98%	-	-	8.45% (7/11)
Russell 2000 Value Index	4.53%	6.17%	4.01%	5.91% (7/11)
Channing - Net	6.50%	-	-	7.84% (7/11)
DFA Small Cap Value	7.28%	8.39%	6.01%	11.94% (2/96)
Russell 2000 Value Index	4.53%	6.17%	4.01%	8.85% (2/96)
DFA Small Cap Value - Net	6.79%	7.89%	5.48%	6.51% (1/05)
Inv. Counselors of Maryland	7.14%	8.08%	6.60%	10.66% (5/99)
Russell 2000 Value Index	4.53%	6.17%	4.01%	8.16% (5/99)
Inv. Couns. of Maryland - Net	6.75%	7.66%	6.11%	6.71% (1/05)
Lombardia	4.05%	-	-	4.68% (6/11)
Russell 2000 Value Index	4.53%	6.17%	4.01%	5.24% (6/11)
Lombardia - Net	3.34%	-	-	3.98% (6/11)
Micro Cap	5.91%	6.96%	4.12%	11.42% (7/84)
Ariel	(5.72%)	0.43%	-	2.08% (11/10)
Russell Microcap Index	6.60%	7.10%	3.08%	9.05% (11/10)
Russell 2000 Value Index	4.53%	6.17%	4.01%	8.02% (11/10)
Russell 2000 Index	6.11%	7.25%	4.92%	9.11% (11/10)
Ariel - Net	(6.50%)	(0.40%)	-	1.23% (11/10)
Ativo	14.81%	11.44%	-	13.16% (10/10)
Russell Microcap Index	6.60%	7.10%	3.08%	10.03% (10/10)
Russell 2000 Growth Index	7.68%	8.28%	5.74%	10.87% (10/10)
Russell 2000 Index	6.11%	7.25%	4.92%	9.79% (10/10)
Ativo - Net	13.94%	10.59%	-	12.31% (10/10)
DFA Micro Cap	8.84%	9.66%	5.85%	10.76% (8/87)
Russell 2000 Value Index	4.53%	6.17%	4.01%	9.39% (8/87)
Russell 2000 Index	6.11%	7.25%	4.92%	8.14% (8/87)
DFA Micro Cap - Net	8.30%	9.13%	5.34%	6.20% (1/05)
Wall Street	3.98%	5.10%	3.31%	12.76% (8/90)
Russell 2000 Growth Index	7.68%	8.28%	5.74%	7.27% (8/90)
Russell 2000 Index	6.11%	7.25%	4.92%	9.09% (8/90)
Wall Street - Net	3.23%	4.32%	2.50%	4.73% (1/05)

International Equity Returns

The table below details the rates of return for the fund's international large cap growth and international large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last Month	Last 3 Months	Last 12 Months
Intl Large Cap Equity	(6.72%)	(9.20%)	(8.06%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
Intl Large Cap Growth	(7.89%)	(9.83%)	(11.39%)
EARNEST Partners	(8.41%)	(10.73%)	(15.41%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
MSCI ACWI ex-US Growth	(6.17%)	(8.38%)	(7.72%)
EARNEST Partners - Net	(8.41%)	(10.73%)	(15.49%)
William Blair	(7.46%)	(9.09%)	(7.87%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
MSCI ACWI ex-US Growth	(6.17%)	(8.38%)	(7.72%)
William Blair - Net	(7.46%)	(9.17%)	(8.21%)
Intl Large Cap Value	(5.07%)	(8.81%)	(8.48%)
Brandes	(5.57%)	(9.55%)	(7.32%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
MSCI ACWI ex-US Value	(7.43%)	(12.45%)	(15.41%)
Brandes - Net	(5.57%)	(9.59%)	(7.47%)
Lombardia	(7.88%)	(14.17%)	(12.43%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
MSCI ACWI ex-US Value	(7.43%)	(12.45%)	(15.41%)
Lombardia - Net	(7.88%)	(14.30%)	(12.82%)
Mondrian	(4.25%)	(7.82%)	(9.58%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
MSCI ACWI ex-US Value	(7.43%)	(12.45%)	(15.41%)
Mondrian - Net	(4.25%)	(7.94%)	(9.92%)
Lazard	(5.76%)	(8.19%)	(7.51%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
MSCI ACWI ex-US Value	(7.43%)	(12.45%)	(15.41%)
Lazard - Net	(5.76%)	(8.24%)	(8.05%)

International Equity Returns

The table below details the rates of return for the fund's international large cap growth and international large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Intl Large Cap Equity	1.33%	2.37%	2.57%	7.49% ^(9/88)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	-
Intl Large Cap Growth	(0.89%)	1.57%	2.42%	7.70% ^(9/02)
EARNEST Partners	(4.37%)	(0.81%)	5.29%	8.16% ^(10/04)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	4.64% ^(10/04)
MSCI ACWI ex-US Growth	0.54%	1.29%	2.65%	5.70% ^(10/04)
EARNEST Partners - Net	(4.55%)	(1.15%)	4.82%	6.55% ^(1/05)
William Blair	2.30%	4.05%	3.34%	9.45% ^(10/02)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	7.54% ^(10/02)
MSCI ACWI ex-US Growth	0.54%	1.29%	2.65%	7.88% ^(10/02)
William Blair - Net	1.95%	3.66%	2.94%	5.25% ^(1/05)
Intl Large Cap Value	1.50%	1.41%	1.83%	8.64% ^(10/95)
Brandes	2.43%	1.84%	2.05%	8.83% ^(1/96)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	4.31% ^(1/96)
MSCI ACWI ex-US Value	(4.07%)	(1.55%)	1.23%	-
Brandes - Net	2.20%	1.61%	1.77%	2.97% ^(1/05)
Lombardia	(0.43%)	-	-	3.00% ^(4/12)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	0.61% ^(4/12)
MSCI ACWI ex-US Value	(4.07%)	(1.55%)	1.23%	(0.52%) ^(4/12)
Lombardia - Net	(0.97%)	-	-	2.48% ^(4/12)
Mondrian	0.79%	-	-	2.72% ^(4/12)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	0.61% ^(4/12)
MSCI ACWI ex-US Value	(4.07%)	(1.55%)	1.23%	(0.52%) ^(4/12)
Mondrian - Net	0.32%	-	-	2.24% ^(4/12)
Lazard	0.93%	-	-	4.09% ^(4/12)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	0.61% ^(4/12)
MSCI ACWI ex-US Value	(4.07%)	(1.55%)	1.23%	(0.52%) ^(4/12)
Lazard - Net	0.16%	-	-	3.44% ^(4/12)

International Equity Returns

The table below details the rates of return for the fund's international large cap core, international small cap, and emerging markets managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last Month	Last 3 Months	Last 12 Months
Intl Large Cap Active Core	(6.32%)	(8.08%)	(5.23%)
Arrowstreet	(6.36%)	(8.67%)	(7.52%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
Arrowstreet - Net	(6.36%)	(8.78%)	(7.96%)
Brown	(5.81%)	(5.10%)	2.85%
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
Brown - Net	(5.81%)	(6.00%)	1.75%
GlobeFlex	(6.69%)	(9.27%)	(5.98%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
GlobeFlex - Net	(6.69%)	(9.36%)	(6.27%)
Progress Intl Equity	(6.05%)	(7.78%)	(8.08%)
Custom Benchmark	(7.08%)	(10.02%)	(11.03%)
MSCI ACWI ex-US Index	(6.80%)	(10.45%)	(11.95%)
Progress Intl Equity - Net	(6.05%)	(7.89%)	(8.43%)
Intl Large Cap Pass. Core	(7.24%)	(9.89%)	(8.11%)
NTGI MSCI EAFE Idx	(7.24%)	(9.89%)	(8.11%)
MSCI EAFE Index	(7.23%)	(9.91%)	(8.43%)
NTGI EAFE Idx - Net	(7.24%)	(9.89%)	(8.12%)
International Small Cap	(7.40%)	(7.14%)	(0.88%)
Franklin Templeton	(7.50%)	(8.97%)	(5.09%)
ACWI Small Cap ex US	(7.67%)	(8.23%)	(4.92%)
Franklin Templeton - Net	(7.50%)	(9.13%)	(5.78%)
William Blair	(7.33%)	(5.63%)	2.78%
ACWI Small Cap ex US	(7.67%)	(8.23%)	(4.92%)
Intl SC Blended Benchmark	(7.67%)	(8.23%)	(4.92%)
William Blair - Net	(7.33%)	(5.81%)	1.99%
Emerging Markets	(5.75%)	(11.96%)	(18.75%)
Genesis	(5.75%)	(11.96%)	(18.75%)
MSCI Emerging Markets Index	(6.48%)	(12.08%)	(20.62%)
Genesis - Net	(5.75%)	(11.96%)	(19.07%)

Brown and GlobeFlex moved to International Large Cap Active Core April 1, 2011.

Progress Custom Benchmark is a comprised of each manager's weighted benchmark.

Intl SC Blended Benchmark consists of the S&P Developed Ex-U.S. Small Cap Index through May 31, 2011 and the MSCI ACWI Ex-U.S. Small Cap Index thereafter.

International Equity Returns

The table below details the rates of return for the fund's international large cap core, international small cap, and emerging markets managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Intl Large Cap Active Core	3.43%	4.34%	-	2.41% ^(2/08)
Arrowstreet	2.76%	3.98%	-	2.21% ^(3/08)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	(1.24%) ^(3/08)
Arrowstreet - Net	2.32%	3.48%	-	1.73% ^(3/08)
Brown	8.00%	6.87%	5.60%	7.84% ^(10/04)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	4.64% ^(10/04)
Brown - Net	6.88%	6.02%	5.02%	6.09% ^(1/05)
GlobeFlex	2.26%	3.43%	3.01%	3.04% ^(3/06)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	1.56% ^(3/06)
GlobeFlex - Net	1.87%	2.99%	2.56%	2.59% ^(3/06)
Progress Intl Equity Custom Benchmark	-	-	-	(9.83%) ^(7/14)
MSCI ACWI ex-US Index	(2.17%)	(0.55%)	1.51%	(12.15%) ^(7/14)
Progress Intl Equity - Net	-	-	-	(10.13%) ^(7/14)
Intl Large Cap Pass. Core	1.05%	1.98%	2.04%	2.22% ^(1/00)
NTGI MSCI EAFE Idx	1.05%	1.98%	2.03%	2.64% ^(2/00)
MSCI EAFE Index	0.68%	1.59%	1.65%	2.27% ^(2/00)
NTGI EAFE Idx - Net	1.04%	1.98%	2.02%	3.58% ^(1/05)
International Small Cap	4.78%	5.31%	2.24%	3.30% ^(12/05)
Franklin Templeton	3.02%	-	-	3.31% ^(8/11)
ACWI Small Cap ex US	1.42%	1.08%	3.37%	0.78% ^(8/11)
Franklin Templeton - Net	2.33%	-	-	2.60% ^(8/11)
William Blair	6.29%	6.21%	-	9.60% ^(9/10)
ACWI Small Cap ex US	1.42%	1.08%	3.37%	5.11% ^(9/10)
Intl SC Blended Benchmark	1.42%	1.49%	2.66%	5.70% ^(9/10)
William Blair - Net	5.54%	5.37%	-	8.79% ^(9/10)
Emerging Markets	(7.74%)	(2.60%)	4.71%	8.22% ^(2/92)
Genesis	(7.77%)	(2.62%)	4.72%	10.06% ^(5/04)
MSCI Emerging Markets Index	(8.91%)	(5.23%)	2.16%	7.41% ^(5/04)
Genesis - Net	(8.22%)	(3.14%)	4.13%	7.64% ^(1/05)

Brown and GlobeFlex moved to International Large Cap Active Core April 1, 2011.

Progress Custom Benchmark is a comprised of each manager's weighted benchmark.

Intl SC Blended Benchmark consists of the S&P Developed Ex-U.S. Small Cap Index through May 31, 2011 and the MSCI ACWI Ex-U.S. Small Cap Index thereafter.

Fixed Income Returns

The table below details the rates of return for the fund's domestic fixed core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last Month	Last 3 Months	Last 12 Months
Dom. Fixed Active Core	1.25%	0.66%	0.20%
EARNEST Partners	1.38%	1.10%	0.70%
BC Aggregate Index	1.38%	0.78%	(0.16%)
EARNEST Partners - Net	1.33%	1.05%	0.49%
Piedmont	0.84%	(0.13%)	(0.74%)
BC Aggregate Index	1.38%	0.78%	(0.16%)
Piedmont - Net	0.79%	(0.17%)	(0.86%)
Garcia Hamilton	1.88%	1.41%	-
BC Aggregate Index	1.38%	0.78%	(0.16%)
Garcia Hamilton	1.84%	1.37%	-
Dom. Fixed Passive Core	1.43%	0.82%	(0.08%)
BlackRock US Debt	1.45%	0.86%	(0.01%)
BC Aggregate Index	1.38%	0.78%	(0.16%)
BlackRock US Debt - Net	1.45%	0.86%	(0.02%)
NTGI BC Agg. Index	1.41%	0.78%	(0.14%)
BC Aggregate Index	1.38%	0.78%	(0.16%)
NTGI BC Agg. Index - Net	1.41%	0.78%	(0.15%)

Fixed Income Returns

The table below details the rates of return for the fund's domestic fixed core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Dom. Fixed Active Core	2.41%	4.16%	4.99%	4.81% ^(4/01)
EARNEST Partners	2.79%	4.48%	5.20%	5.00% ^(5/05)
BC Aggregate Index	2.15%	3.51%	4.66%	4.48% ^(5/05)
EARNEST Partners - Net	2.56%	4.26%	4.99%	4.79% ^(5/05)
Piedmont	1.88%	3.72%	4.75%	4.50% ^(6/05)
BC Aggregate Index	2.15%	3.51%	4.66%	4.41% ^(6/05)
Piedmont - Net	1.72%	3.55%	4.56%	4.30% ^(6/05)
Garcia Hamilton	-	-	-	2.01% ^(6/15)
BC Aggregate Index	2.15%	3.51%	4.66%	0.93% ^(6/15)
Garcia Hamilton	-	-	-	1.95% ^(6/15)
Dom. Fixed Passive Core	2.18%	3.55%	4.62%	6.30% ^(1/90)
BlackRock US Debt	-	-	-	3.49% ^(10/13)
BC Aggregate Index	2.15%	3.51%	4.66%	3.30% ^(10/13)
BlackRock US Debt - Net	-	-	-	3.49% ^(10/13)
NTGI BC Agg. Index	2.17%	3.54%	4.62%	6.37% ^(2/90)
BC Aggregate Index	2.15%	3.51%	4.66%	6.36% ^(2/90)
NTGI BC Agg. Index - Net	2.16%	3.53%	4.61%	4.38% ^(1/05)

Fixed Income Returns

The table below details the rates of return for the fund's domestic fixed core plus and high yield managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last Month	Last 3 Months	Last 12 Months
Domestic Fixed Core Plus	0.95%	0.04%	(0.82%)
BlackRock Core Plus	1.33%	0.61%	0.33%
BC Aggregate Index	1.38%	0.78%	(0.16%)
BlackRock Core Plus - Net	1.33%	0.60%	0.19%
LM Capital	1.00%	0.45%	0.29%
BC Aggregate Index	1.38%	0.78%	(0.16%)
LM Capital - Net	0.96%	0.37%	0.13%
Progress Fixed Income	1.19%	0.39%	(0.47%)
BC Aggregate Index	1.38%	0.78%	(0.16%)
Progress Fixed Inc. - Net	1.19%	0.32%	(0.71%)
Taplin, Canida, Habacht	0.55%	(0.99%)	(2.84%)
BC Aggregate Index	1.38%	0.78%	(0.16%)
Taplin, Canida, Hab. - Net	0.55%	(1.02%)	(2.93%)
Western	0.79%	(0.13%)	(0.72%)
BC Aggregate Index	1.38%	0.78%	(0.16%)
Western - Net	0.79%	(0.17%)	(0.85%)
Bank Loans	(0.86%)	(3.73%)	(3.23%)
Babson	(0.86%)	(3.73%)	(3.23%)
Custom Benchmark	(0.65%)	(2.22%)	(0.69%)
Babson - Net	(0.86%)	(3.73%)	(3.23%)
Emerging Markets	(0.47%)	(3.65%)	(8.83%)
Standish	(0.47%)	(3.65%)	(8.83%)
Custom Benchmark	0.08%	(2.98%)	(7.28%)
Standish - Net	(0.47%)	(3.74%)	(9.16%)
Opportunistic Fixed Income	0.00%	(1.60%)	(0.78%)
Crescent	0.00%	(1.60%)	(0.78%)
Custom Benchmark	(1.12%)	(4.44%)	(4.25%)
Crescent - Net	0.00%	(1.60%)	(0.78%)
High Yield	(1.71%)	(5.51%)	(3.15%)
MackKay Shields	(1.65%)	(5.36%)	(3.02%)
ML High Yield Cash Pay Index	(1.58%)	(6.22%)	(6.69%)
MackKay Shields - Net	(1.65%)	(5.44%)	(3.36%)

Taplin, Canida, & Habacht moved to Core Plus October 1, 2010.

Babson Custom Benchmark is comprised of the Credit Suisse US Leveraged Loan Index and the Credit Suisse Western European Leveraged Loan Index, weighted by the portfolio's market value to each sector.

Standish Custom Benchmark is 50% JPM GBI-EM Index, 25% JPM EMBI Global Index and 25% JPM Corporate EMBI Diversified Index.

Crescent Custom Benchmark is 50% ML U.S. High Yield Master II Index and 50% S&P/LSTA Leveraged Loan Index.

