

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR MEETING NO. 12-09
SEPTEMBER 28, 2012

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 12-09

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m., September 28, 2012, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Ms. Henry presided as Chair and called the meeting to order.

Ms. Enright called the roll:

Present: Copper, Faklis, Henry, Nannini, Stafford, Stulir, Thompson

Absent: Piechocinski

Ms. Becker-Wold and Mr. Ball from Callan Associates, Ms. Widlus from Seyfarth Shaw LLP., Mr. Bakor from Unite Here, and representatives from Cabrera Capital Markets, Loop Capital and Podesta & Co. were also present.

(12-09-01) (Public Comments) Mr. Bakor from Unite Here, asked to address the Board on the current Real Estate Manager Search that IMRF is conducting.

The Chair stated that due to the current Real Estate Manager Search and the quiet period IMRF is currently in, he would not be allowed to comment on any specific firm until after the completion of the Search which would be at the November 16, 2012 Board Meeting.

(12-09-02) (Investment Manager Activities - Callan and Associates)

Ms. Becker Wold gave the following report to the Board on the activities of IMRF's investment managers:

August 31, 2012



**Illinois Municipal
Retirement Fund
Monthly Performance Report**

**Investment Measurement Service
Monthly Review**

Major Market Returns

Returns

for Periods Ended August 31, 2012

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	2.48	13.25	17.13	14.01	1.71	7.33
Russell:1000 Index	2.43	13.37	17.33	13.82	1.47	6.86
Russell:Midcap Index	3.15	11.63	13.30	15.57	2.47	9.88
Russell:2000 Index	3.33	10.60	13.40	13.89	1.90	9.00
MSCI:ACWI ex US	2.11	6.83	(1.44)	4.09	(3.15)	8.69
MSCI:EAFE US\$	2.69	6.92	(0.04)	2.40	(4.81)	6.67
MSCI:Emer Markets	(0.29)	5.92	(5.48)	6.96	(0.07)	15.35
BC:Aggr Bd	0.07	3.85	5.78	6.51	6.66	5.48
NCREIF:Total Index	0.89	7.21	11.59	10.28	2.39	8.35
NAREIT Equity Index	0.02	17.18	20.22	23.64	3.36	11.16

Markets continued the forward march in August. All major segments, except emerging markets, provided investors with positive returns. Year-to-date returns look very solid across the capital markets.

Similar to July, August was a relatively uneventful month as the major economic indicators painted a mixed picture. Second quarter GDP was revised up to 1.7% from the initial estimate of 1.5%, still below the first quarter's growth of 2.0%. The unemployment rate dropped to 8.1% in August. While this sounds positive, a close examination of the employment numbers paints a much different picture. August showed 250,000 fewer people unemployed but 368,000 people left the workforce. In fact, the percentage of people participating in the labor force fell to 63.5%, a number not seen since 1981.

As the domestic and Eurozone economies continue to stagnate, central banks are looking towards more quantitative easing to spur things along. The Fed is expecting to formally announce "QE3" by the end of September with the intention to keep interest rates low (i.e. near 0%) into 2015. Similarly, and contrary to earlier promises, the European Central Bank has announced the European Stability Mechanism (ESM), which is dedicated to directly purchasing bonds from heavily indebted Eurozone countries. At this point the ESM will be able to lend up to \$625 billion to help recapitalize banks and provide governments with a cheap source of capital.

*Due to a lag in the reporting of NCREIF Property Index returns, the monthly return shown is deduced from the most recent quarterly return. This monthly return, when compounded over three months, equates to the quarterly return.

