

# **INVESTMENT COMMITTEE CHARTER**

*Adopted February 24, 2012*

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Illinois Municipal Retirement Fund  
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## **INVESTMENT COMMITTEE CHARTER**

The Board of Trustees of the Illinois Municipal Retirement Fund has adopted this Investment Committee Charter. The Investment Committee shall review and evaluate this Charter as necessary and make recommendations.

### **PURPOSE**

This Committee will assist the Board of Trustees with its duty to invest the assets of the Fund. It will periodically review and change investment policy and asset allocation, evaluate investment portfolio and investment manager performance, evaluate and select investment managers, evaluate and select a master trustee, evaluate and select investment consultants, evaluate and select policy level benchmarks, evaluate and approve the assignment of investment related contracts, terminate investment service providers and perform other duties that may be assigned by the Board of Trustees.

### **AUTHORITY**

The Investment Committee is empowered to:

- Utilize outside consultants and advisors to assist the Committee with investment matters.
- Seek information from investment managers, consultants and staff employed by the Fund.
- Meet with Fund staff, consultants, investment managers, the master trustee, outside counsel, Fund members and others as necessary.

### **COMPOSITION**

The Investment Committee will consist of at least three members of the Board of Trustees. At the January Board meeting, the President of the Board will appoint and the full Board will approve the Committee chair and members for a one-year term.

## **MEETINGS**

The Committee will generally meet once a month and may convene more or less often as necessary. Meetings are subject to the Open Meetings Act. Committee members may attend in person, by teleconference or by videoconference.

The Committee will require that staff, consultants and other individuals attend the meetings to provide information as necessary. Meeting agendas will be prepared and provided in advance of the meetings. Staff will supply Committee members with information related to the items contained in the agenda prior to the meeting.

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**

The Board has a responsibility to its members and participating employers to make investments with the objective of obtaining superior total long-term rates of return while using acceptable levels of risk and reasonable control of costs.

The Committee will have the following responsibilities:

### *Asset Liability Study*

The Committee will conduct an Asset Liability Study at least every three years. Staff and consultant will prepare the Study and present the Study to the Committee. This study is prepared to link the asset allocation decision to IMRF's financial liabilities to its' members.

### *Investment Policy and Asset Allocation*

The Committee will review and amend investment policy as necessary. The asset allocation will be reviewed annually and changed as deemed appropriate. Staff and consultant will present the asset allocation plan to the Committee. The emphasis of the asset allocation review will be asset and manager targets, diversification, risk control, and investment performance.

Staff and consultant will make recommendations to the Committee concerning changes to investment policy and asset allocation as necessary. The Committee may also make changes at any time.

### *Evaluate and Select Investment Managers*

When it has been determined that the need for an investment manager search exists in the portfolio, the Committee will interview candidates, evaluate these candidates and make a selection. Staff and consultant will conduct the search for investment manager candidates,

arrange for Committee interviews, and provide a search report to the Committee prior to the interviews.

The investment manager interview, evaluation and selection process will emphasize but not be limited to: organization quality and stability, past investment performance, the investment process used to achieve investment performance, and fees.

#### *Terminate Investment Managers*

The Committee will review and recommend the termination of investment managers. The termination of an investment manager will be evaluated based upon changes in the investment management process, unexpected investment performance, personnel changes and organization or ownership changes. An investment manager may also be terminated if there is a reduction to an asset class allocation or a reduction to the number of managers assigned to an asset class.

#### *Evaluate and Select a Master Trustee*

The Board of Trustees contracts with a master trustee to custody and provide accounting reports for the investments of the Fund. Approximately six months prior to the expiration of a master trustee contract, staff will recommend a master trustee review process. This process will normally include retention of a consultant who will advise the Committee on current industry trends and costs as well as guide the Committee through an interview, evaluation and selection process.

#### *Evaluate and Select Investment Consultants*

The Board of Trustees retains consultants to provide both general and specific investment advisory services. From time to time, consultants will be interviewed, evaluated and selected by the Committee to provide such services. Consultant candidates will be presented to the Committee by staff after a search process has been conducted. Staff will also provide a search report to the Committee prior to the interview process.

#### *Evaluate and Select Policy Level Benchmarks*

Each major asset class in the investment portfolio has a policy level benchmark. These policy level benchmarks are indexes or total return targets chosen as total return objectives. They are broad and will generally reflect the diversified style allocation of each asset class used by the Fund.

From time to time, the Committee will evaluate these policy level benchmarks. This will generally be accomplished during the annual asset allocation. After review the Committee will change or affirm the policy level benchmarks.

Staff and consultant will advise the Committee on the attributes and appropriateness of each policy level benchmark prior to the evaluation and also provide recommendations.

### *Interview Investment Managers*

The Committee may conduct interviews with existing and prospective investment managers for purposes of portfolio performance updates, investment manager organization updates or education. These interviews will be scheduled as circumstances arise making such interviews necessary. These circumstances can include but not be limited to: poor investment performance, outstanding investment performance, organization change, review of a potential new asset class or a due diligence process resulting from some investment related project.

### *Evaluate Contract Assignments*

The Committee shall review and evaluate requests to assign existing investment service provider contracts. These are contracts between IMRF and its consultants, investment managers and the master trustee. These contracts will be in force when they are evaluated.

Staff or consultant will present these assignment requests to the Committee describing the background of the contractual relationship, the reason for the contract assignment, and the impact of the assignment.

Staff or consultant will also make recommendations.

### *Evaluate Investment Portfolio Performance*

As part of its ongoing duties the Committee will review total investment portfolio performance and individual investment manager performance with staff and consultants. Emphasis will be placed on performance objectives as they relate to investment policy level benchmarks as well as the benchmarks established for each investment manager.

### *Reporting Responsibilities of the Committee*

- Regularly report to the Board about activities, issues and related recommendations.
- Provide an open avenue of communication between staff, consultants and the Board of Trustees.
- Report on any issues relating to its responsibilities.

### *Other Responsibilities*

- Perform any activities related to this charter as directed to the Board of Trustees.
- Confirm that all responsibilities outlined in this charter have been executed.