Fixed Income Returns

The table below details the rates of return for the fund's domestic fixed core plus and high yield managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended January 31, 2016

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception	
Domestic Fixed Core Plus	2.32%	4.30%	5.10%	8.46%	(1/82)
BlackRock Core Plus	2.59%	4.14%	-	5.09%	(4/07)
BC Aggregate Index	2.15%	3.51%	4.66%	4.61%	(4/07)
BlackRock Core Plus - Net	2.42%	3.96%	-	4.96%	(4/07)
LM Capital	2.39%	4.26%	5.43%	5.26%	(5/05)
BC Aggregate Index	2.15%	3.51%	4.66%	4.48%	(5/05)
LM Capital - Net	2.23%	4.09%	5.26%	5.08%	(5/05)
Progress Fixed Income	2.43%	4.06%	5.24%	5.23%	(1/08)
BC Aggregate Index	2.15%	3.51%	4.66%	4.82%	(1/08)
Progress Fixed Inc. - Net	2.11%	3.71%	4.89%	4.89%	(1/08)
Taplin, Canida, Habacht	1.73%	4.33%	5.07%	4.93%	(5/05)
BC Aggregate Index	2.15%	3.51%	4.66%	4.48%	(5/05)
Taplin, Canida, Hab. - Net	1.61%	4.20%	4.94%	4.80%	(5/05)
Western	2.69%	4.64%	5.24%	5.61%	(11/01)
BC Aggregate Index	2.15%	3.51%	4.66%	4.59%	(11/01)
Western - Net	2.55%	4.50%	5.08%	4.97%	(1/05)
Bank Loans	-	-	-	(2.59%)	(8/14)
Babson	-	-	-	(2.59%)	(8/14)
Custom Benchmark	-	-	-	(0.63%)	(8/14)
Babson - Net	-	-	-	(2.59%)	(8/14)
Emerging Markets	-	-	-	(8.24%)	(8/14)
Standish	-	-	-	(8.24%)	(8/14)
Custom Benchmark	(4.76%)	0.75%	5.08%	(8.87%)	(8/14)
Standish - Net	-	-	-	(8.49%)	(8/14)
Opportunistic Fixed Income	-	-	-	(2.91%)	(9/14)
Crescent	-	-	-	(2.91%)	(9/14)
Custom Benchmark	1.06%	3.47%	5.34%	(4.13%)	(9/14)
Crescent - Net	-	-	-	(2.91%)	(9/14)
High Yield	1.78%	4.77%	6.96%	9.52%	(4/88)
MacKay Shields	1.87%	5.16%	6.63%	8.58%	(11/00)
ML High Yield Cash Pay Index	0.65%	4.08%	6.40%	7.10%	(11/00)
MacKay Shields - Net	1.52%	4.79%	6.27%	6.08%	(1/05)

Taplin, Canida, & Habacht moved to Core Plus October 1, 2010.

Babson Custom Benchmark is comprised of the Credit Suisse US Leveraged Loan Index and the Credit Suisse Western European Leveraged Loan Index, weighted by the portfolio's market value to each sector.

Standish Custom Benchmark is 50% JPM GBI-EM Index, 25% JPM EMBI Global Index and 25% JPM Corporate EMBI Diversified Index.

Crescent Custom Benchmark is 50% ML U.S. High Yield Master II Index and 50% S&P/LSTA Leveraged Loan Index.

Five Best Performing Portfolio's vs. Benchmarks

Manager	Year-to-Date Outperformance (in % points)	Since Inception Outperformance (in % points)	
Ativo	4.38	2.29	09/30/2010
Mondrian	2.55	2.12	03/31/2012
Pyramis SCG	1.57	6.30	07/31/1988
Brandes	1.23	4.52	12/31/1995
Progress Int'l Equity	1.18	2.42	05/31/2014

Five Worst Performing Portfolio's vs. Benchmarks

Manager	Year-to-Date Underperformance (in % points)	Since Inception Underperformance (in % points)	
Sands	-6.03	2.37	10/31/2003
Wall Street	-3.74	5.49	07/31/1990
Earnest Int'l Equity	-1.60	3.52	09/30/2004
BMO	-1.59	2.85	01/31/2001
LSV	-1.48	1.83	01/31/2003

Five Highest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Blackrock US Debt	1.45	3.40	09/01/2013
NTGI BC Agg	1.41	6.37	01/31/1990
Earnest FI	1.38	5.00	04/30/2005
Blackrock Core Plus	1.33	5.04	03/31/2007
Progress	1.19	5.23	12/31/2005

Five Lowest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Wall Street	-14.57	12.76	07/31/1990
Sands	-11.61	10.09	10/31/2003
Frontier	-11.21	12.46	07/31/1988
Pyramis SCG	-9.27	13.62	07/31/1988
Earnest Int'l Equity	-8.41	8.16	09/30/2004

Returns are shown gross of investment management fees.

Excludes Real Estate and Alternative Investments portfolios.

(16-02-04) (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.

Approval of Minutes

Regular Meeting 15-12-18

Schedules - Dated January 2016

- 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 - Total and Permanent Disability Benefit Awards recommended by the Fund's medical consultants as provided by Section 7-150 of the Illinois Pension Code.
- Schedule F - Benefits Terminated.
- Schedule G - Administrative Benefit Denials.
- Schedule P - Administrative Denial of Application for Past Service Credit.

Schedules - Dated February 2016

- 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 - Total and Permanent Disability Benefit Awards recommended by the Fund's medical consultants as provided by Section 7-150 of the Illinois Pension Code.

- Schedule H - 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

Participation of New Unit of Government

Matteson Area Public Library District
 County: Cook
 2016 Rate: 8.75%
 Effective Participation Date: March 1, 2016
 Number of Participating Employees: 20

Participation of Township

Genoa Township
 County: DeKalb
 Estimated 2017 Rate: 17.80%
 Number of Participating Employees: 1

Bid

Sole Source: Mainframe Backup Solution Renewal
 Sole Source: Luminex Tape Emulator and HP D2d Disk Storage Backup Solution for the Mainframe
 Sole Source Renewal: \$78,516.

After questions and discussion, it was moved by Mr. Piechocinski, seconded by Ms. Thompson, to approve the items on the Consent Agenda.

Vote: Unanimous Voice Vote
 Absent: Miller

(16-02-05) (Intranet Replacement Project Bid) The Communications Manager provided the Board with an update on IMRF's Intranet Replacement Project.

A cross-departmental team was formed, called the Core Project Team (CPT), that spent several months developing project requirements for our future intranet which was named *Compass* by IMRF staff. Staff is now ready to bring in an outside vendor to assist with the project.

IMRF published a Request for Proposals (RFP) for a vendor to use our plans to build our future intranet on November 30, 2015. Five proposals were received (Epsilon; Celerity; Hero Digital; C2; and, Inflection Point) and staff rated each project proposal blindly to proposed costs, and the proposal from Inflection Point received the highest rating. In addition, IMRF has experience working with Inflection Point on a past project. Inflection Point is the only RFP respondent who qualifies as a Minority, Female, or Personal with a Disability-Owned Business (MFPDOB), and it was the low bidder.

Staff is recommending that the low bid of \$497,180 from Inflection Point be approved.

After questions and discussion, it was moved by Ms. Henry, seconded by Ms. Copper, to approve the low bid of \$497,180 from Inflection Point.

Vote: Unanimous Voice Vote
Absent: Miller

(16-02-06) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of January and February Financial Reporting Packages
- Statement of Fiduciary Net Position for November and December
- Impact of 2016 Year-To-Date Investment Income on Employer Reserves, Funding Status and Average Employer Contribution Rates for November.
- Schedule T - Report of Expenditures for January and February.

It was moved by Mr. Piechocinski, seconded by Ms. Copper, to approve the Financial Reports as presented.

Vote: Unanimous Voice Vote
Absent: Miller

(16-02-07) (Report of Audit Committee Meeting) There was no report of the Audit Committee.

(16-02-08) (Report of the Benefit Review Committee Meeting) The Chair of the Benefit Review Committee reported on the Benefit Review Committee Meeting held on February 25, 2016.

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

- To reject the hearing officer's determination on Allan Price's claim and uphold the staff determination that creditable service cannot be granted for period of service where no IMRF contributions are made since IMRF operates on a cash basis and this interpretation is consistent with the Wage Payment and Collection Act 820 ILCS 115/4 and IMRF rules. The phrase payable does not mean when earned but the time that an employer has fixed for payment, when consistent with the law.
- To adopt the hearing officer's findings and conclusions which upheld the administrative staff determination.

- To uphold staff's determination to terminate temporary disability benefits for Amy Price.
- To uphold staff's determination to terminate temporary disability benefits for Lauren R. Fields.
- To Uphold staff's determination to deny temporary disability benefits for Marlene A. Nimmer.
- To adopt the definition of gainful activity as presented by staff:

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund (IMRF) to establish rules necessary or desirable for the efficient administration of the Fund; and

WHEREAS, Section 7-150 of the Illinois Pension Code sets forth the eligibility requirements for total and permanent disability benefits; and

WHEREAS, a participating employee is considered totally and permanently disabled if he or she is "unable to engage in any gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or be of a long continued or indefinite duration, other than as a result of self-inflicted injury or addiction to narcotic drugs";

WHEREAS the term "gainful activity" requires further definition:

THEREFORE, BE IT RESOLVED that the term "gainful activity" for purposes of eligibility and continued eligibility for IMRF total and permanent disability is as follows:

"gainful activity" for purposes of Section 7-150 of the Illinois Pension Code shall mean whether the applicant, at the time of his or her application for total and permanent disability, is capable of obtaining potential employment in any occupation or position under which the applicant has the ability to earn at a minimum the monthly Social Security gainful work activity earnings limitation. In making this gainful activity determination, consideration shall be given to an applicant's education and work experience although the determination of whether an applicant is able to engage in gainful activity is not limited to employment in the field where the applicant had previously worked, studied or trained. In addition, in making this gainful activity determination, the geographic availability of gainful activity shall not be considered. In certain cases, at the discretion of IMRF, a vocational expert may be used to make the determination of whether an applicant is unable to engage in any gainful activity as herein defined due to any medically determinable physical or mental impairment which can be expected to result in death or be of a long continued and indefinite duration, other than as a result of self-inflicted injury or addiction to narcotic drugs. An impairment which is considered remediable does not qualify as a total and permanent disability if, with reasonable effort and safety to the applicant, the impairment can be diminished to the extent that the individual will not be prevented by the impairment from engaging in any gainful activity as defined herein.

Vote: Unanimous Voice Vote
Absent: Miller

(16-02-09) (Report of the Investment Committee Meeting) The Chair of the Investment Committee reported on the meeting held February 25, 2016.

The Investment Committee heard recommendations from the Chief Investment Officer as well as presentations from three Private Equity firms.

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

For Private Equity:

- Allocate up to \$30 million in aggregate to Mayfield XV and Mayfield Select subject to satisfactory legal due diligence;
- Allocate up to \$35 million in aggregate to Lightspeed Venture Partners XI, L.P., and Lightspeed Venture Partners Select II, L.P., subject to satisfactory legal due diligence;
- Allocate up to \$100 million to Vista Equity Partners Fund VI, L.P., subject to satisfactory legal due diligence;
- Allocate up to \$25 million to Vista Foundation Fund III, L.P., subject to satisfactory legal due diligence;
- Allocate up to \$50 million to Vista Credit Opportunities Fund II, L.P., subject to satisfactory due diligence; and,
- Authorize staff to complete all documentation necessary to execute these recommendations.

It was moved by Mr. Kuehne, seconded by Ms. Henry to approve the recommendations of the Investment Committee.

Vote: Unanimous Voice Vote
Absent: Miller

Next, staff and consultant presented a review of the 2016 Asset Allocation.

The Chief Investment Officer presented a hedge fund and a domestic equity recommendation to the Investment Committee.

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

For Hedge Funds:

- Authorize staff to initiate a full redemption of SM Aurora, L.P.; and
- Authorize staff to complete any documentation necessary to execute this recommendation.

For Public Markets:

- Authorize staff to initiate a prudent liquidation of the Wall Street Micro Cap portfolio, if deemed necessary by the Chief Investment Officer;
- Authorize staff to execute this recommendation at any time over the next twelve months without further approval from the IMRF Board; and,

- Authorize staff to complete any documentation necessary to execute this recommendation.

It was moved by Mr. Kuehne, seconded by Mr. Piechocinski to approve these recommendations of the Investment Committee.

Vote: Unanimous Voice Vote

Absent: Miller

The Chief Investment Officer presented an overview of recommended changes to IMRF's Investment Committee Charter, Statement of Investment Policy, and Real Estate Statement of Investment Policy, noting these polices are reviewed annually.

It was the consensus of the Investment Committee to recommend the Board approve the following Investment Committee Charter as amended:

INVESTMENT COMMITTEE CHARTER

Amended February 26, 2016

INVESTMENT COMMITTEE CHARTER

The Board of Trustees of the Illinois Municipal Retirement Fund has adopted this Investment Committee Charter.

PURPOSE

The Investment Committee, as trustees and fiduciaries, is responsible for the proper oversight of the IMRF assets. The committee members shall carry out their functions solely in the interest of the IMRF members and benefit recipients and for the exclusive purpose of providing and defraying reasonable expenses incurred in performing such duties, as required by law.

COMPOSITION

The Investment Committee will consist of at least six members of the Board of Trustees. Annually, the President of the Board will appoint the Investment Committee members, Chair and Vice Chair of the Investment Committee and the full Board will approve the Committee Chair, Vice-Chair and committee members for a one-year term.

MEETINGS

The Committee will generally meet once a month and may convene more or less often as necessary. A quorum of at least 5 members must be physically present for all meetings of the Committee. Meetings are subject to the Open Meetings Act. Each meeting agenda will be posted in advance and in accordance with the Illinois Open Meetings Act. Meeting materials will be prepared by Staff and Consultant, as necessary.

Staff will prepare minutes for each meeting. These minutes will serve as a record of proceedings in the form of a non-verbatim report.

RESPONSIBILITIES

Investment Committee members, as Trustees, shall act in accordance with the provisions of State Statute and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims by diversifying the investment of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The Investment Committee of the Board is responsible for the following investment related activities, subject to approval by the Board of Trustees:

- Set the policies, objectives, and guidelines for investment of the Fund's assets and oversee compliance with investment policy and the laws of Illinois.
- Study thoroughly each issue affecting the Fund's investments to make educated and prudent decisions.
- Select qualified professionals to assist in implementing investment policies and evaluate their services.
- Consider Staff recommendations for selecting or terminating investment managers.
- Consider investment actions recommended by staff.
- Evaluate total fund performance including performance of all investment managers.

Reporting Responsibilities of the Committee

- Regularly report to the Board about activities, issues and related recommendations.
- Report on any issues relating to its responsibilities.

Other Responsibilities

- Perform any activities related to this charter as directed by the Board of Trustees.

PROCEDURES FOR AMENDING THE INVESTMENT COMMITTEE CHARTER

This Charter may be amended by a majority vote of the Board. Recommendations for policy changes should be directed to the Chief Investment Officer. The Chief Investment Officer shall review all such recommendations and is responsible for submitting necessary changes to the Board for approval.

The Investment Committee Charter shall be reviewed annually.

It was the consensus of the Investment Committee to recommend the Board approve the following Statement of Investment Policy as amended:

STATEMENT OF INVESTMENT POLICY

Amended: February 26, 2016

INVESTMENT DEPARTMENT MISSION STATEMENT

Under the guidance and direction of the Board of Trustees, and governed by the Prudent Man Rule, it is the mission of the Investment Department to optimize the total return of the IMRF investment portfolio through a policy of diversified investment using parameters of prudent risk management.

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www.imrf.org

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STATEMENT OF INVESTMENT POLICY

I. Introduction and Purpose

A. **About IMRF**

The Illinois Municipal Retirement Fund (“IMRF”) is a defined benefit plan created in 1939 by the Illinois General Assembly for the exclusive purpose of providing retirement, death and disability benefits to employees of local units of government and school districts in Illinois. IMRF serves over 2,972 employers and 413,263 members and annuitants. IMRF is separate and apart from the Illinois state government. Benefits are funded by employer and member contributions and investment returns.

IMRF is governed by a Board of eight elected trustees. Four are elected by employers, three are elected by participating members and one is elected by annuitants (individuals receiving retirement benefits). The Board appoints an Executive Director who is responsible for all administrative functions and supervision of Staff employees.

Mission Statement

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.

B. **Legal Authority**

IMRF was created by Article 7 of Chapter 40, Act 5 of the Illinois Pension Code in order to provide a sound and efficient system for the payment of annuities and other benefits to officers and employees, and to their beneficiaries, of municipalities of the State of Illinois.

Article 1 Chapter 40 Section 109 of the Illinois Compiled Statutes provides the key legal criteria regarding investment policy as follows:

“Duties of Fiduciaries. A fiduciary with respect to a retirement system or pension fund established under this Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

- (a) For the exclusive purpose of:
 - (1) Providing benefits to participants and their beneficiaries; and
 - (2) Defraying reasonable expenses of administering the retirement

- system or pension fund;
- (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims;
 - (c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
 - (d) In accordance with the provisions of the Article of the Pension Code governing the retirement system or pension fund.”

C. Investment Philosophy

IMRF’s investment philosophy has been developed with careful consideration of its primary purpose, fiduciary obligations, statutory requirements, liquidity needs, income sources, benefit obligations, and other general business conditions. The investment philosophy embraces the following:

- Strategic asset allocation is the most significant factor attributable to the long-term total return of the Fund. Diversification is the primary risk control element. Commitments to asset allocation targets and ranges will be maintained through a disciplined rebalancing program. The asset allocation policy will be periodically reexamined to ensure its appropriateness to the then prevailing liability considerations.
- The Fund’s liabilities are long-term and therefore the strategic investment horizon will, at a minimum, be 10-years. Strategic decisions will prevail in determining asset allocation rather than tactical or short-term market timing decisions.
- Active management may be utilized to add value beyond broad market benchmarks by exploiting market inefficiencies.
- Passive investment vehicles consisting of index funds may be utilized to complement actively managed portfolios as an efficient way to provide benchmark return, adjust risk within the overall fund, and provide a liquid and low cost pool to facilitate timely fund rebalancing, especially in highly efficient markets.
- Due diligence and monitoring the investment managers are critical elements integral to safeguarding the Fund’s assets.

D. Roles and Responsibilities

The Board of Trustees and internal Investment Staff have specific responsibilities in the management and oversight of IMRF's investment activities. The Board of Trustees may allocate duties among themselves and designate others as fiduciaries to carry out specific fiduciary activities. External advisors, investment managers and contractors may be retained, as fiduciaries, to execute certain investment or related activities.

All persons who act as agents of the Board shall adhere to the highest standards of professional integrity and honesty and are prohibited by law from profiting directly or indirectly from the investments of the Fund. However, this shall not preclude an agent of the Board from acting as principal participant or servicer in transactions with the Fund when that interest is fully disclosed and approved by the Board.

The following section outlines the roles and responsibilities for the Board of Trustees, Investment Staff, Investment Managers and Investment and Performance Consultants involved with executing this Policy.

1. Board of Trustees

The members of the Board are responsible, as trustees and fiduciaries, for the proper oversight of the IMRF assets. Trustees shall carry out their functions solely in the interest of the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties, as required by law.

Trustees shall act in accordance with the provisions of State Statute and with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims by diversifying the investment of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The Board of Trustees is responsible for the following investment related activities:

- Set the policies, objectives, and guidelines for investment of the Fund's assets and oversee compliance with investment policy and the laws of Illinois.
- Study thoroughly each issue affecting the Fund's investments to make educated and prudent decisions.

- Select qualified professionals to assist in implementing investment policies and evaluate their services.
- Consider Staff recommendations for selecting or terminating investment managers.
- Evaluate total fund performance including performance of all investment managers.