Returns
for Periods Ended August 31, 2012

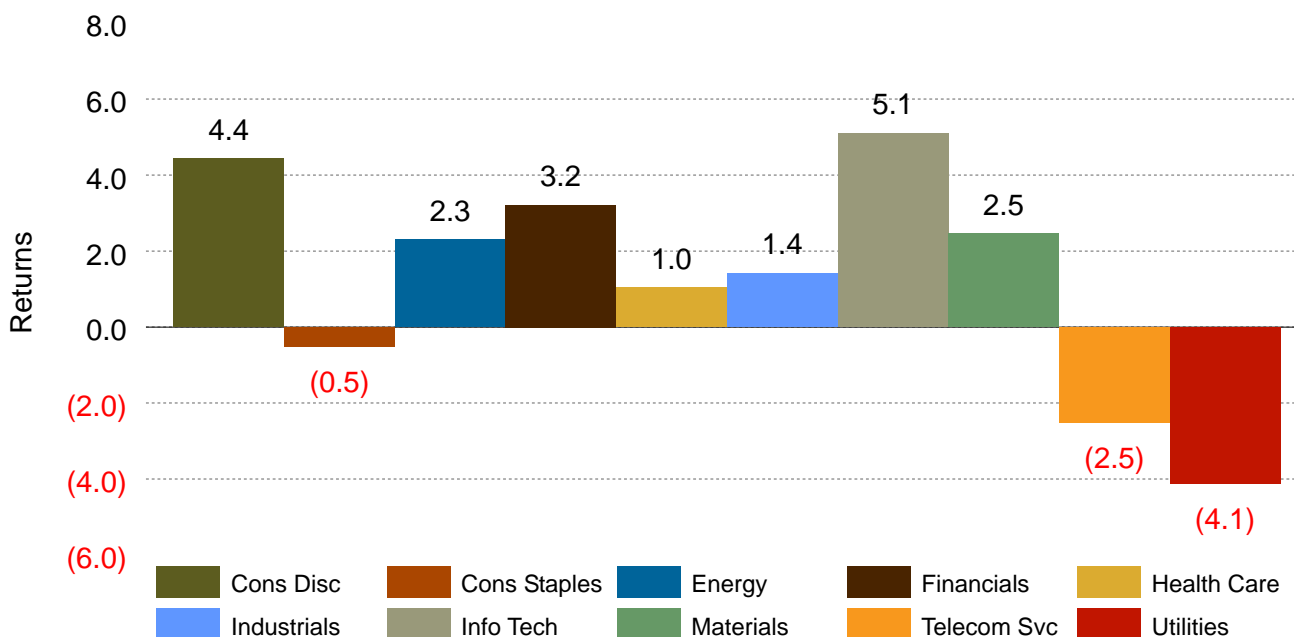
Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	2.48	13.25	17.13	14.01	1.71	7.33
Russell:1000 Index	2.43	13.37	17.33	13.82	1.47	6.86
Russell:1000 Growth	2.69	14.55	17.37	15.59	3.69	7.02
Russell:1000 Value	2.17	12.19	17.30	12.08	(0.85)	6.57
Russell:Midcap Index	3.15	11.63	13.30	15.57	2.47	9.88
Russell:2000 Index	3.33	10.60	13.40	13.89	1.90	9.00
Russell:2000 Growth	3.59	10.75	12.72	15.49	2.94	9.40
Russell:2000 Value	3.08	10.43	14.08	12.24	0.73	8.49

Domestic equities performed well in August with all capitalization segments earning positive returns. Small cap stocks, as measured by the Russell 2000 Index, rose 3.3%, beating out mid (Russell Mid Cap Index: 3.2%) & large caps (DJ U.S. Total Stock Market: 2.5%).

Growth stocks outperformed value stocks in both large and small caps (Russell 1000 Growth: 2.7%; Russell 1000 Value: 2.2%; Russell 2000 Growth: 3.6%; Russell 2000 Value: 3.1%).

Information Technology and Consumer Discretionary were the strongest performing sectors with returns of 5.1% and 4.4%, respectively. Utilities (-4.1%) and Telecom (-2.5%) were the only sectors to lose value during the month.

S&P 500 Sector Returns for Month Ended August 31, 2012



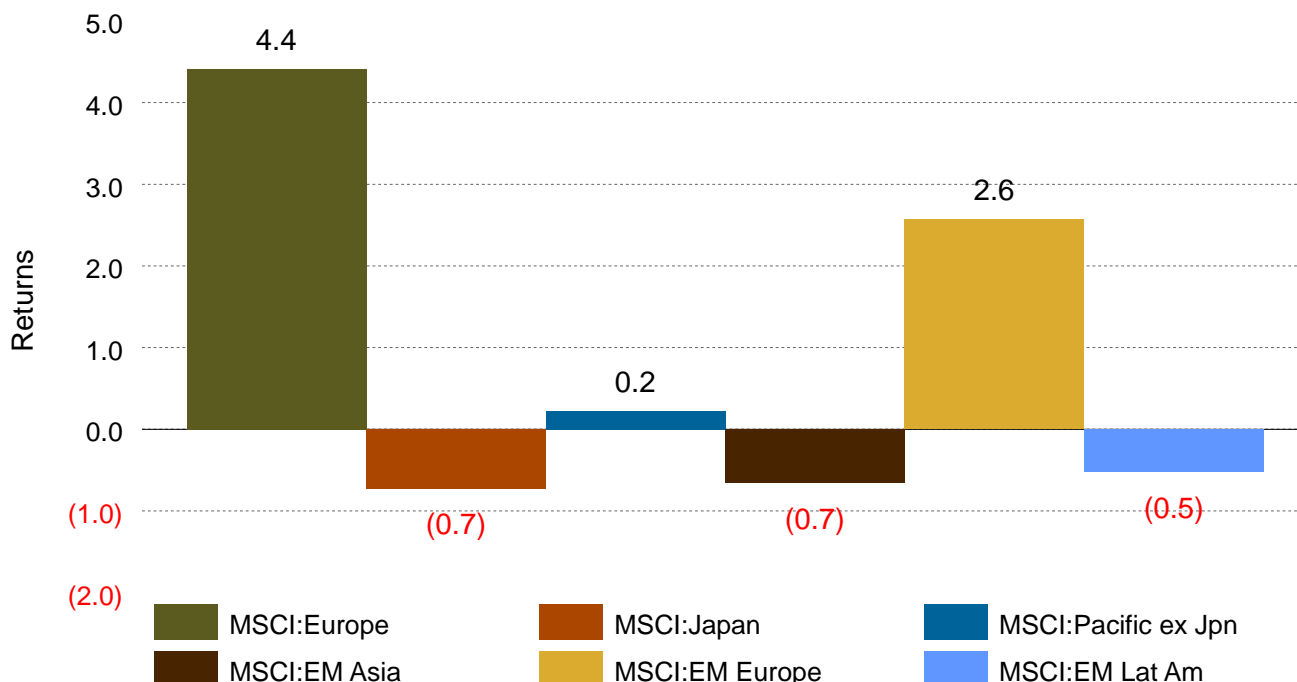
Returns
for Periods Ended August 31, 2012

