



ADMINISTRATION & FINANCE COMMITTEE
Meeting Minutes

Thursday, November 10, 2011
IRMA Office
9:30 a.m.

PRESENT: David Danielson, Chair Robert Merkel
Michael Braiman Scott Anderson
George Schafer Janet Binder

ALSO PRESENT: Laura Vesecky Larry Bush
Mary Henzler Brian Goding
Tom McGowan & Siguler Guff Reps.

ABSENT: Dan Nisavic Bryon Vana
David Clark

I. CALL TO ORDER

Chair Danielson called the meeting to order at 9:35 a.m. Roll was taken and a quorum declared.

Danielson indicated that Siguler Guff would make their presentation first, followed by the rest of the meeting.

Tom McGowan of Siguler Guff along with several other Siguler Guff representatives gave an overview of Siguler Guff and their Small Buyout Opportunities Fund II, Distressed Real Estate Opportunities Fund, and their BRIC Opportunities Fund III.

II. APPROVAL OF MINUTES – October 3, 2011

A motion was made by Braiman and seconded by Schafer to approve the Administration & Finance Committee Meeting Minutes of October 3, 2011. A voice vote was taken and the motion carried.

III. FINANCIAL REPORTS

Vesecky asked if there were any questions regarding the financial reports that include the Financial Statements as of September 30, 2011, the Investment Portfolio as of September 30, 2011, and the payables for the period 9/16/11 – 10/26/11. There were no questions.

A motion was made by Anderson and seconded by Braiman to approve the Financial Reports. A voice vote was taken and the motion carried.

IV. 3rd QUARTER INVESTMENT PERFORMANCE REPORT – Brian Goding

Goding presented highlights of IRMA's 3rd Quarter 2011 Investment Portfolio. Goding stated that as of September 30th, because the market did sell off, the equity allocation is down to about 44.4%. That's a point where we would normally recommend rebalancing, because we have a much higher target on the equities. However, the market has

bounced back quite a bit. As of September 30th, the fund was at about \$116 million with equities at 44.4% and fixed income at 50%, so we are about 5% off our targets. The fund went from \$127.9 million to \$116.8 million, down about 8.66% or \$11 million. As of October 31st, the fund is back up to \$122 million.

Goding noted that currently we have 4.9% currently in the alternatives. We have already committed to Siguler Guff Distressed IV. If IRMA wants to increase their alternatives and go with the Siguler Guff Distressed Real Estate, we will need to increase the percentage in alternatives. Goding suggested taking 5% out of fixed income and moving it to the alternatives. Goding stated that he would like to see IRMA go into Siguler Guff Small Buyout II, since we have done so well with Small Buyout I.

Vesecky noted that we have already gone with Siguler Guff Distressed IV and part of that is the Distressed Real Estate. Vesecky asked Goding whether moving more into the Distressed Real Estate Fund would be too much. Goding stated that he didn't think it was too much, because we only currently have a small percentage in the Distressed Real Estate in the Distressed IV fund.

Vesecky also commented that we currently have 10% in the international between Legg Mason and the two Lazard funds, and asked Goding whether if we were interested in the BRIC Distressed Fund, would he recommend increasing the allocation or take something away from the existing allocation. Goding stated that he would recommend increasing the allocation.

Goding recommended changing the allocation to 10% alternatives and 40% fixed income.

The committee discussed buying into the Distressed Real Estate, but noted that this decision has to be made before the end of the year. Danielson asked whether Goding was looking for a dollar amount. Vesecky commented that we first have to decide on increasing the percentages and then have to decide on a dollar amount at least for the Distressed Real Estate.

A motion was made by Danielson and seconded by Merkel to approve the change to the allocation as presented to 10% alternatives and 40% fixed income. A voice vote was taken and the motion carried.

The committee then discussed what percentage or dollar amount to allocate to the Siguler Guff Distressed Real Estate Fund that closes December 31, 2011. The committee thought that \$2 million would be a good amount.

A motion was made by Danielson and seconded by Anderson to invest \$2 million Siguler Guff Distressed Real Estate Fund that closes December 31, 2011, subject to the approval of the allocation by the Board of Directors. A voice vote was taken and the motion carried.

V. IRMA EMPLOYEE HEALTH INSURANCE

Vesecky reported that staff is recommending that IRMA renew the employee health insurance with Blue Cross Blue Shield who has reduced rates for 2012 by 13%. A

motion was made by Binder and seconded by Merkel to approve staff's recommendation. A voice vote was called and the motion carried.

VI. 2012 FINAL BUDGET

A. Final Budget

Vesecky reported on the following changes from the preliminary budget:

- IMRF was increased to include a part-time employee who is working more than 1,000 hours.
- Health insurance decreased from a 9% increase to a 13% decrease.
- Training was adjusted to reflect increased costs for IAPD/NAPD and the number of trainings that will be offered. Accreditation grants increased with two additional member requests for grants.
- Information Technology was reduced by elimination of IRMA discussion boards.
- 2012 revenue base was reduced for two members, which reduced the loss fund budget.

Vesecky stated that the great news is that the average contribution rate came down by 6.9%.

A motion was made by Anderson and seconded by Braiman to approve the 2012 Final Budget. A voice vote was taken and the motion carried.

B. Interest Income Credit

Vesecky stated that she had looked at the values as of November 8th and we had a gain of \$3.7 million. Vesecky noted that the maximum IRMA could give back is \$7.7 million. Because of the volatility of the markets, staff is recommending that we issue a \$6 million Interest Income Credit, which is the same level as the 2010 Interest Credit.

A motion was made by Merkel and seconded by Schaefer to approve staff's recommendation for the \$6 million Interest Income Credit. A voice vote was called and the motion carried.

VII. COMMITTEE TERMS AND 2012 MEETING SCHEDULE

Vesecky reported that the committee member terms and 2012 meeting schedule was in the meeting packet. However, a revised 2012 meeting schedule memo was distributed, revising the November meeting to November 15th.

VIII. ADDITIONS TO THE AGENDA

Vesecky reported that the engagement letter from McGladrey was distributed to the committee for their review.

IX. CONFIRMATION OF NEXT MEETING

Danielson reported that the next meeting of the Administration & Finance Committee is scheduled for Thursday, February 16, 2012 at 9:30 a.m. at the IRMA office.

XV. ADJOURNMENT

A motion was made by Braiman and seconded by Merkel to adjourn the meeting. A voice vote was taken and the motion carried.

Submitted by:

Laura Vesecky
Director of Financial Services & Administration

Approved by:

David Danielson, Vice Chair
Administration & Finance Committee