2. Investment Staff

The Chief Investment Officer (CIO) is charged with the coordination of all investment activities and matters involving the Fund's assets.

The CIO is responsible for continuous review and analysis of the Fund's assets and to recommend adjustments which are appropriate to take optimum advantage of new conditions and strategies as they arise in the marketplace.

The CIO is responsible for overseeing all investment activities required to implement the IMRF Statement of Investment Policy. The CIO will advise the Board of Trustees and Investment Committee on any investment related matters.

Staff continually reviews and analyzes the philosophies, policies and strategies employed by the Fund's investment managers taking an in-depth look at their decision-making process and their investment style in relation to present and projected investment horizons and to ensure that the goals and objectives of the Board are being met and accomplished.

Staff, with guidance and direction from the CIO, is responsible for the following:

- On an annual basis, review and recommend to the Investment Committee of the Board: a) Investment Committee Charter, b) Statement of Investment Policy, and c) Real Estate Statement of Investment Policy.
- Ensure compliance with investment policies and procedures established by the Board of Trustees.
- Manage cash flow by buying or selling passive and/or active manager investments to pay benefits and expenses and/or fund Board approved investments.
- Recommend investment actions to the Investment Committee of the Board of Trustees and/or to the Board of Trustees.

- Staff is responsible for managing each asset class, as described by the IMRF Investment Policy, on an on-going basis, including monitoring the investment managers and reporting to the Board of Trustees.
- Conduct all necessary due diligence relating to the selection of investment managers and consultants. Negotiate and approve guidelines and contracts for each investment manager and consultant.
- Monitor and report to the Board of Trustees as applicable, on programs related to securities lending, proxy voting, minority manager and minority broker utilization.
- Respond to inquiries from the state legislature, the membership, the press, other governmental representatives and the public concerning the investments of the Fund.
- Coordinate communications between master trustee, investment managers, brokers and consultants.

3. Investment Managers

The Board of Trustees continually seeks to employ investment managers who possess superior capabilities in the management of assets of public retirement funds.

Investment managers, as fiduciaries selected by the Board of Trustees and monitored by Staff, have the power to manage, acquire, or dispose of any assets of the Fund within their mandate. Investment managers will acknowledge in writing that they are a fiduciary with respect to the Fund, and is a least one of the following: (1) registered as an investment adviser under the federal Investment Advisers Act of 1940; (2) a bank, as defined in the Investment Advisers Act of 1940.

The Board of Trustees requires investment managers to meet the following set of conditions as stated in their respective investment management agreements with IMRF.

- All investment managers will construct and manage investment portfolios that are consistent with IMRF's investment guidelines. The investment manager will select, buy and sell specific securities or investments within the parameters specified by their investment management agreement with IMRF.

- In the selection of broker-dealers, the primary objective of the investment manager is to obtain the most favorable results for the Fund. The investment manager's selection of broker-dealers may take into account such relevant factors as (1) price and/or commission; (2) the broker-dealer's facilities, reliability, and financial responsibility; (3) the ability of the broker-dealer to effect securities transactions, particularly with respect to such aspects as timing, order size, execution of orders, and the ability to complete a transaction through clearance, settlement, and delivery; and (4) the research and other services provided by such broker-dealer. Subject at all times to compliance with its fiduciary obligations, the investment manager will select such firm or firms in accordance with IMRF's policy on goals for the utilization of minority broker-dealers.
- Public market investment managers will report to the Fund monthly. Public markets investment managers will generally report on:
 - the composition and relative performance of the investments in their designated portfolios
 - the economic and investment outlook for the near and long term
 - significant changes in the portfolio under their management during the quarter
 - the reasons for any significant differences between the performance of their portfolios and the appropriate market indices or other performance benchmarks established by the Fund and the investment managers
- Private market investment managers will provide periodic financial statements and other reports as specified in their investment agreements with IMRF.
- The public market investment managers will report to the Fund monthly on the use of minority and female owned business enterprise broker/dealers and broker/dealers owned by a person with a disability.
- All investment managers will adhere to any additional responsibilities as detailed in each investment manager's agreement with the Fund.

Note: Limited Partnership Investments, typically in private market asset classes, are not considered investment managers as defined by Illinois Pension Code.

4. Investment and Performance Consultants

Investment Consultant

Investment Consultant are persons or entities selected by the Board of Trustees, as fiduciaries and advisers, to make recommendations in developing an investment strategy, assist with finding appropriate investment managers, or monitor the Fund's assets.

The Investment Consultant will:

- In conjunction with the CIO, provide reports to the Board of Trustees on emerging trends and issues of concern to public pension funds generally and to the Fund in particular.
- Provide education to the Board of Trustees and Staff, which includes but is not limited to analyzing and summarizing relevant publications, discussions, meetings and research on current investment related topics.
- Evaluate investment manager candidates using non-discriminatory practices when engaged by IMRF for a RFP search.

When conducting a search for a new investment manager, the Board of Trustees requires that all minority owned, female owned businesses and businesses owned by a person with a disability enterprise investment management firms evaluated during the search process be specifically identified in the search report presented to them. The most qualified minority candidate(s) will be invited to present to the Investment Committee of the Board or the Board of Trustees. Any reasons for eliminating a minority candidate(s) from further consideration must also be provided in the report.

- Serve as a resource to Staff by analyzing and making recommendations with respect to the IMRF Investment Policy, the investment plan, each investment manager's implementation of policy and strategy, the appropriate investment horizon for the Fund given its actuarial characteristics, and such other research as may be required from time to time.

Performance Evaluation Consultant

The Performance Evaluation Consultant shall provide monthly and quarterly investment performance evaluation and analysis to the Board of Trustees. Total Fund performance and each investment manager employed by the Fund shall be measured against appropriate indices and benchmarks. The quarterly investment performance report shall

include IMRF returns for the total fund, asset classes and investment managers against appropriate peer universes.

II. Investment Objectives and Goals

A. Investment Objectives

All investment actions undertaken will be for the sole benefit of IMRF's members and benefit recipients. The Board has a responsibility to make investment decisions with the objective of obtaining superior total long-term rates of return while using parameters of prudent risk management and reasonable control of costs. To assure an adequate accumulation of assets in the Fund, the investment objectives are to:

1. Achieve and maintain the Illinois Municipal Retirement Fund assets in excess of the present value of accrued benefits.
2. Achieve for the total Fund a rate of return in excess of inflation.
3. Achieve for the total Fund a rate of return in excess of the assumed actuarial investment rate of return of 7.5%.
4. Achieve for the total Fund a rate of return in excess of the Total Fund Benchmark. The Total Fund Benchmark is a blend of the asset class benchmark returns weighted by the target allocation for each asset class.

The Total Fund Benchmark is equal to the sum of:

- 38% Russell 3000 Index
- 27% Barclays Capital Aggregate Bond Index
- 17% Morgan Stanley Capital International All Country World Index ex-US
- 8% National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Index
- 9% of the 9% Annual Alternatives Benchmark
- 1% 3-month Treasury Bills

B. Aspirational Goals: Emerging Investment Managers and Investment Advisors (In Compliance with Section 1-109.1 (10) of the Illinois Pension Code)

The Illinois Municipal Retirement Fund is committed to diversity in the hiring of emerging and minority owned investment managers.

The Illinois Municipal Retirement Fund Board of Trustees adopts 2 aspirational goals: (i) to utilize emerging investment managers for at least 20% of the total Fund's assets under management and (ii) to

utilize firms owned by minorities, females and persons with disabilities for at least 20% of the total Fund's assets under management.

Policy to Achieve Aspirational Goals

The Illinois Municipal Retirement Fund Board of Trustees adopts a policy to ensure progress towards achieving the aspirational goals. The policy directs the IMRF Investment Staff:

- to build relationships with the emerging investment manager community by attending and/or speaking at emerging manager conferences,
- to launch targeted RFP's that specifically focus on emerging and/or minority owned firms,
- to hire emerging investment managers for active strategies as opposed to lower revenue generating passive strategies,
- to utilize manager of managers and fund of funds programs to hire underlying emerging investment managers,
- to graduate underlying emerging investment managers for direct mandates.

The Illinois Municipal Retirement Fund Board of Trustees will evaluate the Executive Director on the efforts to achieve the aspirational goals.

C. Emerging Investment Manager Utilization (In Compliance with Section 1-109.1 (4) of the Illinois Pension Code)

The Illinois Municipal Retirement Fund is committed to providing opportunities for emerging investment managers. An emerging investment manager is defined as a qualified investment advisor that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a "minority owned business," "female owned business" or "business owned by a person with a disability" as defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

Emerging Investment Management firms must be 51% or more owned by individuals that are minorities, females or persons with a disability and are citizens or lawful permanent residents of the United States. For a complete definition go to the following website:

[\(30 ILCS 575/\) Business Enterprise for Minorities, Females, and Persons with Disabilities Act.](#)

The Illinois Municipal Retirement Fund Board of Trustees has adopted 3 separate goals for: (i) emerging investment managers that are minority owned businesses; (ii) emerging investment managers that are female owned businesses; and (iii) emerging investment managers that are businesses owned by a person with a disability.

Goals for Utilization of Emerging Investment Managers
by Emerging Investment Manager Classification

<u>Emerging Investment Manager Classification</u>	<u>Minimum Goal as a Percentage of Total Fund Market Value</u>
Minority Owned Businesses	13%
Female Owned Businesses	6%
Businesses Owned by a Person with a Disability	1%

Goals for Utilization of Emerging Investment Managers
by Asset Class

<u>Asset Class</u>	<u>Minimum Goal as a Percentage of Asset Class</u>
Domestic Equity	8%
International Equity	15%
Fixed Income	20%
Real Estate*	4%
Private Equity*	10%
Hedge Funds	15%
Timberland	Best Efforts
Agriculture	Best Efforts

* based on committed amounts

D. Minority Investment Manager Utilization (In Compliance with Section 1-109.1 (9) of the Illinois Pension Code)

The Illinois Municipal Retirement Fund is committed to providing opportunities for minority investment managers. A minority investment manager is defined as a qualified investment manager that manages an investment portfolio and meets the definition of “minority owned business,” “female owned business” or “business owned by a person with a disability” as defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

Minority Investment Management firms must be 51% or more owned by individuals that are minorities, females or persons with a disability and are citizens or lawful permanent residents of the United States. For a complete definition go to the following website:

[\(30 ILCS 575/\) Business Enterprise for Minorities, Females, and Persons with Disabilities Act.](#)

The Illinois Municipal Retirement Fund Board of Trustees has adopted 3 separate goals for: (i) minority investment managers that are minority

owned businesses; (ii) minority investment managers that are female owned businesses; and (iii) minority investment managers that are businesses owned by a person with a disability.

Goals for Utilization of Minority Investment Managers
by Investment Manager Classification

<u>Investment Manager Classification</u>	<u>Minimum Goal as a Percentage of Total Fund Market Value</u>
Minority Owned Businesses	13%
Female Owned Businesses	6%
Businesses Owned by a Person with a Disability	1%

Goals for Utilization of Minority Investment Managers
by Asset Class

<u>Asset Class</u>	<u>Minimum Goal as a Percentage of Asset Class</u>
Domestic Equity	8%
International Equity	15%
Fixed Income	20%
Real Estate*	4%
Private Equity*	10%
Hedge Funds	15%
Timberland	Best Efforts
Agriculture	Best Efforts

*based on committed amounts

E. Investments in Illinois Businesses

The Board recognizes that investments made in businesses operating in Illinois and in real estate and other assets in the state may contribute to an improved economic climate in the state. Therefore, where investment characteristics such as competitive rate of return in relation to the risks involved, minimum quality standards, liquidity considerations, and other investment objectives of the Board are equivalent, the Board favors investments which will have a positive impact on the economy of Illinois. However, nothing in this paragraph shall be construed to favor the foregoing of investment return in order to provide a subsidy to a particular group to the detriment of the Fund members, their beneficiaries, or their public employers.

F. Minority Broker/Dealer Utilization

The firms that are to act as a securities broker-dealer with respect to the purchase and sale of assets for the Fund shall be selected by the investment manager in its sole discretion. The investment manager or any entity controlled by or controlling it, or affiliated with it, shall not act as a securities broker-dealer with respect to purchases and sales of assets allocated to the investment manager unless the Board specifically approves such action.

In the selection of broker-dealers with whom to place orders for the purchase or sale of securities for the Fund, the primary objective of the investment manager shall be to obtain the most favorable results for the Fund. The investment manager's selection of broker-dealers may take into account such relevant factors as (1) price and/or commission; (2) the broker-dealer's facilities, reliability and financial responsibility; (3) the ability of the broker-dealer to effect securities transactions, particularly with respect to such aspects as timing, order size, execution of orders and the ability to complete a transaction through clearance, settlement and delivery; and (4) the research and other services provided by such broker-dealer to the investment manager which are expected to enhance general portfolio management capabilities, notwithstanding the fact that the Fund may not be the direct or exclusive beneficiary of such services. The investment manager's selection of such broker-dealers shall be in accordance with Article I of the Illinois Pension Code (40 ILCS 5/1-101 et seq.), the Investment Advisors Act of 1940 and any other applicable securities laws, rules and regulations.

Minority Broker/Dealer Utilization Goal

The Illinois Municipal Retirement Fund is committed to providing opportunities for minority owned and female owned broker/dealers and broker/dealers owned by a person with a disability. The Illinois Municipal Retirement Fund Board of Trustees has adopted a policy which sets forth goals for increasing the utilization of minority broker/dealers.

The minimum expectations for the utilization of minority broker/dealers are based on commission dollars for Equities and par value for Fixed Income. Investment managers of separately managed investment portfolios, in the following asset classes, must meet the minimum goals:

<u>Asset Class</u>	<u>2016 Minimum Goal</u>
U.S. Equities	25%
U.S. Large-Cap Equities	30%
U.S. Micro-Cap Equities	7%
International Equities	20%
Fixed Income	22%
High-Yield Bonds	5%
International Small-Cap Equities	5%
Emerging Market Equities	5%
Emerging Market Debt	Best Efforts
Bank Loans	Best Efforts
Opportunistic Strategies	Best Efforts
Hedge Funds	Best Efforts

Note: This broker/dealer utilization goal will be reviewed annually. IMRF may allow current investment managers a limited transition period when minority broker/ dealer utilization goals are increased.

Investment managers are prohibited from using indirect methods such as step-outs to achieve these goals.

Investment managers of pooled/commingled investment portfolios are directed to use their best efforts to execute trades with minority broker/dealers. Efforts will be evaluated during semi-annual portfolio review meetings.

All investment managers executing brokerage on behalf of the Illinois Municipal Retirement Fund are directed to meet these minimum goals in their specific portfolios and shall report monthly on their utilization of minority broker/dealers. Any investment manager failing to meet the minimum goal during the reporting month must provide a written explanation disclosing the reasons for not meeting the goal.

Transition managers are expected to meet or exceed IMRF's current minority brokerage goals.

Staff will report to the Board of Trustees annually on the utilization of minority broker/dealers. Investment managers not meeting the minority broker/dealer utilization goal will be identified in the report.

An investment manager's ability to meet a minority brokerage goal is an integral part of the manager monitoring process. Consequences for not meeting IMRF's minority brokerage goals are situation specific and range from increased monitoring, placement on watch list, asset reduction, termination, and exclusion from receiving additional allocations/mandates.

G. Policy Regarding Minority Owned Business Utilization Disclosures (In Compliance with Section 1-113.21 of the Illinois Pension Code)(See Appendix G for Disclosure Form)

The Illinois Municipal Retirement Fund requires the following disclosure from the investment advisor, consultant or private market fund:

1. The number of its investment and senior staff and the percentage of its investment and senior staff who are (i) a minority person (ii) a female, and (iii) a person with a disability;
2. The number of contracts, oral or written, for investment services, consulting services and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability; and
3. The number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the investment advisor, consultant, or private market fund has with a business other than (i) a minority owned business, (ii) a female owned business or (iii) a business owned by a person with a disability, if more than 50% of services performed pursuant to the contract are performed by (i) a minority person, (ii) a female, and (iii) a person with a disability.

H. Policy Regarding the Illinois High Risk Home Loan Act

1. It is the policy of IMRF that, unless otherwise inconsistent with any fiduciary duties that may apply, no Illinois finance entity may receive deposits or investments from IMRF unless it certifies that it complies with the requirements of the Illinois High Risk Home Loan Act (815 ILCS 137/1 et seq.) and the rules adopted pursuant to that Act that are applicable to that finance entity. This certification is required before an Illinois finance entity receives a deposit or any assets to invest from IMRF and annually thereafter. For Illinois finance entities with whom IMRF is investing or depositing assets on the effective date of this policy, the initial certification required shall be completed within 6 months after the effective date.
2. If an Illinois finance entity fails to submit an annual certification, then IMRF shall notify that Illinois finance entity. The Illinois

finance entity shall, within 30 days after the date of notification, either (i) notify IMRF of its intention to certify and complete certification or (ii) notify IMRF of its intention not to complete certification. If an Illinois finance entity fails to provide certification, then IMRF shall, within 90 days, divest, or attempt in good faith to divest, its assets with that Illinois finance entity. IMRF shall immediately notify the Public Pension Division of the Department of Financial and Professional Regulation of the Illinois finance entity's failure to provide certification.

3. IMRF shall annually submit copies of the certifications to the Public Pension Division of the Department of Financial and Professional Regulation.
4. For purposes of this policy, "Illinois finance entity" means any entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act, or the Illinois Savings and Loan Act of 1985 and any person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.
5. The required certification (see Appendix F, attached hereto) must be submitted.

III. Asset Allocation

Asset allocation is generally recognized to have the largest impact on a pension fund's investment performance and risk. Allocating across multiple asset classes with different characteristics mitigates risk in any single asset type. Historically, no single asset type has provided consistent superior long-term performance in all market environments. A well-diversified approach positions the portfolio to produce more consistent results over time and generates superior long-term returns.

The Fund's liabilities are long term in nature and the investment strategy will therefore be long term oriented with due consideration of the use of short-term investments to meet cash flow requirements.

Staff and the Investment Consultant(s) shall conduct an Asset Liability Study every three to five years and present the results to the Board. The study will consider the asset class mix, future benefit payments, liabilities, required funding, the appropriateness of the actuarial interest rate assumption, and the prospective funded status of liabilities. Through quantitative asset/liability modeling and qualitative evaluation, an appropriate strategic asset allocation mix will be selected.

Staff and the Investment Consultant will prepare and present an asset allocation review to the Board annually. The asset allocation review will

include capital market expectations (10 year horizon), risk/return expectations for major asset classes, appropriate benchmarks, asset class and style targets, and diversification. In addition to achieving diversification by asset class, careful attention shall be paid to diversification within each asset class and sub-allocation and manager concentration at a total fund level.