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI ex US	2.11	6.83	(1.44)	4.09	(3.15)	8.69
MSCI:ACWI ex US Gr	1.70	7.42	(2.02)	5.64	(2.70)	8.13
MSCI:ACWI ex US Val	2.53	6.21	(0.87)	2.54	(3.64)	9.19
MSCI:EAFE US\$	2.69	6.92	(0.04)	2.40	(4.81)	6.67
MSCI:EAFE Hedged	1.27	5.07	4.13	(1.26)	(8.29)	1.30
MSCI:Emer Markets	(0.29)	5.92	(5.48)	6.96	(0.07)	15.35
S&P:Dev x US Sm Cap	3.17	8.04	(4.12)	6.13	(3.33)	10.51

International equity markets trailed the U.S. but still performed well in August. Developed country stocks, as measured by the MSCI EAFE Index, gained 2.7%, bringing the year to date return to 6.9%. As compared to a basket of EAFE currencies, the dollar weakened; MSCI EAFE Index (2.7%) outperformed the MSCI EAFE Hedged Index (1.3%). The MSCI Emerging Markets Index posted a slight loss (-0.3%).

It was a mixed month in terms of regional performance. Developed and emerging Europe performed very well, gaining 4.4% and 2.6%, respectively. Japan as well as emerging markets in Asia and Latin America were slightly negative.

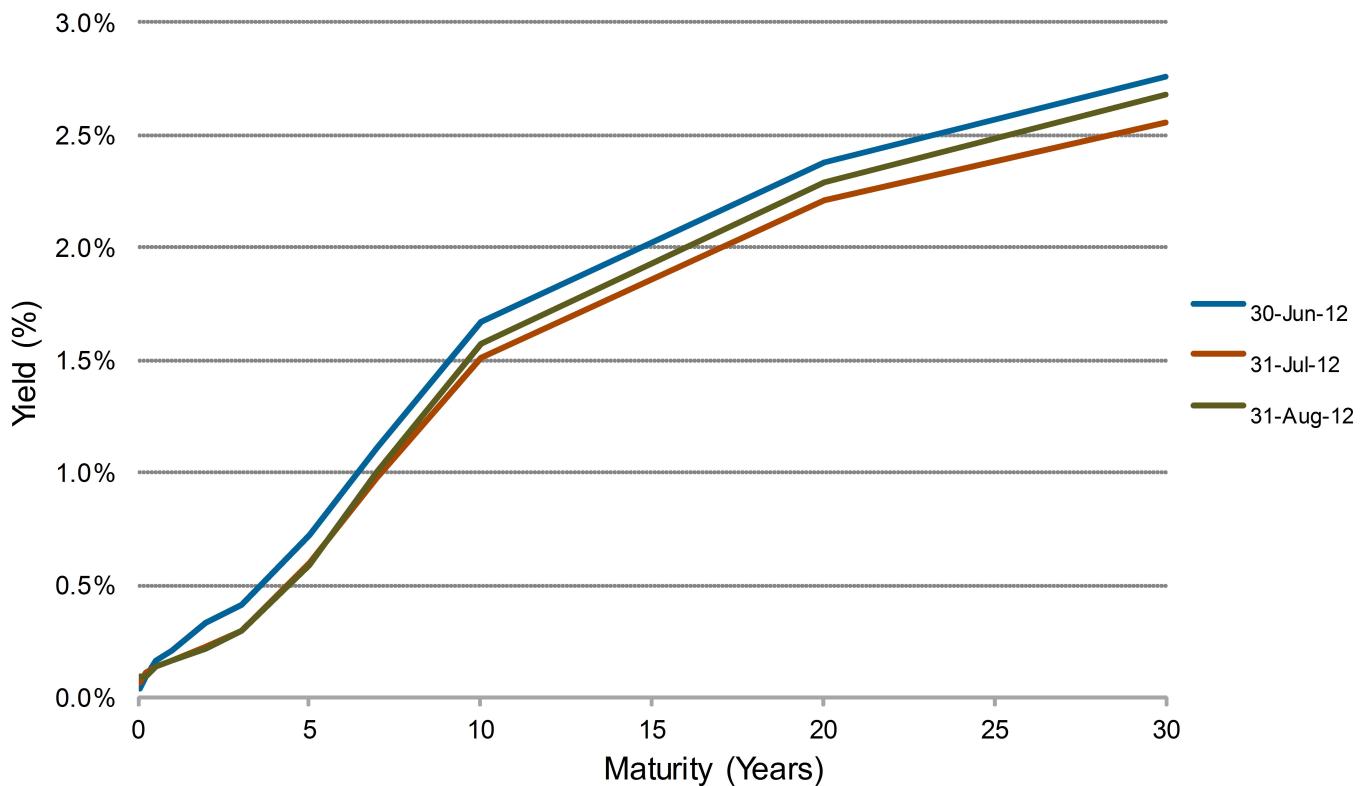
Regional Returns for Month Ended August 31, 2012



