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

(13-02-01)(Roll Call) Mr. Sambol called the roll:

Present: Stulir, Henry, Piechocinski, Thompson, Nannini, and Copper by audio conference

Absent: Stafford, Kuehne

Also in attendance were: Ms. Becker-Wold, Ms. Harris and Mr. Ball of Callan Associates; Mr. Kosiba, IMRF Executive Director; Mr. Duquette, IMRF Deputy Executive Director; Ms. Shah, IMRF Chief Investment Officer; Mr. Sambol, IMRF Investment Manager; and IMRF Investment Analysts.

(13-12-02)(Public Comments) There were no public comments.

(13-12-03)(Action Items)

A. Approve Investment Committee Meeting Minutes from December 20, 2012 Meeting The Chairman asked for the approval of the minutes of the December 20, 2012 Investment Committee Meeting.

It was moved by Mr. Piechocinski; and seconded by Mr. Stulir; that the minutes of the December 20, 2012 meeting of the Investment Committee be approved.

Vote:
The motion was approved unanimously.

(13-12-04)(Staff)

A. 2012 Money Manager Utilization Report The 2012 Annual Minority, Female and Disabled Person-Owned (MFPDOB) Money Manager Utilization Report was presented to the Committee. Highlights of this report included the following:
- IMRF’s MFPDOB assets under management grew by 16% to $5.3 billion in 2012;
- Female-owned firm managed assets grew by 18% to $702 million;
- African American-owned firm managed assets grew by 17% to $3.2 billion;
- Asian American-owned firm managed assets grew by 15% to $139 million;
- Latin American-owned firm managed assets grew by 12% to $1.2 billion.

Additionally, IMRF’s progress in achieving its emerging investment manager goals was as follows:

<table>
<thead>
<tr>
<th>Emerging Manager Classification Goal</th>
<th>Minimum Goal Range as a % of Total Portfolio</th>
<th>Actual % of Total Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority-owned</td>
<td>9% to 13%</td>
<td>13.0%</td>
</tr>
<tr>
<td>Female-owned</td>
<td>2% to 6%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Disabled person-owned</td>
<td>0.5% to 1%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emerging Manager Goal By Asset Class</th>
<th>Minimum Goal Range as a % of Each Asset Class</th>
<th>Actual % of Asset Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>10% to 12% of the asset class</td>
<td>13.7%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>15% to 20% of the asset class</td>
<td>21.4%</td>
</tr>
<tr>
<td>Alternatives</td>
<td>5% to 10% of the asset class</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

B. **2012 Broker Utilization Report** Staff next presented the 2012 Annual Minority, Female and Disabled Person-Owned (MFPDOB) Broker Utilization Report. Although IMRF’s MFPDOB brokerage commissions decreased by 31% to $4.2 million; and total commissions decreased by 16% to $19.2 million; trades executed with MFPDOB broker/dealers represented 22% of IMRF’s total brokerage in 2012.

Additionally, IMRF’s progress in achieving its MFPDOB brokerage goals was as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Minimum Goal</th>
<th>2012 Actual</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Equities</td>
<td>20%</td>
<td>36.14%</td>
<td>16.14%</td>
</tr>
<tr>
<td>International Equities</td>
<td>20%</td>
<td>20.05%</td>
<td>0.05%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>20%</td>
<td>26.53%</td>
<td>6.53%</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>5%</td>
<td>5.65%</td>
<td>0.65%</td>
</tr>
<tr>
<td>Int’l S/C Equities</td>
<td>5%</td>
<td>6.15%</td>
<td>1.15%</td>
</tr>
<tr>
<td>U.S. Micro-Cap Equities</td>
<td>5%</td>
<td>19.23%</td>
<td>14.23%</td>
</tr>
<tr>
<td>Emerging Market Equities</td>
<td>5%</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Commingled Accounts</td>
<td>Best Efforts</td>
<td>0.25%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*IMRF does not have a separately managed emerging market allocation.
Staff noted that after reviewing actual MFPDOB brokerage commissions against goals in 2012, proposed increases to specific MFPDOB brokerage goals were included in the 2013 IMRF Statement of Investment Policy. These included increasing the minimum MFPDOB brokerage goal for U.S. equities from 20% to 25%, for Fixed Income from 20% to 22%, and for U.S. Micro-Cap Equities from 5% to 7% of total commissions. MFPDOB brokerage goals for International Equities, High Yield Bonds, International Small Cap Equities and Emerging Market Equities remain unchanged for 2013.

C. 2012 Proxy Voting Report Staff presented the 2012 Annual Proxy Voting Report to the Committee. It was noted that IMRF voted 1,815 domestic ballots and 2,078 international ballots. Staff also discussed the inclusion of a proposed guideline in the Proxy Voting Policy focusing on disclosure of political expenditures.

D. Review 2013 Policies The Chief Investment Officer presented the Investment Committee Charter, Statement of Investment Policy, and Real Estate Statement of Investment Policy to the Committee. The CIO reviewed the proposed changes for each document. She noted that the review of these documents is an annual process that is conducted by the Committee.

The Chief Investment Officer concluded by asking the Committee to recommend approval of the Committee Charter, Statement of Investment Policy and Real Estate Statement of Investment Policy to the Board.

(13-02-05)(Action Items)

A. Approve Investment Committee Charter

After discussion, it was moved by Ms. Thompson; and seconded by Ms. Henry; to recommend that the Investment Committee Charter be approved.

Vote:

The motion was approved unanimously.

B. Approve Statement of Investment Policy

It was moved by Ms. Henry; and seconded by Mr. Piechocinski; to recommend that the Statement of Investment Policy be approved.

Vote:

The motion was approved unanimously.
C. Approve Real Estate Statement of Investment Policy

It was moved by Mr. Piechocinski; and seconded by Ms. Thompson; to recommend that the Real Estate Statement of Investment Policy be approved.

Vote:
The motion was approved unanimously.

(13-02-06)(Callan) The Investment Committee decided to defer Callan’s Asset Liability Education Presentation until the meeting of the IMRF Board of Trustees on Friday, February 22, 2013.

(13-02-07)(New Business) Staff and Consultant presented a recommendation to terminate the BlackRock Granite Fund by requesting a full redemption. This recommendation was based on concerns related to ongoing changes to this firm’s organizational structure and underperformance relative to their benchmark. It was also noted that this fund has been on the manager watchlist for organizational concerns since April 2011. As of September 30th, 2012, IMRF’s investment in BlackRock Granite Fund was $71.4 million.

After discussion, it was moved by Ms. Henry; and seconded by Mr. Piechocinski; to recommend that the Board approve Staff and Consultant’s recommendation to terminate the BlackRock Granite Fund by requesting a full redemption.

Vote:
The motion was approved unanimously.

– The next meeting of the Investment Committee is scheduled to be held on Thursday, May 30, 2013.

(13-02-08)(Trustee Comments) There were no trustee comments.
By unanimous consent, the meeting of the Investment Committee adjourned at 3:50 P.M.

____________________________________  ___________________________
Chairman        Date

____________________________________  ___________________________
Clerk         Date