The table below shows the target asset allocation, including a $\pm 4\%$ range for each asset class with the exception of cash equivalents.

<u>Asset Class</u>	<u>Asset Allocation Targets</u>	<u>Asset Class Ranges</u>	<u>Policy Benchmark Index</u>
Domestic Equities	38%	34% - 42%	Russell 3000
International Equities	17%	13% - 21%	MSCI ACWI Ex-U.S. Index
Fixed Income	27%	23% - 31%	Barclays Capital Aggregate Index
Real Estate	8%	4% - 12%	NCREIF ODCE
Alternative Investments	9%	5% - 13%	9%
Cash Equivalents	1%	0% - 2%	3 Month Treasury Bills

Actual allocations that exceed their target by $\pm 4\%$ will be noted at the next scheduled Board meeting. If deemed necessary by the Chief Investment Officer and Consultant, recommendations for rebalancing strategies will be presented to the Board for their approval.

IV. Benchmarks

- A.** The Board seeks to achieve for the total Fund a rate of return in excess of the Total Fund Benchmark. Each asset class and sub-asset class is measured against a benchmark that describes the opportunity set and return characteristics associated with each asset class. For certain private asset classes the benchmark serves as a proxy for expected return. The Total Fund Benchmark is a blend of the asset class benchmark returns weighted by the target allocation for each asset class.

The Total Fund Benchmark is equal to the sum of:

- 38% Russell 3000 Index
- 27% Barclays Capital Aggregate Bond Index
- 17% Morgan Stanley Capital International All Country World Index ex-US
- 8% National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Index
- 9% of the 9% Annual Alternatives Benchmark
- 1% 3-month Treasury Bills

- B.** IMRF invests in domestic equities to earn an equity risk premium in order to enhance the long-term returns of the Fund. The objective of the domestic equity portfolio is to achieve a total return that exceeds the total return of the Russell 3000 Index net of fees.
- C.** IMRF invests in international equities to earn an equity risk premium and to diversify the equity exposure within the Fund. The objective of the international equity portfolio is to achieve a total return that exceeds the total return of the Morgan Stanley Capital International All Country World Index ex-US net of dividends (MSCI ACWI ex-US) net of fees.
- D.** IMRF invests in fixed income to provide stable income and to diversify the equity market risk in the investment portfolio. The objective of the fixed income portfolio is to achieve a total return that exceeds the total return of the Barclays Capital Aggregate Bond Index net of fees.
- E.** IMRF invests in real estate to provide diversification, inflation protection, and income generation in the investment portfolio. The objective of the real estate portfolio is to achieve a total return that exceeds the total return of the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Diversified Core gross of fees (ODCE) Index over a rolling three year period.
- F.** IMRF invests in alternative investments to diversify the Fund's assets and to enhance the investment portfolio return through long-term capital appreciation. These investments can be highly illiquid and IMRF seeks to be compensated for such illiquidity by earning returns substantially greater than those available from publicly traded equity markets. The objective of the alternative investments portfolio is to achieve an annualized return of 9%.
- G.** Cash is held primarily for paying benefits and administrative expenses and funding Board approved investments. The objective of the

internally managed cash portfolio is to achieve a total return in excess of 3-month U.S. Treasury Bills.

V. Investment Guidelines

The Board of Trustees recognizes the following investment guidelines for each asset class. The guidelines presented here are intended to be summarizations. The Board requires public market investment managers to meet specific contractual guidelines detailed in each investment manager's agreement with the Fund.

Public Markets

A. Domestic Equity Securities

1. Exposure of the total domestic equity portfolio to any one sector shall generally not differ by more than 5 percentage points from the sector exposure of the Russell 3000.
2. The amount of cash and cash equivalents held in the domestic equity portfolio generally shall not exceed 5 percent of the total portfolio except during periods of cash contributions or withdrawals.
3. IMRF shall generally not hold more than 5 percent of the outstanding shares of any one company.
4. No individual security shall comprise more than 15 percent of a manager's portfolio market value without prior approval from the CIO.
5. Generally, no individual security shall comprise more than 5 percent of the total domestic equity portfolio.
6. Equity securities must be listed on the principal U.S. exchanges or traded over the counter. ADRs (either listed or traded over the counter) of foreign companies are permissible.

B. International Equity Securities

1. Generally, international equity managers shall only invest in equity securities of companies domiciled outside of the U.S. International equity managers may be allowed to invest a portion of their portfolio in U.S. domiciled companies which have the majority of their operations and/or revenues domiciled outside of the U.S.

2. Generally, no individual security shall comprise more than 6 percent of the total international equity portfolio at market value.
3. The amount of cash and cash equivalents shall not exceed 10 percent of the total international equity portfolio except during periods of cash contributions or withdrawals.
4. The exposure to any one country shall not exceed the higher of 25 percent or two times the benchmark weighting at market value.
5. The exposure to any one sector shall not exceed the higher of 25 percent or two times the benchmark weighting at market value.
6. International equity managers may engage in various transactions to manage currency. Forward contracts, futures and options may be used for currency management purposes. Managers are not permitted to utilize these transactions for speculative purposes unless otherwise specified in individual manager guidelines.

C. Fixed Income Securities

1. Bonds, notes or other obligations of indebtedness issued or guaranteed by the U.S. government, its agencies or instrumentalities may be held without restriction.
2. The average credit quality of the total fixed income portfolio must be investment grade.
3. An individual manager's portfolio shall generally have an effective duration between 80-120 percent of the index for mandates benchmarked against the Barclays Capital Aggregate or Merrill Lynch High Yield Cash Pay indices.
4. Debt obligations of any single U.S. corporation shall generally be limited to a maximum of 5 percent of the total fixed income portfolio at market value.
5. Generally, no more than 30 percent of a manager's assets at market value may be invested in securities rated below investment grade at the time of purchase. Investment managers outside of core and core plus mandates will not be subject to above restriction.

6. Private placements are authorized by the Board on an individual manager basis. Securities issued under rule 144A will not be considered private placements.
7. Bonds or other debt obligations of foreign countries and corporations payable in U.S. dollars and foreign currency are authorized, but in general will not exceed 15 percent of the total fixed income portfolio.
8. The use of swaps, exchange traded financial futures, exchange traded options on financial futures, and over the counter options is subject to individual manager guidelines. Managers are not permitted to utilize these transactions for speculative purposes. Leverage is not allowed except as permitted for rolling mortgage pass-through securities.
9. No assets shall be committed to short sale contracts.

Private Markets

D. Real Estate Investments

A separate Real Estate Statement of Investment Policy has been adopted by the Board of Trustees. This Policy is an extension of the Statement of Investment Policy. It will be reviewed by the Board of Trustees annually.

E. Alternative Investments

The alternative investment asset class can encompass different and distinct asset categories within U.S. and Non-U.S. markets. The investments will be made to generate long-term returns in a diversified manner. It generally consists of limited partnerships in which IMRF commits a fixed amount that the General Partner will invest over several years. The partnership structure may cover periods of 10 years or more. IMRF understands and recognizes that the alternative asset class will not be structured in a way to provide short term cash flow needs for the Fund.

Exposure to dedicated non-U.S. strategies will be limited to 30% of the total alternative investment portfolio value plus unfunded commitments at the time of due diligence. Alternative investment managers may or may not hedge currency risk. The IMRF alternative portfolio will not implement currency hedges and accepts currency risks consistent with the geographic exposures of the underlying investments.

The maximum commitment to any direct alternative manager shall be 40% of the total alternatives portfolio value plus unfunded commitments at the time of due diligence.

Capital will be deployed to alternatives over an extended period of time and may take several years before reaching the current target.

Permissible alternative asset categories include but are not limited to:

- Agriculture
- Infrastructure
- Hedge funds
- Private equity investments
- Timber

Structures within these categories include but are not limited to:

- Separate accounts
- Commingled funds
- Limited Partnerships
- Limited Liability Companies
- Joint Ventures
- Co-Investments

The Board may pre-approve co-investment opportunities at the time of the approval of an alternative investment fund. Staff will generally accept co-investment opportunities on a pro-rata basis under this scenario. If the General Partner offers a compelling and appropriate co-investment opportunity to IMRF which was not pre-approved, Staff may present this opportunity to the Board for their approval.

Internally Managed Assets

F. Permissible Investments

Permissible investments include but are not limited to:

- U.S. Treasury Bills and Notes
- Commercial paper rated A-2 or P-2 or better as defined by a recognized rating service
- Repurchase Agreements
- Bankers Acceptances
- Certificates of Deposits
- Short Term Investment Fund (STIF) available through the Master Trustee
- Exchange Traded Funds
- Exchange Traded Futures

No more than \$50 million of current market value shall be invested in the securities of any one issuer, with the exception of the U.S. government and its agencies.

VI. Risk Management

The IMRF has established a framework for monitoring total fund level risk and manager allocations. Both the Public and Private Markets teams work in conjunction with the Master Trustee, consultant, and investment managers to help mitigate firm-level to portfolio-level related risks. Monitoring activities of the public markets portfolio, private markets portfolio, and cash account are summarized below.

Public Markets

- A.** Staff and Consultant monitor the asset allocation of the fund on a monthly basis. If deemed necessary by the Chief Investment Officer, recommendations for rebalancing strategies will be presented to the Board for their approval.
- B.** No firm shall manage more than 10% of the total fund for actively managed accounts and 30% for passively managed accounts. Exceptions may be approved by the Chief Investment Officer. Firms exceeding these maximums may be identified as candidates for cash withdrawals to make benefit payments or to fund private markets investments.
- C.** Firm issues are monitored at least twice per year during portfolio reviews with each manager. Staff and Consultant may meet with managers more often as needed. Managers may be placed on IMRF's Manager Monitoring-Organization list when there is concern regarding firm or product assets under management.
- D.** Bloomberg portfolio analytic software is utilized for weekly performance attribution of separate account mandates and reported at weekly Staff meetings. Discussions center on portfolio characteristics, performance and stylistic attribution such as; sector/industry/regional allocation, security selection and currency effects.
- E.** Total fund, asset class and individual manager performance is monitored by Staff and consultant on a monthly basis. Managers may be placed on IMRF's Manager Monitoring – Performance List when there is a concern regarding underperformance.
- F.** Investment manager guideline compliance is monitored by Investment Staff each month. Investment managers that violate their investment management guidelines are required to provide a written explanation detailing the cause of the violation and actions being taken to bring the portfolio into compliance. The Chief Investment Officer is notified of all portfolio violations on a monthly basis. Consequences for violating investment management

guidelines include: increased portfolio monitoring, placement on watch list, and termination.

- G. IMRF's investment managers that are registered investment advisors are required to provide Form ADV as part of the annual certification request. All ADV's are reviewed by Staff.

Private Markets

- A. The maximum commitment to any alternatives manager shall be 40% of the total alternative portfolio market value plus unfunded commitments at the time of the investment recommendation.
- B. Firm issues are monitored at least twice per year during portfolio reviews with each manager. Staff and Consultant may meet with managers more often as needed.
- C. Staff reviews all quarterly reports and annual audited financial statements. Managers may be monitored more closely if necessary.
- D. IMRF's investment managers that are registered investment advisors are required to provide Form ADV as part of the annual certification request. All ADV's are reviewed by Staff.

Cash Flow Activity

- A. Master Trustee reports are utilized to monitor all manager transactions on a daily basis for any unusual activity. Staff follows up with the Master Trustee when any unexpected transactions are identified.
- B. The cash flow account for the total fund is reconciled daily. Staff follows up with the Master Trustee when any unexpected transactions are identified.

VII. Selection of Investment Managers and Consultants

A. Introduction and Purpose

1. Purpose

This policy defines the process used by the Board to procure investment managers.

2. Philosophy

The Board recognizes the availability of qualified minority, female, and person with a disability owned business enterprises.

It is the policy of the Board to include qualified minority managers in the selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or handicap.

All qualified investment manager candidates will be evaluated based on: demonstrated professional performance; organizational depth; institutional investment management capability; and reasonableness of fee structure, regardless of the amount of investment assets under management, or age of the investment management firm.

The Board will use professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the consultants used by the Fund to affirm their use of nondiscriminatory practices when evaluating investment manager candidates.

3. Procurement Process

When a search is necessary to fill a need in the investment portfolio (e.g. termination of a manager or addition of a new mandate to the portfolio) a Request for Proposal (RFP) shall be prepared. The search will be advertised in the State newspaper and a notice will be posted on the IMRF website. The RFP shall be made available on the IMRF website at least fourteen days before the response is due. When appropriate, the RFP shall also be made available on the investment consultant's website.

An RFP process is not required to place additional assets with an investment management firm that already manages IMRF assets. Upon termination of a manager, assets may be placed with any appropriate investment management firm and/or transition management firm pending a decision for final disposition by the Board.

4. RFP Specifications

The RFP will provide background information on IMRF and will request detailed information on matters relevant to the investment manager search being conducted. The RFP will generally be organized as follows:

- (a) Introduction and Goal of the RFP
- (b) Background Information on IMRF
- (c) Services to be Performed
- (d) Qualifications for the Assignment

- (e) Specifications for the Assignment
- (f) Requirements and Instructions for RFP Completion
- (g) General Terms and Conditions of the Contract Including Performance Review Criteria
- (h) Selection Process and Criteria
- (i) Projected Timeline for Completion of the Manager Search

5. Quiet Period

The Quiet Period is the period of time beginning when the investment manager search RFP is issued and ends when the investment manager is selected by the Board or the process is declared to be complete.

Investment manager respondents shall not contact IMRF Board members during the Quiet Period and should direct all communications to the Chief Investment Officer or the Executive Director or the contact identified in the RFP.

The purpose of the Quiet Period is to ensure that all prospective investment managers have equal access to information regarding the search objective and requirements; to be certain that communications are consistent and accurate; and to make the search process and selection process efficient, diligent and fair.

The Quiet Period will be posted to the IMRF website to prevent inadvertent violations by investment managers responding to the RFP.

IMRF Board members shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication takes place during a manager presentation related to the search recommendation.

IMRF Staff shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication is initiated by the RFP team for information related to the search.

An investment manager respondent shall be disqualified for violating the Quiet Period.

6. **Selection Process**

For searches when a consultant is retained, Staff and consultant will work jointly. Staff shall objectively review the RFP's to identify qualified candidates based solely on the criteria presented in the RFP. Staff and consultant may interview all, some or none of the RFP respondents, undertake site visits to respondent offices, and conduct such other due diligence as is prudent under the circumstances. The process may end at this point if there are no qualified candidates among the respondents.

Staff will present the results of the RFP process to the Investment Committee in the form of a written report. This report will be presented during a public meeting. Staff will make a recommendation to the Board or the Investment Committee of the Board. The Board will consider the recommendation from Staff and determine if the award of a mandate will be made.

During the selection process all respondents to the RFP will be evaluated and ranked on four primary factors:

- (a) **People** - stability of the organization, ownership structure, diversity efforts and documented experience of key professionals
- (b) **Process** - clearly defined, reasonable and repeatable investment strategy
- (c) **Performance** - documented ability to meet investment performance benchmarks
- (d) **Pricing** - fee schedule and associated costs

Staff and consultant are required to identify all minority and female owned firms and firms owned by a person with a disability in the report presented to the Investment Committee. The most qualified minority candidate(s) will be invited to present to the Board or the Investment Committee of the Board. Staff and consultant must specify the reason when these firms are not included in the recommendation.

IMRF reserves the right to reject respondents due to noncompliance with the requirements and instructions in the RFP.

IMRF also reserves the right to not hire or defer the hiring of any investment manager.

7. Contract Execution

When the contract has been awarded by action of the IMRF Board of Trustees, Staff will take the steps necessary to retain the investment manager including negotiations and execution of the contract.

8. Website Postings required by Section 1-113.14 of the Illinois Pension Code.

Upon execution of an investment management agreement, a summary of the contract will be posted on the IMRF website in the Investments portal under Investment Managers. Results of manager searches conducted by RFP will be posted under Business Opportunities. Investments made without a formal RFP will be posted under Business Opportunities and shall name the person(s) authorizing the procurement and the reason for the exception.

B. Policy for the Selection of Investment Consultants

1. Purpose

This policy defines the process used by the Board to procure investment consultants.

2. Philosophy

The Board will use professional investment consultants that are fiduciaries to make recommendations on investment strategy and asset allocation; report on the performance of the investment portfolio and investment managers; assist with the selection of investment managers; and recommend new investment opportunities.

3. Procurement Process

The process for selecting investment consultants will be competitive and open. A search may be started due to the expiration of a contract, termination of an investment consultant or a need to add an investment consultant. A Request for Proposal (RFP) shall be prepared by Staff based on the investment consultant services needed. The RFP shall be advertised in the State newspaper and a notice will be posted on the IMRF website. The RFP shall be made available on the IMRF website at least fourteen days before the response is due. An RFP will be conducted every 5 years as required by Section 1-113.14 of the Illinois Pension Code.

4. RFP Specifications

The RFP will provide background information on IMRF and will request detailed information on matters relevant to the investment consultant search being conducted. The RFP will generally be organized as follows:

- (a) Introduction and Goal of RFP
- (b) Background Information on IMRF
- (c) Services to be Performed
- (d) Qualifications for Assignment
- (e) Specifications for Assignment
- (f) Requirements and Instruction for RFP Completion
- (g) General Terms and Conditions of the Contract Including Criteria for the Evaluation of Performance
- (h) Selection Process
- (i) Projected Timeline for Completion of the Investment Consultant Search

5. Quiet Period

The Quiet Period is the period of time beginning when the investment consultant search RFP is issued and ends when the investment consultant is selected by the Board or the process is declared to be complete.

Investment consultant respondents shall not contact IMRF Board members during the Quiet Period and should direct all communications to the Chief Investment Officer, or the Executive Director, or the contact identified in the RFP.

Incumbent investment consultant respondents may communicate with IMRF Board members during the Quiet Period, but may not discuss the investment consultant search with the Board during the Quiet Period.

The purpose of the Quiet Period is to ensure that all prospective investment consultants have equal access to information regarding the search objective and requirements; to be certain that communications are consistent and accurate; and to make the search process and selection process efficient, diligent and fair.

The Quiet Period will be posted to the IMRF website to prevent inadvertent violations by investment consultants responding to the RFP.

IMRF Board members shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication takes place during a Consultant presentation related to the search recommendation.

IMRF Staff shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication is initiated by the RFP team for information related to the search.

An investment consultant respondent shall be disqualified for violating the Quiet Period.

6. Selection Process

Staff shall objectively review the RFP's to identify qualified candidates based solely on the criteria presented in the RFP. Staff may interview all; some or none of the RFP respondents undertake site visits to respondent offices and conduct such other due diligence as is prudent under the circumstances.