Returns
for Periods Ended August 31, 2012

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
BC:Aggr Bd	0.07	3.85	5.78	6.51	6.66	5.48
BC:Govt Index	(0.10)	2.35	4.80	5.50	6.20	5.01
BC:Credit	0.21	7.60	9.70	9.13	7.94	6.58
BC:Mortgage Idx	0.11	2.59	3.67	5.20	6.47	5.29
BC:US TIPS Index	(0.29)	5.71	8.29	9.86	8.11	6.85
ML:High Yield CP Idx	1.18	10.37	13.05	14.19	9.19	10.28
3 Month T-Bill	0.01	0.06	0.06	0.12	0.80	1.84

Treasury Yield Curve



The fixed income market rose very slightly during the month with the Barclays Aggregate Bond Index gaining 0.1%. Yields rose across the curve.

At the end of August the 10-year Treasury yielded only 1.6%. High yield bonds were the best performer, rising 1.2%. US TIPS and government bonds underperformed; losing 0.3% and 0.1%, respectively.

Total Fund

Total Fund assets at the end of August were \$26.8 billion, up from \$26.4 billion at the end of July. The Fund gained 1.98% for the month, outpacing the benchmark by 0.50%. Domestic equity, international equity, and fixed income beat their respective benchmarks. Year-to-date the fund is up 9.3%.

Current policy states that when the actual allocations of the asset classes differ by more than four percentage points from their policy targets, a recommendation for rebalancing will be made to the Board of Trustees. As of August 31, the domestic equity allocation exceeded its target by 4.3%, which is slightly outside of the allowable range. All other asset classes were within the allowable range.

US Equity

Large Cap: In aggregate, the Fund's large cap managers rose 3.10% beating the Russell 1000 Index by 0.67%. Both the growth and value portfolios outperformed their respective benchmarks for the month. Growth managers gained 3.39% with Sands as the best performing active growth manager with a return of 4.76%. The Large Cap Value managers returned 3.20%, exceeding the Russell 1000 Value Index return by 1.03%. BMO was the best performing manager in the group with a return of 4.31%. The Large Cap Core segment gained 3.24%, leading the Russell 1000 Index return of 2.43%.

Small Cap: The Small Cap portfolio was up 3.28%, behind the Russell 2000 Index by 0.05%. Small Cap Growth rose 3.32%, while Small Cap Value gained 3.52%. The Micro Cap segment returned 2.76% in August. Wall Street was the best performing micro-cap manager, posting a gain of 3.22% for the month.

International Equity

Large Cap: International fared slightly worse than the U.S. with the IMRF International Large Cap managers rising 2.65%. This return was 56 basis points ahead of the MSCI ACWI ex-U.S. Index. International Large Cap Growth gained 2.57% with EARNEST Partners as the best performing manager. International Large Cap Value rose 2.98% with Lombardia as the best performing manager. The International Large Cap Active Core Group returned 2.31% during August.

International Small Cap and Emerging Markets: International Small Cap did better than large cap with a gain of 3.08% outpacing the ACWI Small-cap ex US Index return by 0.34%. The emerging markets portfolio, managed by Genesis, returned 0.49% during August, outpacing the MSCI Emerging Markets Index by 78 basis points.

