

# MEMORANDUM

**To:** Fresno County Employees' Retirement Association  
**From:** Jeffrey MacLean, CEO & Senior Consultant  
**Date:** March 23, 2015  
**RE:** IFM Update

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As part of the new strategic asset allocation approved in 2013, the FCERA's Board approved a 3% target to infrastructure. At the July 16, 2014 meeting, the Board approved a \$120 million commitment to IFM; after legal review the transaction closed in October of 2014. At that point in time, IFM anticipated they would begin drawing FCERA's capital in early in 2015 (see memo titled "*Update on Investment Manager Agreements*" dated July 31, 2014). This memo serves to update the Board on the delayed timing estimates as provided by IFM. IFM expects to call 60% - 100% of FCERA's capital during the second quarter of 2015 and the remaining in the third quarter of 2015.

The nature of infrastructure investing is somewhat unique; the investments are typically very large and long-lived, and so the ability to deploy capital is dependent on the timing and size of each infrastructure project. While the fund has been active in sourcing new projects, those projects were funded with contributions from investors that were earlier in the queue. When IFM pitched to FCERA, the queue was \$1 billion, however when FCERA closed on the partnership, the queue had grown to \$3.5 billion.

IFM recently announced a large acquisition, the Indiana Toll Road Concession. The fund reached an agreement to acquire a 100% equity interest in ITR Concession Company for \$5.725 billion. ITR is a 157-mile highway that spans from northern Indiana from its border with Ohio to the Illinois state line near Chicago. If IFM does not call 100% of FCERA's capital for the ITR acquisition, the Fund has another large acquisition in the pipeline pending regulatory approval; assuming there are no legal issues with this acquisition, the deal will close in the third quarter of 2015. While the contribution will be used to fund these projects, FCERA's investment will represent a proportionate share in diversified fund, representing \$6.8 billion in assets as of December 31, 2014.

Please call me at 310.297.1777 with any questions.