

**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**MEETING NO. 13-07-I**

**MEETING OF THE**  
**INVESTMENT COMMITTEE**

The Investment Committee met in the IMRF offices in Oak Brook, Illinois, on Thursday, July 25, 2013. Mr. Nannini, Chairman of the Investment Committee, called the meeting to order at 3:00 P.M.

(13-07-01)(Roll Call) Mr. Sambol called the roll:

Present: Thompson; Nannini; Kuehne; Stafford; Stulir; and Piechocinski

Absent: Henry; Copper

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

(13-07-02)(Public Comments) There were no public comments.

(13-07-03)(Action Items)

- A. Approve Investment Committee Meeting Minutes from June 28, 2013 Meeting The Chairman asked for the approval of the minutes of the June 28, 2013 Investment Committee Meeting.

It was moved by Ms. Thompson; and seconded by Mr. Piechocinski; that the minutes of the June 28, 2013 meeting of the Investment Committee be approved.

Vote:

The motion was approved unanimously.

- B. BlackRock U.S. Debt Index Fund The Chief Investment Officer presented a recommendation to transfer the assets of the BlackRock Enhanced Index Portfolio to the BlackRock U.S. Debt Index Fund. This recommendation was based on lower transition cost, recent volatility in U.S. fixed income markets, strong historical performance of the BlackRock U.S. Debt Index Fund, highly competitive management fees, reduced concentration risk for IMRF, and BlackRock's superior global fixed income management capacity.

After discussion, it was moved by Mr. Piechocinski; and seconded by Mr. Stulir, to recommend that the Board approve Staff's recommendation to transfer the assets of the BlackRock Enhanced Index Portfolio to the BlackRock U.S. Debt Index Fund.

Vote:

The motion was approved unanimously.

--Mr. Jay Kloepfer of Callan Associates joined the meeting at 3:13 P.M.

(13-07-04)(Staff Presentations)

A. Private Equity/Venture Capital Fund – Vista Credit Opportunities Fund I, L.P. The Chief Investment Officer presented an overview of Vista Credit Opportunities Fund I, L.P. After this presentation, the Chief Investment Officer recommends:

- a commitment of up to \$50 million be made to Vista Credit Opportunities Fund I, L.P., subject to satisfactory legal due diligence; and,
- authorize Staff to complete all documentation necessary to execute this recommendation

B. Core Real Estate (RE) Fund – CBRE U.S. Core Partners, L.P. The Chief Investment Officer presented an overview of CBRE U.S. Core Partners, L.P. After this presentation, the Chief Investment Officer recommends:

- a commitment of up to \$125 million to CBRE U.S. Core Partners, L.P., subject to satisfactory legal due diligence; and,
- authorize Staff to complete all documentation necessary to execute this recommendation

C. Domestic Equity Manager Allocations The Chief Investment Officer presented an overview for domestic equity manager reallocation. After this presentation, the Chief Investment Officer recommends:

- an additional allocation of \$75 million to Channing Capital Management Small Cap Value Equity Portfolio;
- an additional allocation of \$75 million to Vision Capital Management Large Cap Growth Equity Portfolio;
- a withdrawal of \$200 million from BlackRock Financial Management Large Cap Growth Equity Portfolio; and,
- use of the withdrawals from BlackRock to fund allocations designated for Channing and Vision; and to allocate the remaining \$50 million balance to the IMRF Cash Flow Account

The Chief Investment Officer noted that these recommendations will increase the assets managed by MFPDOB firms (Channing and Vision) at reduced investment management fee rates; reduce exposure to a manager that is on monitoring lists for both organizational issues and performance; and raise \$50 million in cash for funding needs.

(13-07-05)(Investment Manager Presentations)

- A. Vista Credit Opportunities Fund I, L.P. Mr. Smith of Vista Credit Opportunities Fund I, L.P., presented a review of his firm's organizational structure, investment strategy, and performance history. This presentation was followed by questions from the Committee.
- B. CBRE U.S. Core Partners, L.P. Ms. Hourihan, Mr. Grayson, and Ms. Padilla of CBRE U.S. Core Partners, L.P., presented a review of their firm's organizational structure, investment strategy, and performance history. This presentation was followed by questions from the Committee.

(13-07-06)(Action Items)

- A. Approve Allocation to Vista Credit Opportunities Fund I, L.P. After these presentations and after discussion, it was moved by Ms. Thompson; and seconded by Mr. Kuehne; to recommend that the Board approve a commitment of up to \$50 million to Vista Credit Opportunities Fund I, L.P., subject to satisfactory legal due diligence, and to authorize Staff to complete all documentation necessary to execute this recommendation.

Vote:

The motion was approved unanimously.

- B. Approve Allocation to CBRE U.S. Core Partners, L.P. It was moved by Mr. Stafford; and seconded by Mr. Piechocinski; to recommend that the Board approve a commitment of up to \$125 million to CBRE U.S. Core Partners, L.P.; subject to satisfactory legal due diligence; and to authorize Staff to complete all documentation necessary to execute this recommendation.

Vote:

The motion was approved unanimously.

- C. Approve Domestic Equity Manager Allocation Recommendations It was moved Mr. Kuehne; and seconded by Mr. Stulir; to recommend that the Board approve:

- an additional allocation of \$75 million to Channing Capital Management Small Cap Value Equity Portfolio;
- an additional allocation of \$75 million to Vision Capital Management Large Cap Growth Equity Portfolio;
- a withdrawal of \$200 million from BlackRock Financial Management Large Cap Growth Equity Portfolio; and,
- use of the withdrawals from BlackRock to fund allocations designated for Channing and Vision; and to allocate the remaining \$50 million balance to the IMRF Cash Flow Account

Vote:

The motion was approved unanimously.

(13-07-07)(Consultant Presentation)

- A. Asset Liability Modeling Study Update Mr. Jay Kloepfer of Callan Associates presented an update on the IMRF Asset Liability Modeling Study. This presentation was followed by questions from the Committee.

(13-07-08)(New Business) There was no new business presented or discussed during the meeting.

–The next meeting of the Investment Committee is scheduled to be held on Thursday, November 21, 2013, beginning at 3:00 P.M.

(13-07-09)(Trustee Comments) There were no trustee comments.

(13-07-10)(Adjourn) By unanimous consent, the meeting of the Investment Committee adjourned at 4:28 P.M.

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Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Date