Domestic Fixed Income

Active Core: The active core fixed income component returned 0.33%, outperforming the BC Aggregate Index by 26 basis points. The enhanced core portfolio rose 0.24%.

Core Plus: The core plus managers gained 0.39%, outpacing the BC Aggregate by 32 basis points. Taplin, Canida, Habacht had the best monthly performance at 0.54%.

High Yield: The high yield component gained 1.14%, slightly underperforming the ML High Yield Cash Pay Index (1.18%). MacKay Shields was the best performing with a return of 1.20%.

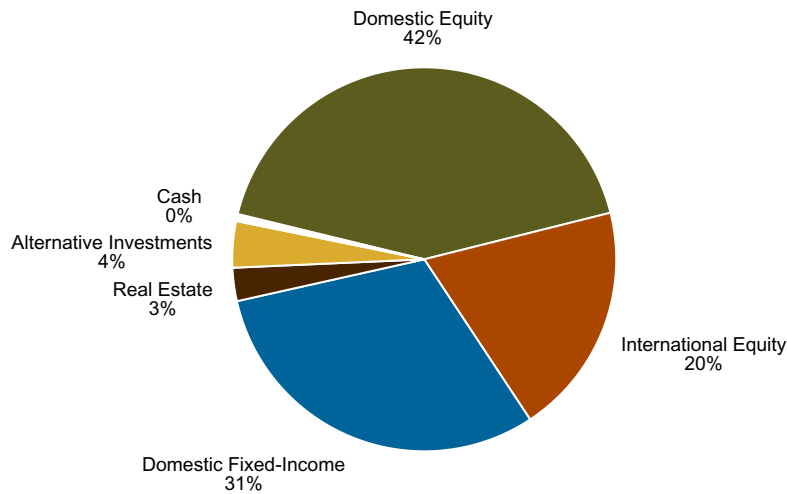
Alternatives

Performance for real estate, absolute return, private equity, agriculture and timberland are not representative of current returns as data is incomplete and/or lagged in the monthly reports.

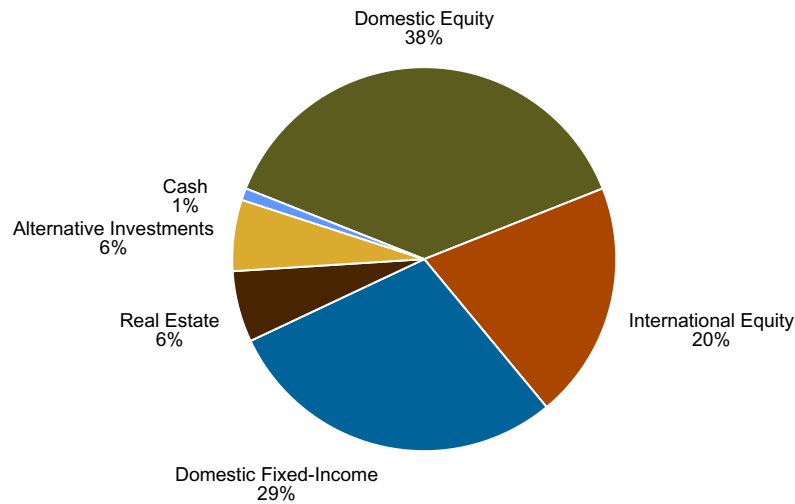
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of August 31, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$Millions Actual	Percent Actual	Percent Target	Percent Difference	\$Millions Difference
Domestic Equity	11,351	42.3%	38.0%	4.3%	1,158
International Equity	5,254	19.6%	20.0%	(0.4%)	(110)
Domestic Fixed-Income	8,268	30.8%	29.0%	1.8%	490
Real Estate	763	2.8%	6.0%	(3.2%)	(846)
Alternative Investments	1,053	3.9%	6.0%	(2.1%)	(556)
Cash	133	0.5%	1.0%	(0.5%)	(135)
Total	26,821	100.0%	100.0%		

* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of August 31, 2012, with the distribution as of July 31, 2012.