Staff will prepare a report and make a recommendation to the Investment Committee during a public meeting of the Investment Committee.

The Investment Committee will consider Staff's recommendation and will determine if a recommendation for the award of a contract will be made to the Board. The Board shall then act on the recommendation of the Investment Committee.

During the selection process all respondents to the RFP will be evaluated and ranked based upon:

- (a)** Organization - stability, ownership, documented experience of key professionals, and diversity efforts.
- (b)** Consulting Skill - investment philosophy, investment manager information collection and monitoring systems, risk management tools, performance measurement systems and breadth of consulting expertise and experience.
- (c)** Fees - Consulting fees for services requested and associated costs.

Staff is required to identify all minority and female owned firms and firms owned by a person with a disability in the report presented to the Investment Committee. Staff must specify the reasons when these firms are not included in the recommendation.

IMRF reserves the right to reject any respondents due to noncompliance with the requirements and instructions in the RFP.

IMRF also reserves the right to not hire or defer the hiring of any investment consultant.

7. Contract Execution

When the contract has been awarded by action of the IMRF Board of Trustees, Staff will take the steps necessary to retain the investment consultant including negotiations and execution of the contract. The term of the contract shall not exceed five years.

Upon execution of the contract, a summary of the contract will be posted on the IMRF website, as required by Section 1-113.14 of the Illinois Pension Code.

VIII. Public Access to Records

All records of investment transactions maintained by the Fund are available for public inspection and copying as provided by the rules and regulations adopted by the Board pursuant to the Illinois Freedom of Information Act.

A. Definitions

Core Fixed Income: A fixed income portfolio which closely tracks the broad publicly traded fixed income market with a focus on current income generation and capital preservation. The most common benchmark for a Core Fixed Income portfolio is the Barclay's Capital US Aggregate Index. Common metrics such as yield, duration, etc. are typically held with within a tight range of the index.

Core Plus Fixed Income: A fixed income portfolio in which the majority of the portfolio tracks the broad publicly traded fixed income market, and a portion of the portfolio is allocated to higher risk sectors or securities which are not typically found in the broad fixed income market indices. The most common benchmark for a Core Plus Fixed Income portfolio is the Barclay's Capital US Aggregate Index. Examples include, but are not limited to, Non-US Debt, Global Debt, Emerging Market Debt, High Yield, etc.

Hedge Funds: A private, actively managed investment fund that seeks to provide returns to their investors by investing in a diverse range of markets, investment instruments and strategies. Most common strategies include: Long/Short Equity, Event Driven, Credit, Relative Value, Macro and Opportunistic.

Infrastructure: Refers to assets and services that a society requires to operate its economy including both economic assets and social assets. Economic infrastructure includes, but is not limited to roads, airports, regulated utilities, power generation and cell towers. Social infrastructure includes but is not limited to hospitals, schools, and waste management. Investments in infrastructure tend to have high barriers to entry, relatively stable and predictable cash flows often linked to inflation, long lifespans and low demand elasticity.

NCREIF Property Index: A quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.

NCREIF-ODCE: A capitalization-weighted, gross of fee, time-weighted return index with an inception date of December 31, 1977. Index returns are calculated on a leveraged basis and are reported at the fund level. As of September 30, 2015, the NFI-ODCE was composed of 35 historical open-end commingled funds pursuing a core investment strategy, of which 23 are active.

Opportunistic Fixed Income: A specific type of Non-Core Fixed Income portfolio which attempts to exploit the inefficiencies of one particular market or niche. Examples include, but are not limited to, Convertible Bonds, Mortgage Arbitrage,

Distressed, Emerging-Market Debt, Private Debt, and Global Bank Loans. An opportunistic fixed income portfolio may also tactically allocate between various sectors of the fixed income market to generate alpha.

Private Equity: Refers to companies that are not quoted on the stock exchange. Investments are typically illiquid in nature. Ownership consists of limited partnership interest. Most common strategies include: Venture Capital, Growth Capital, Leveraged Buyouts, Distressed Investments, Special Situations and Mezzanine Capital.

B. Proxy Voting Policy

Objectives

The IMRF Board of Trustees acknowledges that proxies are a significant and valuable tool in corporate governance and therefore have economic value. The Fund recognizes its fiduciary responsibility and commits to managing its proxy voting rights with the same care, skill, prudence and diligence as is exercised in managing its other assets. In accordance with the “exclusive benefit rule” the primary objective is to act solely in the economic interest of the Fund’s members and beneficiaries and vote with the intent to maximize the long-term value of IMRF’s investments. Through its proxy voting policy, IMRF supports management and board of directors who act in the best interest of shareowners by promoting corporate accountability, financial transparency and responsibility.

Delegation

The responsibility for voting IMRF’s domestic proxies is delegated to IMRF Investment Staff. Staff utilizes a third party proxy voting advisor to vote domestic proxies in accordance with the IMRF proxy voting policy. Staff retains the ability to manually vote any proxy at all times.

The responsibility for voting IMRF’s international proxies is delegated to IMRF’s international investment managers for their respective mandates. Each international investment manager must vote in accordance with the IMRF proxy voting policy and use reasonable judgment as a fiduciary to IMRF.

Monitoring and Reporting

Staff reports on the proxy voting program to the Board annually.

The third party proxy voting advisor must maintain records of any domestic proxy votes cast and allow Staff access to the records through its online platform.

International investment managers with the responsibility to vote on behalf of IMRF must maintain records of any proxy votes cast and provide reports at least quarterly and upon request.

Securities out on Loan

IMRF utilizes a securities lending program and securities may be out on loan during the time when proxies must be voted. Recalling loaned securities for proxy voting purposes is an exception rather than the general rule and will only be utilized when the CIO determines that the proxy voting issue clearly outweighs the cost of recalling the security.

Loaned securities held by an international investment manager will be recalled for purposes of voting proxies only when the international investment manager determines there is a significant reason to recall the loan in order to vote the proxy.

Case-by-Case Exceptions

Case-by-case exceptions are proxy issues that are not addressed by IMRF's proxy voting policy. When these exceptions arise, Staff will review the proposals, company recommendations and third party proxy voting advisor research and provide a voting recommendation to the CIO for final determination before voting the proxy.

Privately held companies are not covered by IMRF's third party proxy voting advisor's research. When these exceptions arise, Staff will review the proposals, company recommendations and consult with the investment advisors that hold the stock and provide a voting recommendation to the CIO for final determination before voting the proxy.

Proxy Voting Guidelines

The following proxy voting guidelines provide the basis for Staff, an international investment manager or a designated third party proxy voting advisor to vote IMRF's proxies. The IMRF proxy voting policy centers on issues relating to Corporate Governance; Compensation; Takeover Defenses; Capital Structure; Corporate Restructurings; Political Expenditures; and Routine Management Issues.

A. Corporate Governance

IMRF believes that corporate boards should act in the best interest of shareowners, therefore, IMRF will vote in favor of the following shareholder-sponsored proposals:

1. boards with a majority of independent directors
2. audit, nominating and compensation committees that are made up of all independent directors
3. a separation of the Chairman and CEO positions*
4. restrictions on exercising options (3 – 5 years) if directors are paid with options
5. the rotation of outside auditors at least every 5 years*
6. disclosure of each director's attendance at board and committee meetings
7. a fixed size board
8. a declassified board
9. a stipulation that directors need to be elected with an affirmative majority of votes cast, provided it does not conflict with the state law where the company is incorporated. However, binding

resolutions need to allow for a carve-out for a plurality vote standard when there are more nominees than board seats.

10. a call for non-binding shareholder ratification of the compensation of the Named Executive Officers and the accompanying narrative disclosure of material factors (i.e. say-on-pay proposals)

(*can be decided on a case-by-case basis)

To further enhance good corporate governance IMRF will vote in opposition to or withhold votes on the following:

1. directors with poor attendance, missing 75% of the meetings
2. directors who serve on too many boards
3. boards that are not majority independent (withhold from the non-independent directors)
4. boards that have non-independents serving on key committees (withhold from the non-independents on such committees)
5. boards that fail to replace poor management
6. boards that lack accountability and oversight, coupled with sustained poor performance relative to peers
7. boards that adopt or renew poison pills without shareholder approval
8. boards that adopt or renew egregious anti-takeover devices such as dead-hand pills
9. boards that employ auditors who also receive excessive non-audit fees from the company
10. auditors who receive substantial fees for non-auditing services
11. audit committees who pay substantial fees for non-audit services
12. audit committees who receive an adverse opinion on the company's financial statements from the external auditor
13. audit committees or boards where there are poor accounting practices, which rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures, are identified

14. audit committees where there is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm
15. compensation committees when there is a negative correlation between the chief executive's pay and company performance
16. compensation committees when the company has poor compensation practices
17. boards that ignore shareowner proposals that are approved by a majority of shareowners (majority of votes cast in the previous year)
18. boards that fail to act on takeover offers where a majority of shareowners tendered their shares
19. limited liability for directors who violate their fiduciary duty to shareowners
20. indemnification of directors for intentional or criminal acts beyond negligence
21. mandatory retirement age for directors
22. term limits for directors
23. proposals requiring two candidates per board seat
24. proposals restricting shareowners' ability to elect directors

B. Proxy Access

IMRF believes that companies should allow shareholder access to the director nomination process and to the company's proxy statement. Therefore, IMRF will vote favorably when all of the following provisions are met:

1. Ownership threshold; maximum requirement not more than three percent (3%) of the voting power;
2. Ownership duration: maximum requirement not shorter than three (3) years of continuous ownership for each member of the nominating group;

3. Aggregation: no more than 15 shareholders permitted to form a nominating group; Cap on nominees of generally twenty-five percent (25%) of the board.

C. Director, Executive, and Employee Compensation

IMRF believes that compensation plans should motivate directors, executives, and employees to achieve high performance for the long term benefit of all shareowners, therefore, IMRF will vote in favor of the following:

1. annual advisory votes on executive compensation (management say on pay)
2. reasonable compensation plans included in management sponsored say on pay proposals for executives and directors*
3. reasonable compensation for directors
4. complete disclosure of executive and director compensation
5. non-excessive pay plans that award cash, stock, or a combination of the two based upon company and individual performance if the plans are approved by shareowners
6. specified option holding periods for executives paid with stock options*
7. reasonable stock ownership requirements*
8. putting executive benefit agreements to a shareowner vote
9. putting supplemental retirement plans for executives to a shareowner vote
10. employee stock purchase plans and 401(k) plans*

(*can be decided on a case-by-case basis)

To further ensure that executive compensation is reasonable IMRF will generally vote in opposition to the following:

1. excessive compensation plans
2. poorly designed compensation plans that fail to align executive's interests with that of shareholders
3. re-pricing of stock options given to executives, when the option price is above the market price*

4. proposals to eliminate shareowner approval of option re-pricing
5. plans that increase supplemental retirement benefits for top executives*
6. compensation plans that would cause substantial shareholder value transfer*
7. compensation plans that would result in excessive burn rate (also known as run rate)*
8. any compensation paid to directors beyond the time of their service on the board
9. unreasonable compensation, benefit packages, or club memberships for directors
10. reimbursement of unreasonable travel expenditures by directors
(*can be decided on a case-by-case basis)

D. Board Diversity

IMRF believes that increasing diversity in the boardroom enhances shareholder value. Therefore, IMRF will not vote in favor of:

1. Individual directors (except new nominees) who: Serve as members of the nominating committee and have failed to establish gender and/or racial diversity on the board. If the company does not have a formal nominating committee, vote against/withhold votes from the entire board of directors

E. Equal Opportunity

IMRF recognizes the importance of gender and ethnic diversity. IMRF will vote in favor of proposals requesting a company to disclose its diversity policies or initiatives, or proposals requesting disclosure of a company's comprehensive workforce diversity data, including requests for EEO-1 data.

F. Takeover Defenses

IMRF believes that shareowners should be asked their opinion of certain anti-takeover devices and, therefore, will vote in favor of the following:

1. proposals that allow shareowners to vote on poison pills and golden parachutes

IMRF believes that attempts by corporate boards to block takeovers generally hurt shareowner value, therefore, IMRF will generally vote in opposition to the following:

1. “blank check” preferred stock giving the board very broad discretion in establishing voting, dividend, conversion, and other rights, that can be used as an anti-takeover device
2. issuance of stock with unequal voting rights
3. creation of new securities with superior voting rights
4. “golden and tin parachutes” (severance agreements) between a company and executive management contingent on a change in corporate control*
5. “poison pill” devices to make target companies financially unattractive*
6. “greenmail”, the purchase of a large block of stock at a premium price, by the company from shareowners seeking control
7. classified boards, preventing the possibility of all directors being replaced at once
8. proposals requiring a supermajority shareowner vote
(*can be decided on a case-by-case basis)

G. Capital Structure

As long term shareowners IMRF is concerned about the capital structure of corporations in which it invests, therefore, IMRF will vote in favor of the following:

1. proposals requiring shareowner approval for a reasonable increase in shares necessary for business purposes

IMRF will generally vote in opposition to the following:

1. increases in the amount of preferred stock that dilutes the voting power of common shares
2. the creation of new classes of securities with superior voting rights

Because of the unique circumstances of individual companies, IMRF will vote on the following issues on a case-by-case basis:

1. recapitalizations and reverse stock splits
2. increases in common stock
3. increases in preferred stock
4. private placement warrants and convertible debentures
5. proposals that preserve preemptive rights and the opportunity to purchase, pro rata, newly issued shares in the company
6. a change in a company's state of incorporation
7. increases in stock that significantly reduce shareowner value or voting power

H. Merger, Acquisitions, and Corporate Restructurings

Due to the complexity of issues that arise during mergers, acquisitions, and corporate restructurings (taking a company private or forming a joint venture) IMRF will vote proxies on a case-by-case basis after obtaining adequate information about what action is in the best interest of the Fund as a shareowner.

I. Routine Management Issues

IMRF believes that most management issues, having either a direct or indirect effect on the conduct of business and corporate profitability, should remain management responsibility and, therefore, IMRF will generally support management's view on such issues.

J. Political Expenditures

IMRF believes that all political expenditures should be approved by the board of directors and disclosed to shareowners. IMRF will vote for proposals that require board approval and disclosure of all political expenditures.

K. Social, Political, and Environmental Issues

IMRF recognizes that many laudable social and political issues regularly come before the shareowners for a vote. In keeping with the Board's fiduciary duty to act solely in the economic interest of the Fund, IMRF will abstain from voting on such proposals.

C. Securities Lending Policy

Purpose

The IMRF Board recognizes that lending securities can provide incremental income and directs that a securities lending program be operated by a third party on behalf of the Fund. IMRF's master trustee, Northern Trust, is the third party administrator of this program. IMRF's Securities Lending Policy governs the securities lending activities of the Fund. It applies to the lending of publicly traded securities directly owned by IMRF. It does not address securities held in commingled investments, which are not held solely by IMRF.

Objectives

The objectives of the securities lending program are to:

- Safely generate income from lending the Fund's securities to qualified borrowers
- Ensure that income generated from securities lending is sufficient to justify the risks associated with counterparty borrowers, the investment of cash collateral received and the acceptance of non-cash collateral
- Minimize risk to a reasonable and acceptable level with respect to both the broker/borrower, the collateral received, and the reinvestment of cash collateral
- Ensure that the operation of the securities lending program will not interfere with overall portfolio management activities

Securities Lending Program Overview

Securities lending occurs when a security is transferred (i.e. loaned) from IMRF to a borrower, such as a broker-dealer or bank, for cash or non-cash collateral pursuant to an agreement to return the identical security in the future. Securities are borrowed for a variety of reasons including: settlement of short sales; covering hedges, options, arbitrage positions; and settlement fails. Consequently, the borrower receives custody of the transferred (i.e. loaned) security and has the right to resell it. The borrower, however, is obligated to return an identical security (comparable security in fixed income lending) at the end of the loan period and make IMRF whole for dividends, interest, and other distributions received during the borrowing period. IMRF, as lender, is obligated to return the collateral and a portion of the interest earned on collateral (known as rebate amount) to the borrower.

Staff Responsibilities

1. Staff is responsible for monitoring the third party securities lending program administrator.
2. On an annual basis, Staff will meet with the third party securities lending program administrator to review the securities lending program. Staff will make recommendations to the Chief Investment Officer as necessary.
3. If deemed necessary by the Chief Investment Officer and Consultant, recommendations regarding a third party securities lending program administrator will be presented to the Board for their approval.
4. Monitor the daily cash collateral levels against margin requirements for the US (102%) and International (105%).
5. Monitor IMRF's daily pro-rata share of the cash collateral reinvestment vehicle.
6. Ensure that all income and fees directly attributable to the securities lending program are posted to the Fund's cash flow account.
7. Instruct the third party securities lending program administrator to recall a specific security when necessary.

Risk Management

IMRF utilizes a third party securities lending program administrator to invest cash collateral and manage counterparty risk.

A. Cash Reinvestment Risk

The primary risk associated with securities lending is the risk that the principal and earnings of the invested cash collateral will not be sufficient to cover the rebate amount owed to the borrowers by IMRF.

Cash reinvestment risk is mitigated by prudently investing cash collateral received.

The key investment goals for investing cash collateral are to: a) safeguard principal; b) maintain adequate liquidity; and c) optimize the spread between the collateral earnings and the rebate paid to the borrowers.

B. Counterparty Risk

Counterparty risk is the risk that a borrowing broker will not return a loaned security.

This risk is mitigated and managed by activities such as monitoring the loan amount with each broker, holding excess collateral, marking collateral to market daily, and having indemnification from lending agents against borrower default, as appropriate. Northern Trust, as third party securities lending program administrator, is responsible for managing counterparty risk, and will only utilize borrowers that agree to acceptable make-whole or indemnification provisions in the event a borrower has failed to return the loaned securities within the standard settlement period.

The counterparty risk is assumed by the third party securities lending program administrator who will make IMRF whole in the event of a borrower default.

Reinvestment of Cash Collateral

Cash collateral will be invested by Northern Trust, the third party securities lending program administrator, in the Northern Trust Collective SL Core Short Term Investment Fund, on behalf of IMRF.

The third party securities lending program administrator's guidelines for investing cash collateral in Northern Trust's Collective SL Core Short Term Investment Fund are as follows:

1. Securities Loan Agreements shall be entered into with borrowers whose credit and expertise have been reviewed by the third party securities lending program administrator.
2. All security loans shall be collateralized by cash or government obligations which may be accepted without limit. The amount of collateral, subject to de minimis rules, for U.S. securities must be equal to at least 102 percent of the loaned securities market value and all interest accrued through the date of such market value determination. For non-U.S. securities, the amount of collateral must be equal to at least 105 percent of the loaned securities market value and all interest accrued through the date of such market value determination.
3. When cash collateral is used the following shall be eligible investments as defined by the third party securities lending program administrator:
 - (a) U.S. Government Securities – Obligations issued or guaranteed as to principal and interest by the United States

Government or its agencies or instrumentalities and custodial receipts with respect thereto.

