

**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**MEETING NO. 14-03-I**

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

The Investment Committee met in the IMRF offices in Oak Brook, Illinois, on Friday, March 28, 2014. Ms. Henry, Chairman of the Investment Committee, called the meeting to order at 9:00 A.M.

(14-03-01)(Roll Call) Mr. Sambol called the roll:

Present: Stulir; Copper; Stanish; Henry; Thompson; Stafford  
Absent: Kuehne; Piechocinski

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.

(14-03-02)(Public Comments) There were no public comments.

(14-03-03)(Action Item)

- A. Approve Investment Committee Meeting Minutes from February 27, 2014 Meeting The Chairman asked for the approval of the minutes of the February 27, 2014 Investment Committee Meeting.

It was moved by Ms. Thompson; and seconded by Ms. Copper; that the minutes of the February 27, 2014 meeting of the Investment Committee be approved.

Vote:

The motion was approved unanimously.

(14-03-04)(Action Items -- Staff Recommendations)

- A. Pyramis High-Yield Bond Account Recommendation The Chief Investment Officer recommended termination of the Pyramis High-Yield Fixed Income Mandate for not meeting IMRF's MFPDOB brokerage goal for 2013.

It was moved by Mr. Stafford; and seconded by Ms. Stanish; to recommend that the Board terminate the Pyramis High-Yield Fixed Income Mandate for not meeting IMRF's MFPDOB brokerage goal for 2013.

Vote:

The motion was approved unanimously.

B. Domestic Equity Rebalancing Recommendations The Chief Investment Officer recommended:

- changing the Progress Investment Management Domestic Equity Mandate to an International Equity Mandate;
- fully withdrawing from the Progress Domestic Equity Account (approximately \$410 million); and,
- using these funds to allocate up to \$250 million to Progress Investment Management International Equity Account and up to \$160 million to Progress Investment Management Fixed Income Account

It was moved by Ms. Thompson; and seconded by Mr. Stafford; to recommend that the Board approve:

- changing the Progress Investment Management Domestic Equity Mandate to an International Equity Mandate;
- fully withdrawing from the Progress Domestic Equity Account (approximately \$410 million); and,
- using these funds to allocate up to \$250 million to Progress Investment Management International Equity Account and up to \$160 million to Progress Investment Management Fixed Income Account

Vote:

The motion was approved unanimously.

(14-03-05)(Staff and Consultant Presentation)

A. Non-Core Fixed Income Manager Search The Chief Investment Officer and Consultant presented an overview of the non-core fixed income manager search. It was noted that four managers would present to the Committee. Of these, three managers (Babson, Crescent and Standish) will be recommended for an investment by IMRF. GIA Partners, an MFPDOB manager as defined in the Illinois Pension Code, will also present to the Investment Committee without a recommendation from Staff and Consultant for an investment by IMRF. After this presentation, the Chief Investment Officer recommends:

- allocating up to \$175 million in Babson Capital Global Loan Fund, subject to satisfactory legal due diligence;
- allocating up to \$125 million in Crescent Capital Management High Income Fund, subject to satisfactory legal due diligence;
- allocating up to \$200 million in Standish Emerging Markets Debt -- Opportunistic Separate Account, subject to satisfactory legal due diligence;
- allocating up to an additional \$50 million to the existing MacKay Shields High-Yield Bond Account; and,
- authorizing Staff to complete all documentation necessary to execute these recommendations

(14-03-06)(Investment Manager Presentations)

- A. Babson Capital Global Loan Fund Messrs. Stammen and McDonnell of Babson Capital Global Loan Fund presented a review of their firm's organizational structure, investment strategy and product. This presentation was followed by questions from the Committee.

--The Committee recessed at 10:02 A.M.

--The meeting of the Investment Committee reconvened at 10:09 A.M.

- B. Crescent Capital Management High Income Fund Messrs. Attanasio, DeVincentis, and Fekete of Crescent Capital Management High Income Fund presented a review of their firm's organizational structure, investment strategy and product. This presentation was followed by questions from the Committee.
- C. Standish Emerging Markets Debt – Opportunistic Separate Account Mr. Laas and Ms. Elmore of Standish presented a review of their firm's organizational structure, investment strategy and product. This presentation was followed by questions from the Committee.
- D. GIA Partners Ms. Carlson and Mr. Cortes of GIA Partners presented a review of their firm's organizational structure, investment strategy and product. This presentation was followed by questions from the Committee.

(14-03-07)(Action Items)

- A. Approve Allocations to Babson Capital Global Loan Fund, Crescent Capital Management High Income Fund, Standish Emerging Markets Debt – Opportunistic Separate Account; and additional allocation to MacKay Shields High-Yield Bond Account It was moved by Ms. Stanish; and seconded by Mr. Stafford; to recommend that the Board approve:

- allocating up to \$175 million in Babson Capital Global Loan Fund, subject to satisfactory legal due diligence;
- allocating up to \$125 million in Crescent Capital Management High Income Fund, subject to satisfactory legal due diligence;
- allocating up to \$200 million in Standish Emerging Markets Debt – Opportunistic Separate Account, subject to satisfactory legal due diligence;
- allocating up to an additional \$50 million to the existing MacKay Shields High-Yield Bond Account; and,

- authorizing Staff to complete all documentation necessary to execute these recommendations

Vote:

The motion was approved unanimously.

(14-03-08)(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, April 24, 2014, beginning at 3:00 P.M.

(14-03-09)(Trustee Comments) There were no trustee comments.

(14-03-10)(Adjourn) By unanimous consent, the meeting of the Investment Committee adjourned at 11:24 A.M.

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Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Date