Asset Distribution Across Investment Managers

	August 31, 2012		July 31, 2012	
	Market Value	Percent	Market Value	Percent
Domestic Equity	\$11,350,530,518	42.32%	\$11,005,020,402	41.62%
Large Cap Growth				
BlackRock LCG	592,423,852	2.21%	570,520,637	2.16%
Holland	758,844,104	2.83%	738,036,041	2.79%
NTGI S&P 500 Growth Idx	862,004,145	3.21%	842,590,836	3.19%
Sands	814,514,854	3.04%	777,486,710	2.94%
Vision	57,148,679	0.21%	55,271,368	0.21%
Large Cap Value				
Dodge & Cox	696,700,707	2.60%	677,385,570	2.56%
BMO	755,631,797	2.82%	724,380,507	2.74%
LSV	721,218,168	2.69%	697,051,585	2.64%
NTGI S&P 500 Value Idx	768,797,727	2.87%	752,273,327	2.84%
Large Cap Core				
Piedmont	138,728,812	0.52%	135,284,404	0.51%
Progress	442,537,083	1.65%	427,762,912	1.62%
NTGI MarketCap Index	2,053,614,190	7.66%	2,004,038,108	7.58%
Small Cap Growth				
Fortaleza	33,387,868	0.12%	31,983,996	0.12%
Frontier	489,507,520	1.83%	471,025,696	1.78%
Pyramis	514,562,337	1.92%	501,128,303	1.90%
Small Cap Value				
Channing	51,331,447	0.19%	47,839,391	0.18%
Dimensional Small Cap Value	432,868,157	1.61%	416,106,208	1.57%
Inv. Counselors of Maryland	499,195,992	1.86%	484,830,823	1.83%
Lombardia	107,621,459	0.40%	105,153,086	0.40%
Micro Cap				
Ariel	62,338,569	0.23%	61,841,184	0.23%
Ativo	28,958,217	0.11%	28,331,991	0.11%
Dimensional Micro Cap	190,080,989	0.71%	184,879,179	0.70%
Wall Street	278,513,847	1.04%	269,818,541	1.02%
International Equity	\$5,253,780,369	19.59%	\$5,126,237,014	19.39%
International Large Cap Growth				
EARNEST Partners	419,764,919	1.57%	407,617,500	1.54%
McKinley	204,155	0.00%	202,325	0.00%
William Blair	449,083,236	1.67%	439,455,409	1.66%
International Large Cap Value				
Brandes	375,337,464	1.40%	364,339,490	1.38%
Lombardia	4,777,279	0.02%	4,624,644	0.02%
Mondrian	389,416,038	1.45%	377,414,582	1.43%
Lazard	73,310,200	0.27%	72,074,182	0.27%
International Large Cap Core				
Arrowstreet	377,567,796	1.41%	367,126,110	1.39%
Brown	182,145,273	0.68%	178,587,532	0.68%
GlobeFlex	385,430,571	1.44%	378,070,015	1.43%
NTGI MSCI EAFE Index	1,852,461,971	6.91%	1,803,525,215	6.82%
International Small Cap				
AXA Rosenberg	10,630	0.00%	10,604	0.00%
Franklin Templeton	137,377,052	0.51%	132,218,608	0.50%
William Blair	160,094,564	0.60%	156,361,877	0.59%

Mondrian and Lombardia were funded 3/20/2012, Lazard was funded 3/21/2012.

Franklin Templeton Intl SC was funded 07/27/2011. BlackRock LCG was funded 07/12/2011. Vision was funded 06/17/2011.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of August 31, 2012, with the distribution as of July 31, 2012.

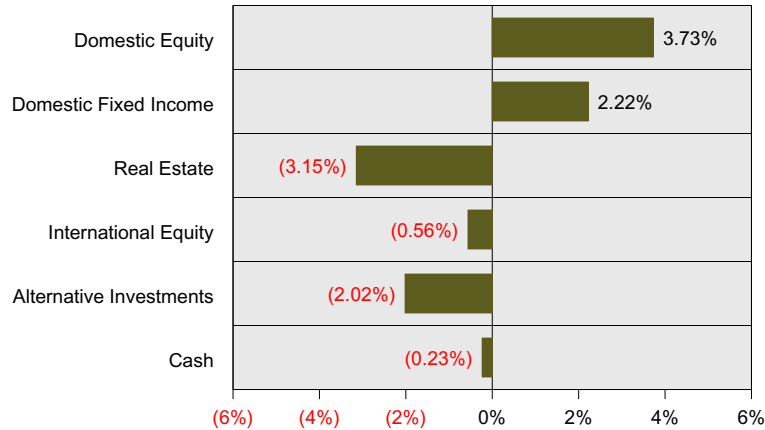
Asset Distribution Across Investment Managers