- (b) Bank Obligations – Obligations of U.S. or non-U.S. banks and bank holding companies including but not limited to commercial paper, banker’s acceptances, certificates of deposit, time deposits, notes and bonds.
- (c) Corporates – Obligations of U.S. or non-U.S. corporations including commercial paper, notes, bonds and debentures.
- (d) Foreign Governments – Obligations issued or guaranteed by OECD (Organization for Economic Cooperation and Development), governments, or political subdivisions and their agencies and instrumentalities.
- (e) Money Market Funds – Units or shares of registered or unregistered money market funds or institutional cash funds, global liquidity funds, or other pooled investment vehicles including those funds in which the Agent or its affiliates act as investment advisor, custodian, sponsor, administrator, transfer agent or similar capacity.
- (f) Repurchase Agreements – Fully collateralized repurchase agreements with counterparties approved by the master trustee’s Trust Credit Committee at the time of purchase.
- (g) Floating and Variable Rates – Adjustable rate securities will be limited to those securities whose rates are reset based upon an appropriate money market index including LIBOR, the Fed Fund Rate or Treasury Bills, Certificate of Deposit Composite, and Commercial Paper Composite.
- (h) Daily Residual Cash Balances – End of day residual cash balances, which cannot be invested in the market place, will be swept into a constant \$1 Net Asset Value (NAV) short-term investment vehicle with The Northern Trust Company or any of its worldwide branches or affiliated U.S. or non-U.S. banks or bank holding companies.
- (i) Asset-Backed Commercial Paper – Asset-backed commercial paper, excluding structured investment vehicles (SIV) or extendable commercial notes (ECN and liquidity notes (LN), with a maturity no longer than 97 days.

4. When cash collateral is used the following maturity/liquidity investment restrictions shall apply as defined by the master trustee:

- (a)** A minimum of 60% of the Cash Collateral Fund shall be invested in securities which have a maturity (as herein defined) of 97 days or less.
- (b)** A minimum of 20% of the Cash Collateral Fund shall be available each business day. This may be satisfied by maturities (as herein defined), or demand features.
- (c)** The rate sensitivity or weighted average maturity, as measured to the shorter of the remaining time until the interest rate reset (if applicable) or maturity, of the Cash Collateral fund will be limited to 60 days.
- (d)** The weighted average maturity, as measured to maturity (as herein defined), of the Cash Collateral Fund shall not exceed 120 days.
- (e)** Floating rate and variable rate investments must have interest rates that may be reset at least every 97 days.
- (f)** Except for asset-backed commercial paper and variable rate eligible government securities, the maturity of investments may not exceed 13 months from the date of purchase. The maturity of asset-backed commercial paper shall not exceed 97 days. The maturity of variable rate eligible government securities may not exceed 762 days.

5. Cash Collateral Diversification

- (a)** Subject to the following exceptions, a maximum of 5% of the Cash Collateral Fund may be invested in securities or instruments of any one issuer or obligor. Exceptions are as follows:
 - (i)** 100% of the Cash Collateral Fund may be invested in obligation issued or guaranteed by the U.S. Government or its agencies/instrumentalities.
 - (ii)** 25% of the Cash Collateral Fund may be invested with any single counterparty in repurchase agreements collateralized by U.S. Government or U.S. Government agency securities.

- (iii) 10% of the Cash Collateral Fund may be invested with any single counterparty in repurchase agreements collateralized by securities other than U.S. Government or U.S. Government agency securities.
- (b) A maximum of 25% of the Cash Collateral Fund may be invested in obligations of issuers having their principal business in the same industry with the exception of the banking industry.
- (c) For repurchase agreements collateralized by securities other than U.S. Government or U.S. Government agencies, no more than 10% of the Cash Collateral Fund may be invested in each type of repo collateral. No more than 25% of the Cash Collateral Fund may consist of repurchase agreements collateralized by non U.S. Government or U.S. Government agency securities.
- (d) Asset-backed commercial paper shall comprise no more than 10% of the Cash Collateral Fund.
- (e) A maximum percentage of the Cash Collateral Fund which may be exposed to the risks of any one country shall be established from time to time by Agent.

Non-Cash Collateral

Non-cash collateral will be retained in a separate account for IMRF.

IMRF has instructed the third party securities lending program administrator to only accept U.S. Government Securities as non-cash collateral.

Investment Staff, in conjunction with the Consultant and the third party securities lending program administrator, will periodically review non-cash collateral types and determine if changes for eligible non-cash collateral are needed.

D. Securities Litigation Policy

Purpose

IMRF has a fiduciary duty to preserve trust assets to meet the retirement obligations to its members. Included in this duty is the obligation to recover losses in public securities as a result of corporate mismanagement and/or fraud. To preserve Fund assets, the Board has adopted this securities litigation policy to guide the Fund's involvement in securities litigation.

Principal Responsibilities

Overall coordination of monitoring and managing the securities class action activities shall be by the Chief Investment Officer, in coordination with the General Counsel. Decisions regarding securities litigation will be reviewed and approved by the Executive Director.

Monitoring

Securities fraud claims within the investment portfolio are monitored by qualified securities litigation legal service providers and a third party portfolio monitoring service provider.

The Fund's master trustee is responsible for monitoring and filing class action claims in all U.S. and Canadian based litigation settlements in which IMRF has an interest. For class action litigation in any country outside the U.S. and Canada, where the Fund's master trustee is not responsible for monitoring, IMRF will utilize a third party securities litigation legal service provider to represent IMRF. Decisions regarding non-U.S. based litigation will be made by the Chief Investment Officer in conjunction with the General Counsel, Public Markets Investment Officer, and Executive Director.

Case Identification

When the IMRF threshold level for estimated loss of \$2.5 million is met, the securities litigation legal service provider will notify the General Counsel and the designated Investment Staff.

Case Evaluation

1. Cases in which the potential impact does not meet or exceed the IMRF threshold will not require additional internal evaluation unless other factors indicate some value in further analysis. Unless further analysis is undertaken, these cases will be monitored and reviewed to make sure all appropriate claims are filed and distributions collected in a timely manner.
2. Cases with the potential of meeting or exceeding the IMRF threshold shall be further evaluated by the General Counsel in conjunction

with the Chief Investment Officer to determine which of the following alternative courses of action is appropriate:

- (a)** Monitoring the course of the litigation and filing a claim at its conclusion to participate in any class payment.
- (b)** Monitoring the course of the litigation and objecting to the attorneys' fee petition, if there are reasons to object.
- (c)** Monitoring the course of the litigation and objecting to the proposed settlement, if there are reasons to object.
- (d)** If any applicant for lead plaintiff is an entity which appears to be of limited capability to effectively serve as class representative, the fund may seek to inform the court of its concerns, either formally or informally, or may support another applicant which appears to be more capable.
- (e)** Seeking to control the litigation by applying for designation as lead plaintiff, either individually or with others.
- (f)** Opting out of the class action litigation and filing a separate lawsuit, either individually or with others.

Active Participation

- 1.** The Chief Investment Officer and General Counsel will make a recommendation to the Executive Director for any course of action beyond filing claims and objecting to attorneys' fee petitions. The Executive Director will decide whether to approve actions beyond filing claims and objecting to fee petitions.
- 2.** Where the Board has determined that the interests of the Fund will be best served by seeking designation as lead plaintiff or by opting out of a class action, Staff will choose legal counsel and will negotiate a fee agreement.

E. Procedures for Amending Policy Statement

This statement of investment policy may be amended by a majority vote of the Board. Recommendations for policy changes should be directed to the Chief Investment Officer. The Chief Investment Officer shall review all such recommendations in conjunction with the Investment Consultant as necessary. The Chief Investment Officer is responsible for submitting necessary changes to the Board for approval.

The Statement of Investment Policy, Statement of Real Estate Investment Policy and Investment Committee Charter shall be reviewed annually.

F. Illinois High Risk Home Loan Act Certification of Compliance

Illinois Municipal Retirement Fund
Certification of Compliance
Illinois High Risk Home Loan Act

I, _____, serving in the capacity of _____, on this _____ day of _____, 2016, being duly sworn and having knowledge of all matters set forth herein, state, affirm and certify as follows:

1. I represent _____, and I am duly authorized to provide this certificate on its behalf.
2. I am aware of the requirements of Section 1-110.10 of the Illinois Pension Code (40 ILCS 5/1-110.10), as well as the requirements of the High Risk Home Loan Act, (Act), and any rules adopted pursuant thereto.
3. Under the terms of the Illinois Pension Code, _____ is deemed an Illinois Finance Entity.
4. I am aware that no pension fund assets may be handled by the Illinois Finance Entity if it is not in compliance with the provisions of the High Risk Home Loan Act, including the filing of a completed certification with the Illinois Municipal Retirement Fund.
5. I certify that _____ is in compliance with all the requirements of the High Risk Loan Act and the rules adopted pursuant to the Act.

(Firm)

(Signature)

(Name of Officer)

(Title)

Subscribed and sworn before me by _____ on this _____ day of _____, 2016.

Notary

My Commission Expires: _____

(Seal)

(Firm)

State of _____)

County of _____)

G. Disclosures per Illinois Pension Code Section 1-113.21

Disclosures per Illinois Pension Code Section 1-113.21

Beginning January 1, 2015, section 1-113.21 of the Illinois Pension Code requires the following disclosure from the investment advisor, consultant or private market fund:

Name of investment advisor, consultant, or private market fund:

1. The number of its investment and senior staff and the percentage of its investment and senior staff who are (i) a minority person (ii) a female, and (iii) a person with a disability;

(If none, state "none")

Staff Classification	Number of Investment and Senior Staff Who Are	% Percentage of Investment and Senior Staff Who Are
Minority		
Female		
Person with a Disability		

2. The number of contracts, oral or written, for investment services, consulting services and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability; and

(If none, state "none")

Contracts	Number Contracts
Minority	
Female	
Person with a Disability	

The number of contracts, oral or written, for investment services, consulting services, and professional and artistic services the investment advisor, consultant, or private market fund has with a business other than (i) a minority owned business, (ii) a female owned business or (iii) a business owned by a person with a disability, if more than 50% of services performed pursuant to the contract are performed by (i) a minority person, (ii) a female, and (iii) a person with a disability.

(If none, state "none")

Contract	Number Contracts
Minority	
Female	
Person with a Disability	

INVESTMENT ADVISOR / CONSULTANT/ PRIVATE MARKET FUND:

Company Name:

Signature:

Printed Name

Title:

Dated:

Illinois Public Act 98-1022 website: <http://www.ilga.gov/legislation/publicacts/98/PDF/098-1022.pdf>

Definitions per Illinois Law

Illinois Legislation & Laws website: <http://www.ilga.gov/>

"Contract" means all types of [State] agreements, regardless of what they may be called, for the procurement, use, or disposal of supplies, services, professional or artistic services, or construction or for leases of real property where the [State] is the lessee, or capital improvements, and including renewals, master contracts, contracts for financing through use of installment or lease-purchase arrangements, renegotiated contracts, amendments to contracts, and change orders.

"Investment adviser", "investment advisor", or "investment manager" with respect to a pension fund or retirement system established under Illinois Code if the person:

(1) is a fiduciary appointed by the board of trustees of the pension fund or retirement system in accordance with Section 1-109.1;

(2) has the power to manage, acquire, or dispose of any asset of the retirement system or pension fund;

(3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund or retirement system; and

(4) is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in this State.

"Minority person" means a person who is a citizen or lawful permanent resident of the United States and who is a member of a minority.

"Minority owned business" means a business concern which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.

"Female owned business" means a business concern which is at least 51% owned by one or more females, or, in the case of a corporation, at least 51% of the stock in which is owned by one or more females; and the management and daily business operations of which are controlled by one or more of the females who own it.

"Business owned by a person with a disability" means a business concern that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a "business owned by a person with a disability".

It was the consensus of the Investment Committee to recommend the Board approve the following Real Estate Statement of Investment Policy as amended:

**REAL ESTATE
STATEMENT OF INVESTMENT
POLICY**

Amended February 26, 2016

2211 York Road, Suite 500 Oak Brook, IL 60523-2337 (630) 368-1010

www.imrf.org

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I. Purpose and Objectives

The purpose of this Statement of Investment Policy is to formalize the Illinois Municipal Retirement Fund (“IMRF”) Board’s investment objectives and policies with respect to the real estate asset class. This statement is to be considered an extension of IMRF’s overall Statement of Investment Policy.

II. Investment Objectives

A. Role of Real Estate

The primary role of the global real estate program is to provide diversification benefits to the total Fund through low correlations with other portfolio asset classes. The secondary role is to generate income and provide protection against inflation.

The global real estate program will invest capital in private and public real estate debt and equity markets in order to achieve the investment objectives. The role of public real estate is to provide diversification, income and liquidity. The role of private real estate is to provide diversification, inflation protection and return enhancement. Private market real estate investments will be diversified among various return strategies including core, value-add and opportunistic in U.S. and non-U.S. markets.

Diversification with Other Asset Classes

Real Estate returns have historically behaved differently than the returns of other major asset classes. Further, IMRF believes that real estate will continue to behave differently than other asset class returns allowing IMRF to lower the risk of its overall portfolio by allocating to the asset class.

Potential Inflation Hedge

Real Estate returns have historically shown the ability to provide a hedge against rising inflation. By allocating a portion of its investments to an asset class with these characteristics the overall risk of rising inflation to the IMRF portfolio is reduced.

Current Income and Appreciation

Core and value-added real estate strategies have historically shown the ability to maintain a moderate current income component with a modest appreciation component to achieve appropriate total returns for the asset class.

Return Enhancement

Value-added and opportunistic real estate investment strategies have historically shown the ability to deliver a high appreciation component of return and higher total returns relative to industry benchmarks.

B. Distinction of Responsibilities

IMRF Board of Trustees is responsible for approving the Real Estate Statement of Investment Policy.

IMRF Board of Trustees is responsible for selecting and/or terminating investment managers for the real estate portfolio.

IMRF Staff is responsible for recommending the selection and/or termination of investment managers to the Board for approval.

IMRF Staff is responsible for managing the real estate asset class, as described by the Policy, on an on-going basis, including monitoring the investment managers and reporting to the Board.

IMRF Staff may utilize a Consultant to assist in selection, termination or monitoring investment managers.

The Consultant is responsible for presenting real estate asset class performance to Staff and/or Board.

Consultant and Staff will review and recommend the Real Estate Statement of Investment Policy and any changes to the document.

IMRF Staff and the Consultant will monitor performance and compliance of the real estate asset class on a quarterly basis.

C. Allocation to Real Estate

The current target for real estate is 8% of the total Fund, with an allowable range of $\pm 4\%$. This target was set within IMRF's asset allocation framework which is reviewed annually. Actual allocations that exceed their target by $\pm 4\%$ will be noted at the next scheduled Board meeting. If deemed necessary by the Chief Investment Officer and Consultant, recommendations for rebalancing strategies will be presented to the Board for their approval.

Capital will be deployed to private real estate over an extended period of time and may take several years before reaching the current target.

D. Return Objectives

The return objective of the total IMRF real estate program is to outperform the National Council of Real Estate Investment Fiduciaries' Open-End Diversified Core Index ("ODCE"), value weighted, over a rolling three year period.

E. Permissible Investments

This policy authorizes investments in all forms of U.S. and non-U.S. private and public market real estate structures. Real estate is an illiquid asset class and vehicles that provide appropriate legal protections commensurate with the investment opportunity are preferred. Such structures include but are not limited to:

- Separate Accounts
- Joint ventures
- Open and closed-end commingled funds
- Partnerships
- Limited Liability Companies
- Private REITs and Real Estate Operating Companies (REOCs)
- Foreign Limited Companies
- Unit Trusts
- Co-investments

The Board may pre-approve co-investment opportunities at the inception of an investment in a private real estate fund. Staff will generally accept co-investment opportunities on a pro-rata basis under this scenario. If the General Partner of a private real estate fund offers a compelling and appropriate co-investment opportunity to IMRF which was not pre-approved, staff may present this opportunity to the Board for their approval.

F. Diversification

IMRF will seek to diversify its private real estate portfolio which is managed by external investment management firms. The following factors will be considered by staff during due diligence before an investment recommendation is brought to the IMRF Board.

1. Manager Diversification

The maximum commitment to any private real estate manager shall be 40% of the total real estate portfolio market value plus unfunded commitments at the time of the investment recommendation.

2. Property Type Diversification

IMRF will seek property type diversification at the total private real estate portfolio level and any single private real estate investment may not be fully diversified. Investments may include office, retail, industrial, multi-family and other non-

traditional categories such as hotels, self-storage, data centers, student housing, senior housing, medical office, land and other property types.

3. *Geographic Diversification*

IMRF will seek geographic and economic diversification at the total private real estate portfolio level. Any given investment may not be diversified on a stand-alone basis.

Although IMRF may invest in strategies where investments are located outside of the U.S., exposure to these dedicated strategies is limited to 25% of the total real estate portfolio market value plus unfunded commitments at the time of the investment recommendation. The denominator in this calculation is based on the total real estate value plus the total value of unfunded commitments. Real estate managers may or may not hedge currency risk. The IMRF real estate portfolio will not implement currency hedges and accepts the currency risks consistent with the geographic exposures of the underlying investments.

G. Liquidity

The real estate program generally consists of limited partnerships in which IMRF commits a fixed amount the General Partner will invest over several years. The partnership structure may cover periods of 10 years or more. IMRF understands and recognizes that the real estate asset class will not be structured in a way to provide short term cash flow needs for the Fund.

H. Portfolio Composition

1. Core real estate investments derive their value primarily from current income. These assets have a lower risk profile and can provide liquidity. IMRF's long-term strategic target to core real estate investments is 60% with a minimum of 50%. If the actual allocation falls below 50%, it will be noted at the next scheduled Board meeting. If deemed necessary by the Chief Investment Officer and Consultant, recommendations for rebalancing strategies will be presented to the Board for their approval.
2. Publicly traded real estate securities should not exceed 20% of the total real estate portfolio market value plus unfunded commitments.
3. The majority of the real estate asset class will consist of equity ownership in commercial real estate. Managers whose sole strategy is to invest in non-equity or debt strategies will not exceed 25% of the total real estate portfolio market value plus unfunded commitments at the time of the investment recommendation.
4. IMRF allows some of its managers the ability to use modest amounts of leverage in their investment strategy as a means of enhancing the overall risk adjusted returns.