	August 31, 2012		July 31, 2012	
	Market Value	Percent	Market Value	Percent
Emerging Markets				
Genesis	446,799,220	1.67%	444,608,921	1.68%
Domestic Fixed-Income	\$8,267,791,517	30.83%	\$8,234,357,177	31.14%
Domestic Fixed Core				
EARNEST Partners	533,412,326	1.99%	531,924,902	2.01%
Piedmont	525,696,911	1.96%	523,699,509	1.98%
BlackRock Enhanced	957,719,892	3.57%	955,423,624	3.61%
NTGI BC Aggregate Index	1,402,818,253	5.23%	1,401,279,029	5.30%
Domestic Fixed Core Plus				
BlackRock Core Plus	711,510,321	2.65%	709,609,908	2.68%
LM Capital	824,450,335	3.07%	820,342,693	3.10%
Progress Fixed Income	424,926,928	1.58%	423,409,076	1.60%
Taplin, Canida, & Habacht	810,139,277	3.02%	805,760,501	3.05%
Western	1,086,834,085	4.05%	1,083,753,401	4.10%
High Yield				
MackKay Shields	485,981,049	1.81%	480,230,818	1.82%
Pyramis High Yield	504,302,140	1.88%	498,923,716	1.89%
Real Estate	\$762,933,394	2.84%	\$755,035,111	2.86%
Real Estate Opportunistic				
Franklin Templeton EMREFF	15,844,959	0.06%	16,327,313	0.06%
Lazard Freres	6,763,560	0.03%	6,257,181	0.02%
Olympus Real Estate Fund II	1,135,965	0.00%	1,135,965	0.00%
Security	52,735,033	0.20%	52,553,691	0.20%
Dune Real Estate Fund II	32,920,742	0.12%	33,719,519	0.13%
Real Estate Core				
BlackRock Granite Fund	69,565,769	0.26%	69,565,769	0.26%
Buckhead	237,533,906	0.89%	229,098,637	0.87%
Cornerstone	84,511,800	0.32%	84,511,800	0.32%
INVESCO	82,800,320	0.31%	82,800,320	0.31%
Sentinel	28,361,294	0.11%	33,361,294	0.13%
Non-Core Real Estate Funds				
Cornerstone Fund VIII	21,024,978	0.08%	21,024,978	0.08%
Almanac Realty VI	3,447,686	0.01%	-	-
Real Estate Value Added				
Rockwood	37,271,533	0.14%	34,743,815	0.13%
Almanac Realty	38,221,312	0.14%	37,885,634	0.14%
TA Fund IX	50,794,538	0.19%	52,049,196	0.20%
Alternative Investments	\$1,053,299,521	3.93%	\$1,049,956,083	3.97%
Absolute Return				
Aurora	137,532,144	0.51%	136,377,481	0.52%
Grosvenor	120,776,080	0.45%	119,319,005	0.45%
Mesirov	119,580,681	0.45%	119,580,681	0.45%
Private Equity				
Abbott	296,569,881	1.11%	297,672,255	1.13%
Muller & Monroe ILPEFF	12,734,113	0.05%	12,740,692	0.05%
Muller & Monroe MPEFF	18,713,585	0.07%	18,585,270	0.07%
Pantheon	174,115,765	0.65%	173,587,277	0.66%
Private Equity Fund - Domestic	3,056,240	0.01%	2,081,092	0.01%
Agriculture				
Cozad/Westchester	106,503,654	0.40%	106,294,952	0.40%
Timberland				
Forest Investment Assoc.	63,691,893	0.24%	63,691,894	0.24%
Cash	\$132,998,762	0.50%	\$271,834,893	1.03%
Total Fund	\$26,821,334,082	100.0%	\$26,442,440,680	100.0%

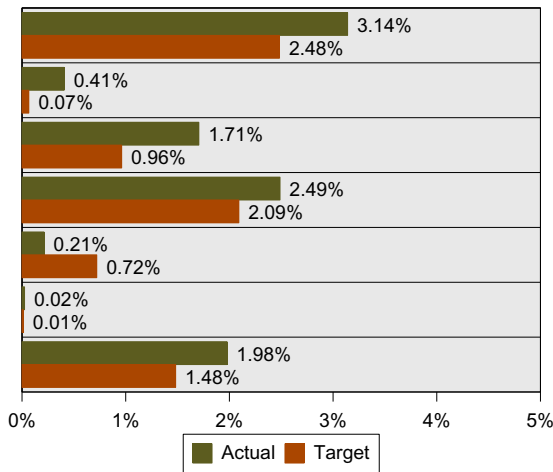
Monthly Total Fund Relative Attribution - August 31, 2012

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

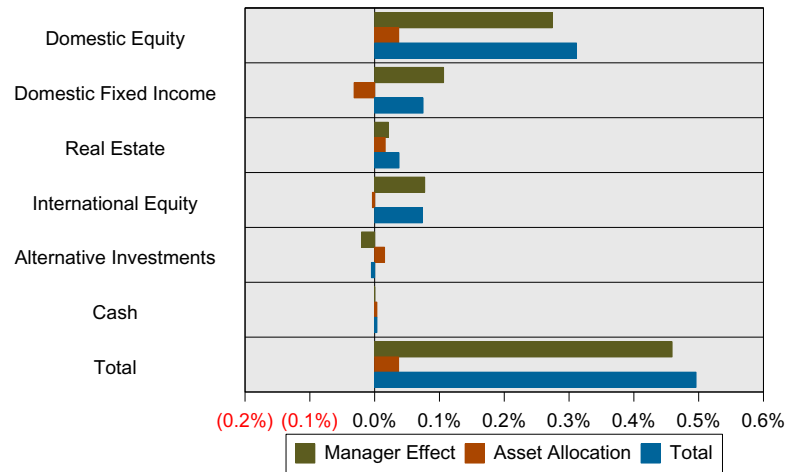
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Month ended August 31, 2012