Leverage at the total real estate portfolio will be kept below 50% loan to value. Leverage levels will be monitored based on the quarterly real estate report provided by the Investment Consultant.

I. Investment Manager Selection

The investment manager selection policy is detailed in the IMRF Statement of Investment Policy, but is summarized here for convenience.

The availability of qualified minority and female owned business enterprises and businesses owned by a person with a disability is recognized by the Board.

It is the policy of the Board to include qualified minority managers in the selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or handicap.

All qualified investment manager candidates will be evaluated based on: demonstrated professional performance; organizational depth; institutional investment management capability; and reasonableness of fee structure, regardless of the amount of investment assets under management, or age of the investment management firm.

The Board will use professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the consultants used by the Fund to affirm their use of nondiscriminatory practices when recommending investment manager candidates to the Board.

J. Website Postings required by Section 1-109.1 and Section 1-113.14 of the Illinois Pension Code

Results of manager searches conducted by RFP will be posted on the IMRF website in the Investments portal under Business Opportunities. Investments made without a formal RFP will be posted under Business Opportunities and shall name the person(s) authorizing the procurement and the reason for the exception.

Exhibit A - Definitions

1. **Core investments** are commercial and residential properties which derive their value primarily from current income production, and therefore represent lower-risk profiles than Non-core properties. Core investments are stabilized, substantially leased properties in the four major property types:
 1. Office: Mixed-use, multi-tenant, and single-tenant facilities, classified as either Central Business District (CBD) or suburban.
 2. Retail: Regional malls, community and neighborhood shopping centers, specialty centers, and single-tenant stores.
 3. Industrial: Bulk distribution, light manufacturing, and research and development (R&D) facilities.
 4. Residential: High-rise, mid-rise, and garden apartments.
2. **Non-core investments** represent a higher-risk profile than Core properties, and have a higher return expectation. Non-core investments consist primarily of the following types:
 1. Properties which are acquired primarily for high appreciation potential, and are expected to derive their value primarily from appreciation returns.
 2. Properties which would be Core except for an identifiable and correctable deficiency such as the need for lease-up, renovation, or conversion of an existing property, or the need for development adjacent to an existing owned property.
 3. Properties outside defined Core property types, such as motels, hotels, medical office, student housing and raw land.
3. **Public Real Estate Securities** represent an investment in a publicly traded security that sells on the major exchanges and invests in real estate directly, either through properties or mortgages. A distinguishing characteristic of this investment versus private real estate is the improved liquidity.
4. **Private real estate limited partnerships** are a fund structure which pools capital from investors in order to make equity or debt investments in real estate properties. These funds typically have a ten year life span which consists of a two to three year investment period, a holding period where properties are actively managed and a liquidation period.
5. **Co-investment opportunities** are offered at the General Partners' discretion and typically have a lower fee and carried interest expense. If a potential investment opportunity exhibits strong fundamentals and attractive returns but the main fund has a capacity constraint, the General Partner may offer current investors the opportunity to invest alongside the main fund. The Board may pre-approve co-investment opportunities at the inception of an investment in a private real estate fund. Staff will

generally accept co-investment opportunities on a pro-rata basis under this scenario. If the General Partner of a private real estate fund offers a compelling and appropriate co-investment opportunity to IMRF which was not pre-approved, staff may present this opportunity to the Board for their approval.

6. **NCREIF Property Index** is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.
7. **NFI-ODCE** is a capitalization-weighted, gross of fee, time-weighted return index with an inception date of December 31, 1977. As of September 30, 2015, the NFI-ODCE was composed of 35 historical open-end commingled funds pursuing a core investment strategy, 23 of which are active. Index returns are calculated on a leveraged basis and are reported at the fund level.

It was moved by Mr. Kuehne, seconded by Mr. Piechocinski, to approve the Charter and Policy recommendations of the Investment Committee.

Vote: Unanimous Voice Vote
Absent: Miller

Lastly, staff presented the 2015 Annual Minority and Emerging Investment Manager Utilization Report, Minority Broker Utilization Report, Proxy Voting Activity Report and Security Lending Activity Report to the Committee.

(16-02-10) (Report of the Legislative Committee) The Chair of the Legislative Committee presented a report on the Committee Meeting that was held via teleconference on January 21, 2016.

It was the consensus of the Committee to recommend the Board remain neutral on the following two newly introduced bills:

House Bill 4259 (Moylan) - in the provisions applicable to IMRF, this bill would exclude new employees of certain IMRF employers from participation.

Senate Bill 2162 (Connelly) - would exclude housing and vehicle allowances paid to members from the definition of "pensionable earnings". The change would be applicable only to new members.

It was moved by Ms. Thompson, seconded by Ms. Henry, to approve the recommendations of the Legislative Committee.

Vote: Unanimous Voice Vote
Absent: Miller

(16-02-11) (Appointment of 2015 Board Committees) The Chair proposed the following Committees for 2016:

Audit Committee
Gwen Henry, Chair
Sue Stanish, Vice Chair
Tom Kuehne

Benefit Review Committee
Natalie Copper, Chair
John Piechocinski, Vice Chair
Tom Kuehne
Dave Miller
Sue Stanish
Sharon U. Thompson

Executive Committee
Tom Kuehne, Chair
Sue Stanish, Vice Chair
Natalie Copper
Gwen Henry
John Piechocinski

Investment Committee

Sue Stanish, Chair
Gwen Henry, Vice Chair
Natalie Copper
Tom Kuehne
Dave Miller
John Piechocinski
Sharon U. Thompson
Trudy Williams

Legislative Committee

Dave Miller, Chair
Sharon U. Thompson, Vice Chair
Natalie Copper
Tom Kuehne
Trudy Williams

Furthermore, the Chair recommended the following changes to the Ethics Commission:

1. The IMRF Ethics Commission shall consist of the Board President, the Chief Audit Officer and the Vice President. The Board Secretary shall serve as a conflict substitute.
2. The position descriptions for the three Board Officers be amended.
3. The Ethics Commission Charter be amended.

After questions and discussion, it was moved by Mr. Kuehne, seconded by Mr. Piechocinski, to approve the 2016 Committee Assignments, and to approve the following amended changes to the position descriptions for the three Board Officers and the Ethics Committee Charter:

BOARD POLICY MANUAL

BOARD PRESIDENT POSITION DESCRIPTION

The President holds a position of leadership for the Board and IMRF and must be willing and able to devote the time necessary to fulfill these special responsibilities as the leader of the Board. This commitment includes the responsibility to:

1. Convene and conduct Board meetings in a respectful, fair and efficient manner following Board policies, procedures and applicable Illinois law.
2. Review and approve the agenda for regular and special Board meetings and include any issues requested by the Trustees or the Executive Director in accordance with the Board Meeting Protocol.
3. Ensure proper and timely flow of adequate information to the Board.
4. Solicit input from Trustees regarding matters before the Board.
5. In setting Board Agendas, ensure adequate time is provided for effective study and discussion of business being considered by the Board.
6. Schedule executive session meetings as necessary and in compliance with the Illinois Open Meetings Act.
7. Make assignments to committees (including the committee chairperson), taking into account the desires of the Trustees.
8. Execute such documents and other legal instruments on behalf of IMRF as required by Illinois law or authorized by the Board.
9. Discuss performance and behavior issues which may be inconsistent with the Board's Leadership Agreement with Trustees who are having a negative impact on IMRF.
10. Perform all other duties specifically identified by the Board.
11. Act as a member of IMRF's Ethics Commission.

BOARD POLICY MANUAL

BOARD VICE PRESIDENT POSITION DESCRIPTION

The Vice-President should be prepared to act as temporary President during a Board Meeting in the absence of the President.

Along with the Board President, review and approve the Agenda for regular and special Board Meetings.

In case of the resignation or death of the President, the Vice-President automatically becomes President for the unexpired term.

Act as a member of IMRF's Ethics Commission.

BOARD SECRETARY POSITION DESCRIPTION

The Secretary is the recording Officer of the Board and the custodian of its records. This commitment includes the responsibility to:

1. Oversee preparation of Minutes of all Board Meetings.
2. Oversee maintenance of all Committee reports.
3. In the absence of the President and Vice-President, to call the meeting to order and preside until the immediate election of a chairman pro tem.
4. Take Minutes at Executive Sessions and ensure proper recording.
5. In conjunction with the Executive Director, determine every six months if Minutes of Executive Sessions should be opened to the public.
6. Act as a conflict substitute member of IMRF's Ethics Commission, when needed.

The Secretary of the Board also has the responsibility to ensure staff:

1. Keeps the Board's official membership roll and to call the roll when it is required.

2. **Makes Board and Committee Meeting Minutes and records available to members upon request.**
3. **Post notice of all Board and Committee Meetings.**

Topic: Ethics Commission Charter

Date: December 18, 2009

Status: Active

ETHICS COMMISSION CHARTER

The Board of Trustees of the Illinois Municipal Retirement Fund has adopted this Ethics Commission ("Commission") Charter.

PURPOSE

The Commission is established to investigate, conduct hearings, deliberate, and issue recommendations to the Board of Trustees for disciplinary actions regarding violations of the IMRF Ethics Policy and Code of Conduct.

AUTHORITY

The Commission has authority to conduct or authorize investigations and conduct hearings into any matters regarding allegations of violations of the IMRF Ethics Policy and Code of Conduct. This authority is conferred on the Commission by IMRF Board Policy 2004-07-08 and Article 70 of the State Officials and Employees Ethics Act.

The Commission is empowered under this Charter to:

- Use outside consultants or others to advise or assist in the conduct of an investigation;
- Seek any information required from Fund employees—all of whom are directed to cooperate with the Commission's requests—or external parties;
- Meet with Fund staff, consultants, outside counsel, and others as necessary.

COMPOSITION

The Commission will consist of three commissioners. One commissioner shall be the President of the Board of Trustees, one commissioner shall be the Vice-President of the Board of Trustees, and one commissioner shall be the IMRF Chief Audit Officer. The conflict substitute shall be the Board Secretary.

MEETINGS

The Commission will meet as required to review and act upon a written complaint of an Ethics Policy/Code of Conduct violation. All commission members are expected to attend each meeting, in person or via teleconference or videoconference. The Commission will determine whether others (staff, or consultants, for example) shall also attend its meetings.

If a hearing is held, both the respondent and the complainant shall be invited and given the opportunity to present testimony and evidence. The hearing shall be informal and the rules of evidence shall not apply.

Commission meetings will not be open to the public unless the respondent requests an Open Meeting. At the direction of the Commission, a staff member may prepare minutes for each meeting.

A complaint alleging a violation of the Ethics Policy must be filed with the Commission within one year after the alleged violation.

RESPONSIBILITIES

The Commission shall have the following powers and duties:

To promulgate procedures and rules governing the performance of its duties and the exercise of its powers.

To investigate, conduct hearings, and issue recommendations for disciplinary actions regarding violations of the IMRF Ethics Policy and Code of Conduct. The Commission's authority is limited to acting upon the receipt of a written complaint alleging a violation of that Policy. It may not begin an investigation without such a complaint.

To receive information from the public and from trustees and employees pertaining to its investigations and to require additional information and documents from persons who may have violated the provisions of the Policy.

It is the obligation of all trustees and employees of IMRF to cooperate with the Commission during the course of its investigations. Failure or refusal to cooperate with requests by the Commission shall constitute grounds for discipline or censure.

Complaints alleging a violation of this Ethics Policy shall be filed with the Ethics Commission.

After receipt of a complaint, the Commission shall notify the respondent that a complaint has been filed against him or her and provide a copy of the complaint. The Commission shall also notify the complainant that the complaint was received. The notices to the respondent and the complainant shall also advise them of the date, time and place of the meeting to determine the sufficiency of the complaint and to establish whether probable cause exists to proceed.

The Commission shall meet to review the sufficiency of the complaint and, if the complaint is deemed sufficient to allege a violation of the Policy, to determine whether there is probable cause, based on the evidence presented by the complainant, to proceed. The Commission shall issue notice to the complainant and the respondent of the Commission's ruling on the sufficiency of the complaint and, if necessary, on probable cause to proceed within 10 business days after receiving the complaint.

If the complaint is deemed sufficient to allege a violation of the Policy and there is a determination of probable cause, then the Commission's notice to the parties shall include a hearing date scheduled within 45 business days after the complaint's receipt. If the complaint is deemed not sufficient to allege a violation or if there is no determination of probable cause, then the Commission shall send a notice to the parties of the decision to dismiss the complaint.

On the scheduled date the Commission shall conduct a hearing on the complaint and shall allow both parties the opportunity to present testimony and evidence.

Within 30 days after the date the hearing or any recessed hearing is concluded, the Commission shall either

(i) dismiss the complaint or

(ii) issue a recommendation for discipline to the Executive Director and the Board of Trustees. A copy of the recommendation shall be given to the alleged violator.

Vote: Unanimous Voice Vote
Absent: Miller

(16-02-12) (2016-2017 Projection Report - Death and Disability Rates)
The Chief Financial Officer recommended the following:

- Keep the average death benefit rate in 2017 at 0.15% of payroll.
- Decrease the disability benefit rate in 2017 to 0.12% of payroll, from 0.14% in 2016.

He further estimates:

- Benefit payments will exceed contributions by approximately \$677.1 million in 2016;
- IMRF charged approximately \$906.6 million of interest and charged (\$1.7) billion of residual investment loss to employer reserves in 2015 based on investment returns of 0.32% in 2015; and
- The supplemental retirement benefit for 2016 will be approximately 32% of the monthly benefit.

It was moved by Ms. Henry, seconded by Ms. Copper, to approve the 2017 Death and Disability Rates as presented.

Vote: Unanimous Voice Vote
Absent: Miller

(16-02-13) (Executive Session) The Chair asked for a motion to go into executive session for the purpose of discussing probable litigation, under section 2(c) (11) of the Open Meetings Act.

Motion by: Mr. Piechocinski
Second by: Ms. Copper

Roll call vote:

Aye: Copper, Henry, Piechocinski, Stanish, Thompson, Williams
Nay: None
Absent: Miller

(16-02-14) (Regular Session) It was moved by Mr. Kuehne, seconded by Mr. Piechocinski, to go back into Regular Session.

Vote:
Aye: Copper, Henry, Piechocinski, Stanish, Thompson, Williams
Nay: None
Absent: Miller

Ms. Henry left the meeting at 11:45 a.m.

(16-02-15) (Revision to Executive Director Job Description and Performance Evaluation Form) The Executive Director stated in order to comply with the policies that the Board adopted at the December 2015 Board Meeting regarding establishing an aspirational goal to utilize businesses owned by minorities, females and persons with disabilities for not less than 20% of contracts awarded for "information technology services", "accounting services", "insurance services", "insurance brokers", "architectural and engineering services" and "legal services", he recommends the Board approve the following revised Executive Director Job Description and Performance Evaluation Form:



BOARD POLICY MANUAL

EXECUTIVE DIRECTOR POSITION DESCRIPTION

The Board shall appoint an Executive Director who shall be in charge of the general administration of the Fund and who shall report to the full Board.

1. The person shall have general administrative duties which include directing:
 - a. The computation of the amounts of annuities, benefits, prior service credits and contributions required for reinstatement of credits for Board consideration;
 - b. The processing of approved benefit claims and expenses of administration for payment;
 - c. The preparation and maintenance of necessary and proper records for administrative and actuarial purposes;
 - d. The conduct of any necessary or desirable communications in the course of operations of the Fund.
2. The person shall have such special powers and duties as may be properly delegated or assigned by the Board from time to time.
3. The person shall work with the Board President and Vice President to develop agendas for regular and special Board Meetings so that all matters requiring Board action or are in the interest of the Board or the Fund, are placed before it.
4. In addition, the Executive Director shall have the following specific duties and responsibilities:
 - a. Provide leadership to IMRF in achieving its mission and strategic plan.
 - b. Maintain effective and credible relationships with the members and beneficiaries of IMRF, participating employers, executive officers of State government, the legislature, employee and retiree organizations, the media, and the public at large.
 - c. Project a positive image as Executive Director of IMRF.
 - d. Act as official spokesperson for IMRF and the Board (at the Board's discretion).



- e. Act as liaison between the Board and other IMRF staff and service providers.
- f. Safeguard the assets of IMRF by developing and implementing proper internal controls.
- g. Monitor the operational and funded status of the benefit plan under IMRF.
- h. Provide necessary staffing, support and resources to the Board and its committees.
- i. Proactively assist and advise the Board and its committees with regard to issues requiring Board policy or action.
- j. Select and manage all IMRF staff consistent with IMRF budget provisions.
- k. Perform annual performance evaluations of those who have direct reporting relationship to the Executive Director.
- l. Assist the Board in reviewing and adopting actuarial assumptions, funding methods, benefit option factors and actuarial valuation methods for IMRF.
- m. Initiate the annual actuarial valuations, periodic actuarial experience studies and independent actuarial audits as required by Illinois State law or Board policy.
- n. Assist the Board in developing policies and procedures for investing IMRF assets.
- o. Execute and manage investments in accordance with Board directives.
- p. Assist the Board in soliciting and selecting the following service providers:
 - i. Investment managers
 - ii. Investment consultants
 - iii. Consulting actuaries and actuarial auditors
 - iv. External financial auditor
 - v. Fiduciary counsel
- q. Except as otherwise noted, select and oversee all other service providers to IMRF.
- r. Develop and recommend to the Board an operating budget, direct and manage expenditures within the budget and make reports as directed.



- s. Implement the IMRF Staff Compensation Program as adopted by the Board. Salary adjustments greater than the policy adopted by the Board may be approved by the Executive Director in an amount not to exceed 10% provided notice is subsequently provided to the Board and provided the new salary does not exceed the salary range.
- t. Prepare the IMRF comprehensive annual financial report.
- u. Develop and deliver all operational reports to the Governor and Illinois General Assembly as required by Illinois State law.
- v. Develop and implement plans that support IMRF's aspirational goal to utilize businesses owned by minorities, females, and persons with disabilities for not less than 20% of IMRF's expenditures for goods and services. This includes contracts awarded for "information technology" services, "accounting services", "insurance services", "insurance brokers", "architectural and engineering services" and "legal services" as defined in Act P.A. 99-462.



BOARD POLICY MANUAL

EXECUTIVE DIRECTOR PERFORMANCE APPRAISAL METHODOLOGY

Objectives/Principles

1. Evaluating the performance of the Executive Director is an important duty of the Board of Trustees, and therefore should include the active participation of all Trustees.
2. Active participation in the Evaluation Process includes completion of a Performance Appraisal Form; participation in the discussion to develop a Performance Report; and, a personal interview with the Executive Director.
3. The process for evaluating the performance of the Executive Director should be free of real or perceived conflicts of interest.
4. The primary responsibility of the Executive Director is the effective management of the operations of IMRF. The quality of the operations constitutes an important measure of performance.
5. The Evaluation Process and Performance Appraisal Form are intended to communicate clear, useful and meaningful goals and performance standards to the Executive Director in a timely manner.
6. It is the intent of the Board to communicate the Performance Report by using one voice developed through consensus by following the Evaluation Process.
7. Clearly stated goals and performance standards will better enable the Board of Trustees to hold the Executive Director accountable for performance.
8. Evaluation criteria will be used in evaluating the Executive Director's performance.



9. Evaluation criteria should:
 - a. Reflect the purpose and unique nature of IMRF operations.
 - b. Pertain to operations over which the Executive Director has a reasonable degree of control.
 - c. Be generally consistent from year to year.
 - d. Be agreed upon by the Board of Trustees and the Executive Director.

10. The Evaluation Process is continuous. Feedback will be provided the Executive Director as needed throughout the year.



Executive Director

PERFORMANCE APPRAISAL

The criteria for the Executive Director’s evaluation consist of four general areas: (1) Management of Operations; (2) Representation of IMRF; (3) Interaction with the Board; and (4) Strategic Planning. A scale of 1-5 will be used. Board Members are to strive to “speak in one voice” by reaching consensus about the score and the message. For any scores below 5, the Board is to send constructive criticism as to how performance can be improved. Even with the scores of 5, messages can still be sent that will benefit the Executive Director’s performance.

Evaluation Criteria:

1) Management of Operations

This category includes the overall management of IMRF including staffing, delegating, leading, executive team management, staff development, backup/succession planning, culture/work atmosphere, productivity of staff, quality of work, audits, business continuity/disaster recovery, budgeting, benefit administration, oversight of investment operations.

Information & Resources:

- | | |
|----------------------|-------------------------|
| Audit Reports | Certification |
| Budget Reports | Quarterly Goals Report |
| CAFR | Member Surveys |
| CEM Reports | Employer Surveys |
| Quarterly Compliance | Annual Diversity Report |

Score (1-5)

_____ 5 _____ 4 _____ 3 _____ 2 _____ 1

1) Management of Operations
Comments:



Executive Director PERFORMANCE APPRAISAL

The criteria for the Executive Director's evaluation consist of six general areas: (1) Management of Operations; (2) Representation of IMRF; (3) Interaction with the Board; (4) Strategic Planning; (5) Policy Development and Implementation; and, (6) Leadership. A scale of 1-5 will be used. Board Members are to strive to "speak in one voice" by reaching consensus about the score and the message. For any scores below 5, the Board is to send constructive criticism as to how performance can be improved. Even with the scores of 5, messages can still be sent that will benefit the Executive Director's performance.

Evaluation Criteria:

2) Customer Service

Consider metrics on timelines and accuracy; continuous improvement cost/benefit analysis and strategies in developing services.

Information & Resources:

Score (1-5)

_____ 5 _____ 4 _____ 3 _____ 2 _____ 1

**2) Customer Service
Comments:**



Executive Director

PERFORMANCE APPRAISAL

The criteria for the Executive Director's evaluation consist of six general areas: (1) Management of Operations; (2) Representation of IMRF; (3) Interaction with the Board; (4) Strategic Planning; (5) Policy Development and Implementation; and, (6) Leadership. A scale of 1-5 will be used. Board Members are to strive to "speak in one voice" by reaching consensus about the score and the message. For any scores below 5, the Board is to send constructive criticism as to how performance can be improved. Even with the scores of 5, messages can still be sent that will benefit the Executive Director's performance.

Evaluation Criteria:

3) Representation of IMRF

This category includes the public image the Executive Director projects and how well he communicates with the membership, employers, unions, associations, legislators, the executive branch of State government, peers within other retirement systems, media and the general public.

Consider the quantity and quality of verbal and written communications.

Information & Resources:

- Attendance and speeches at conferences
- CAFR letter
- Interaction with legislators
- Newsletters to the membership
- Member surveys
- Meetings with employers
- Meetings with members/retirees
- News articles/quotes
- Personal appearances at association/union meetings

Score (1-5)

_____ 5 _____ 4 _____ 3 _____ 2 _____ 1

3) Representation of IMRF
Comments:



Executive Director

PERFORMANCE APPRAISAL

The criteria for the Executive Director's evaluation consist of six general areas: (1) Management of Operations; (2) Representation of IMRF; (3) Interaction with the Board; (4) Strategic Planning; (5) Policy Development and Implementation; and, (6) Leadership. A scale of 1-5 will be used. Board Members are to strive to "speak in one voice" by reaching consensus about the score and the message. For any scores below 5, the Board is to send constructive criticism as to how performance can be improved. Even with the scores of 5, messages can still be sent that will benefit the Executive Director's performance.

Evaluation Criteria:

4) Board Interaction

This category includes the way the Executive Director helps the Board fulfill their fiduciary Responsibilities by designing the meeting agendas, organizing the board packet, asking Questions for the Board's benefit or providing input during meetings; as well as Addressing questions and concerns of individual trustees.

Information & Resources:

- Board agendas
- Board packets
- Executive Director's report
- Personal meetings/calls with trustees
- Verbal interaction at meetings
- Communication between meetings

Score (1-5)

_____ 5 _____ 4 _____ 3 _____ 2 _____ 1

**4) Board Interaction
Comments:**



Executive Director PERFORMANCE APPRAISAL

The criteria for the Executive Director's evaluation consist of six general areas: (1) Management of Operations; (2) Representation of IMRF; (3) Interaction with the Board; (4) Strategic Planning; (5) Policy Development and Implementation; and, (6) Leadership. A scale of 1-5 will be used. Board Members are to strive to "speak in one voice" by reaching consensus about the score and the message. For any scores below 5, the Board is to send constructive criticism as to how performance can be improved. Even with the scores of 5, messages can still be sent that will benefit the Executive Director's performance.

Evaluation Criteria:

5) Policy Development and Implementation

This category includes the input the Executive Director gives in assessing changes in IMRF's environment, identification of issues, prioritizing goals and objectives of the Fund, interpreting trends, implementing the plan as well as making sufficient progress towards the strategic plan.

Consider whether issues have been properly identified and analyzed; whether appropriate recommendations for change are made; whether he/she has a Thorough knowledge and understanding of policies; whether he/she appropriately separates Board and staff policies; consider his/her approach to policy development and follow through with implementation.

Information & Resources:

- Action plans
- Progress reports
- Strategic plan document
- Suggested changes for new goals and objectives.

Score (1-5)

_____ 5 _____ 4 _____ 3 _____ 2 _____ 1

5) Policy Development and Implementation
Comments:



Executive Director

PERFORMANCE APPRAISAL

The criteria for the Executive Director’s evaluation consist of six general areas: (1) Management of Operations; (2) Representation of IMRF; (3) Interaction with the Board; (4) Strategic Planning; (5) Policy Development and Implementation; and, (6) Leadership. A scale of 1-5 will be used. Board Members are to strive to “speak in one voice” by reaching consensus about the score and the message. For any scores below 5, the Board is to send constructive criticism as to how performance can be improved. Even with the scores of 5, messages can still be sent that will benefit the Executive Director’s performance.

Evaluation Criteria:

6) Leadership

This category includes activities demonstrating leadership of staff and IMRF as an organization; it does not include leadership of the Board. These activities include: maintaining a well-functioning management team; helping staff to grow professionally (both within and outside the formal succession plan); acting in the best long-term interest of IMRF; maintaining a big picture outlook and being aware of industry issues; forecasting trends; responding to change and inviting innovation; participating in relevant and worthwhile professional organizations; inspiring confidence; establishing credibility with the Board staff, members, retirees, the General Assembly; the public; exemplifying IMRF’s vision and values.

Information & Resources:

Score (1-5)

_____ 5 _____ 4 _____ 3 _____ 2 _____ 1

**6) Leadership
Comments:**

It was moved by Mr. Piechocinski, seconded by Ms. Stanish, to approve the revisions to the Executive Director Job Description and Performance Evaluation Form as presented.

Vote: Unanimous Voice Vote
Absent: Henry, Miller

(16-02-16) (Litigation Update) The following is an update of the currently pending litigation:

VRAKAS, et al. v. COUNTY OF WILL, et al. (Will County)

Summary: Fifty-eight (58) full-time correctional deputies, sergeants and lieutenants have sued Will County seeking a determination that they were "sheriff's law enforcement employees" with respect to their pre-December 1, 2005 enrollments, as such, in IMRF. IMRF has been named as a "necessary party" to the lawsuit so that any judgment can be properly enforced.

Status: The PLA was denied. The case will proceed at the trial court level to identify eligible plaintiffs and the availability of attorneys' fees.

IN RE TRIBUNE CO, ET AL. , THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF TRIBUNE CO, ET AL. VS. FITZSIMONS, ET AL.

Summary: The unsecured creditors in the Tribune bankruptcy have sued investors who sold their Tribune stock at the time of the buyout. The plaintiff's theory is that the buyout was fraudulent and therefore a portion of those stockholders' proceeds from the stock sale was due to the fraud and should be returned to the Tribune's bankruptcy estate.

Status: An agreement of the parties led to the claim against small stockholders (under \$50,000 in proceeds) being dismissed; a motion to dismiss filed by certain of the defendants was granted and a portion of the complaint was dismissed. That ruling is on appeal. A joint motion to dismiss the remaining portions of the complaint was filed, but the court has not yet ruled.

VILLAGE OF OAK BROOK V. THOMAS SHEAHAN, ET. AL. (13 MR 942) DUPAGE CO.

Summary: This is an administrative review action challenging the IMRF Board's decision upholding the granting of MEABF and Deerfield credit transfers to Thomas Sheahan, the former police chief of Oak Brook and denying the Village's request to recalculate their liability excluding the service credits transferred from MEABF and Deerfield.

Status: The PLA was denied. IMRF's motion to dismiss the cross claim was granted. MEABF recently attempted to file a motion to clarify the judge's ruling regarding Sheahan's MEABF credits, but the judge denied the motion. Sheahan's counsel has filed a second amended counterclaim and his request for leave to file that claim is before the Court on November 17, 2015. The Court granted leave to file a second amended counterclaim. A hearing on IMRF's motion to dismiss the second amended counterclaim is set for March 10, 2016.

THOMAS SHEAHAN V. IMRF (15 MR 418) DUPAGE CO.

Summary: Appeal of the February 24, 2015 BRC decision to uphold the termination of Mr. Sheahan's pension payments.

Status: IMRF has filed its brief and a hearing on the matter was set for November 5, 2015. On November 5, Judge Wheaton overturned the Board's decision. IMRF has filed a notice of appeal and is preparing the record on appeal. Judge Wheaton's decision was stayed by the Appellate Court. An expedited briefing schedule was set. IMRF's brief was filed on February 4, 2015.

KATHLEEN KONICKI V. IMRF (14 MR 32) (SANGAMON CO)

Summary: Administrative review challenging the Board's decision that Ms. Konicki was not eligible to convert service into Original ECO.

Status: In August, the BRC upheld the staff determination and the matter will now go back to circuit court on administrative review. Ms. Konicki has filed a motion for leave to file an amended complaint which will be presented to the Court on December 1, 2015. The motion for leave to file the amended complaint was granted. IMRF has filed the amended record and a briefing schedule will be set.

SCOTT TATE V. IMRF 2014 MR 34 (FRANKLIN CO)

Summary: This is an appeal of a denial of total and permanent disability benefits.

Status: Case filed on June 4, 2014 in Franklin County. IMRF has filed its answer and appearance. IMRF has filed a motion to dismiss for want of prosecution.

SHANNON STERRETT v. IMRF (14-CH 15936-COOK CO)

Summary: Appeal of a denial of disability benefits.

Status: Case has been transferred to new counsel in Lake County and IMRF is waiting for transfer order.

ROGER C. BOLIN v. IMRF (PUTNAM COUNTY 14 MR 23)

Summary: Appeal of Board decision to deny omitted service application and enrollment of Putnam County Public Defender

Status: This case is currently being briefed. IMRF has filed its brief. A hearing will be set when all briefs are filed.

IN RE ENERGY FUTURE HOLDINGS CORP. ET AL. (US BANKRUPTCY COURT-DISTRICT OF DELAWARE)

Summary: This is a bankruptcy adversary complaint filed in an attempt to claim ownership for the bankruptcy estate of a particular high yield bond in which we have an interest. This bond is in our Pyramis High Yield Bond account.

Status: We have a joint representation agreement with other Fidelity entities, which also have interests in the bond at issue. Pyramis has agreed to pay our legal expenses up to a limit of \$40,000. Our proportionate share of the estimated legal expenses for the joint defense is 1%. So far, our expenses have been well below the limit.

HOCHSTATTER V. IMRF (15 MR 25 LASALLE COUNTY)

Summary: This was a return to work case where it was found that Mr. Hochstatter owed the fund a prepayment

Status: IMRF has appeared and filed a motion to dismiss. A status hearing was held on July 15, 2015. The Plaintiff has filed a civil suit against the Township. IMRF has filed its brief and a hearing is set for 2/23/16.

BARBARA RIFKIN V. IMRF (COOK COUNTY 15 CH 6950)

Summary: This is an appeal of a denial of IMRF temporary disability benefits which was filed on April 27, 2015.

Status: IMRF has filed a motion to dismiss and an appearance. The Court has referred the matter for potential representation for Ms. Rifkin. Status is set for November 6, 2015. On November 6, the case was continued to November 18 at 10 am for potential representation. Ms. Rifkin has obtained a lawyer who has filed an amended complaint. IMRF's brief in support of the administrative decision is due on April 7, 2016 and the case is set for further status on April 28, 2016.

DENNIS GIANOPOLUS V. IMRF (COOK COUNTY 15 CH 8223)

Summary: This is an appeal from an administrative decision of the IMRF finding Mr. Gianopolus was not eligible to participate in IMRF as Corporation Counsel/prosecutor for the City of Calumet City.

Status: IMRF has filed an appearance and the record. The case has been briefed. A hearing date of 5/10/2016 was set.

Questions and discussion followed.

(16-02-17) (Legislative Update) The Legislative Liaison reported that the 2016 spring session of the 99th General Assembly has begun and all of the IMRF bills that comprise the Board's 2016 legislative agenda have been given their respective sponsors and are being introduced.

She reported that Senator Clayborne is sponsoring the Board's proposal to remove the one-year limit on the retroactive payment of surviving spouse annuities. Senator Althoff will be reintroducing the proposal to allow employer penalties for return to work violations and Senator Biss is sponsoring the proposal to codify the Fund's practice of accepting one past service payment after termination. Senator Harmon will sponsor the final Board proposal, which would increase the current minimum pension above which a member can no longer take a refund if he or she is immediately eligible to take a pension at the time of the application.

Discussion followed.

(16-02-18) (IMRF Board Endorsed Insurance) General Counsel reviewed a list of insurance programs for IMRF's retired members administered by Doyle Rowe LTD, which the Board Of Trustees has endorsed, along with a term life plan for active and retired members.

Discussion followed.

(16-02-19) (Strategic Plan Update) The Deputy Executive Director and Performance Excellence Manager gave a report to the Board on activities completed through the Fourth Quarter 2015 that support IMRF's 2014-2016 Strategic Objectives.

(16-02-20) (IMRF 75th Anniversary) The Communications Manager gave a presentation to the Board on upcoming plans for IMRF's 75th Anniversary that will be occurring throughout 2016.

(16-02-21) (Appreciation of Service - Peter DePetro) Members of the Board of Trustees honored IMRF staff member Peter DePetro who retired from IMRF in January 2016:

Resolution of Appreciation

WHEREAS, Peter DePetro, Senior Programmer Analyst, has faithfully served IMRF from June 1996 through January 2016, and;

WHEREAS, Peter DePetro contributed to the Information Services department throughout his tenure at IMRF, first as a Programmer, then Programmer Analyst, and finally Senior Programmer Analyst beginning February 2002, and;

WHEREAS, as part of a team, Peter DePetro made significant contributions to the automation of Social Security correspondence and reductions, trial work reductions, and disability hearing appeal processing, and;

WHEREAS, Peter DePetro played a key role in improving the accuracy of disability benefit claim processing through the automation of the most complex calculations and procedures, resulting in an increase in disability payment calculation automation to 99.91% in 2015, and;

WHEREAS, Peter DePetro assisted in automating steps in the disability closure process that were previously completed manually, adding more consistency to the process for both staff and members, and;

WHEREAS, during his more than 19 years at IMRF, Peter DePetro supported disability examiners by resolving system issues, streamlining processes, and creating efficiency through automation, all while providing exceptional customer service to staff;

THEREFORE, BE IT RESOLVED, that the IMRF Board of Trustees recognizes and honors Peter DePetro for his significant contributions and excellent service to the Illinois Municipal Retirement Fund.

Adopted by the IMRF Board of Trustees on Friday, February 26, 2016.

It was moved by Ms. Thompson, seconded by Ms. Copper, to adopt the resolution.

The motion was approved by acclamation.

(16-02-22) (Trustee Forum) The Chair reported the following Trustees requested authorization from the Board for the following conferences:

Gwen Henry	"International and Emerging Market Investing" IFEFP July 25-27, 2016 San Francisco, CA
Sue Stanish	"Redefining Fixed Income" Institutional Investor May 17-18, 2016 New York

Sharon U. Thompson "IPPFA Pension Conference"
IPPFA
May 3-6, 2016
E. Peoria, IL

"Wall Street Summit"
New America Alliance
October 5-7, 2016
New York

It was moved by Mr. Piechocinski to approve the above Trustee requests.

The Chair reported that an additional Trustee has requested authorization from the Board for the following conference:


Trudy Williams "IPPFA Pension Conference"
IPPFA
May 3-6, 2016
E. Peoria, IL

It was moved by Mr. Piechocinski to approve the amended Trustee requests. The motion was seconded by Ms. Copper.

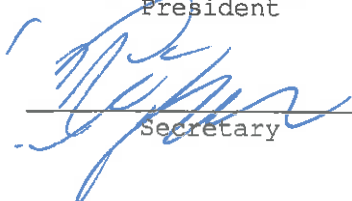
Vote: Unanimous Voice Vote
Absent: Henry, Miller

(16-02-23) (Adjournment) It was moved by Mr. Piechocinski, seconded by Ms. Copper, to adjourn the Board Meeting at 12:35 p.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on May 20, 2016.

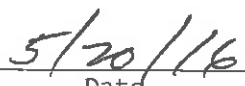
Vote: Unanimous Voice Vote
Absent: Henry, Miller




President



Secretary



Date



Date

Schedules A, B, C, D, E, F, G, P, R and S are omitted from this copy of Minutes. These schedules are identical to schedules attached to Minutes distributed to Board of Trustees prior to meeting.