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	42%	38%	3.14%	2.48%	0.27%	0.04%	0.31%
Domestic Fixed Income	31%	29%	0.41%	0.07%	0.11%	(0.03%)	0.07%
Real Estate	3%	6%	1.71%	0.96%	0.02%	0.02%	0.04%
International Equity	19%	20%	2.49%	2.09%	0.08%	(0.00%)	0.07%
Alternative Investments	4%	6%	0.21%	0.72%	(0.02%)	0.02%	(0.00%)
Cash	1%	1%	0.02%	0.01%	0.00%	0.00%	0.00%
Total			1.98%	1.48%	+ 0.46%	+ 0.04%	0.50%

* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

Asset Class Returns

The table below details the rates of return for the fund's asset class composites over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Domestic Equity (12/31/81)	3.14%	7.53%	13.13%	16.33%
DJ U.S. Total Stock Market Index	2.48%	7.62%	13.25%	17.13%
Domestic Equity - Net (12/31/04)	3.11%	7.46%	12.91%	16.02%
International Equity (08/31/86)	2.49%	9.87%	8.30%	0.83%
MSCI ACWI x US (Net)	2.09%	9.64%	6.40%	(1.92%)
International Equity - Net (12/31/04)	2.45%	9.81%	8.07%	0.54%
Domestic Fixed-Income (12/31/81)	0.41%	2.50%	5.84%	7.99%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
Domestic Fixed-Inc. - Net (12/31/04)	0.40%	2.46%	5.72%	7.83%
Real Estate (04/30/85)	1.71%	3.21%	9.30%	13.13%
Blended Benchmark**	0.96%	2.91%	7.86%	12.59%
Real Estate - Net (12/31/04)	1.71%	2.94%	9.01%	12.83%
Alternative Investments (01/31/86)	0.21%	1.05%	4.03%	2.54%
Alternatives Custom Benchmark***	0.72%	2.18%	5.91%	9.00%
Alternative Investments - Net (12/31/04)	0.18%	0.99%	3.77%	2.22%
Absolute Return (12/31/01)	0.70%	1.33%	4.56%	0.53%
HFR Fund-of-Funds Index	0.64%	1.03%	2.40%	(0.93%)
Private Equity (01/31/86)	(0.12%)	1.51%	4.75%	2.35%
Alternatives Custom Benchmark***	0.72%	2.18%	5.91%	9.00%
Agriculture (09/30/97)	0.22%	0.16%	2.43%	12.54%
Blended Benchmark**	0.96%	2.91%	7.86%	12.59%
Timberland (09/30/92)	0.00%	(2.62%)	(1.92%)	(0.19%)
Blended Benchmark**	0.96%	2.91%	7.86%	12.59%
Total Fund (12/31/81)	1.98%	5.91%	9.28%	9.66%
Total Fund Benchmark	1.48%	5.54%	8.43%	9.41%
Total Fund - Net (12/31/04)	1.95%	5.85%	9.09%	9.40%

* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

** The Blended Benchmark is currently NPI + 1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%. As the returns of the NPI are updated quarterly, an approximation of the Index is used during the first two months of each quarter.

*** The Alternatives Custom Benchmark is based on an annualized rate of return of 9.0%. Prior to July 1, 2010 the Benchmark was based on an annual return of 12.0%. Prior to 2004, the Benchmark was based on an annual return of 13.0%. Prior to 2003, it was based on an annual return of 15.0%.

Asset Class Returns

The table below details the rates of return for the fund's asset class composites over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Equity (12/31/81)	13.89%	1.71%	7.71%	11.15%
DJ U.S. Total Stock Market Index	14.01%	1.71%	7.33%	10.79%
Domestic Equity - Net (12/31/04)	13.61%	1.46%	-	4.49%
International Equity (08/31/86)	5.27%	(3.45%)	8.76%	7.76%
MSCI ACWI x US (Net)	3.64%	(3.59%)	8.22%	-
International Equity - Net (12/31/04)	4.98%	(3.75%)	-	4.01%
Domestic Fixed-Income (12/31/81)	8.65%	7.64%	6.62%	9.32%
BC Aggregate Index	6.51%	6.66%	5.48%	8.75%
Domestic Fixed-Inc. - Net (12/31/04)	8.50%	7.51%	-	6.15%
Real Estate (04/30/85)	6.22%	(0.77%)	5.24%	4.27%
Blended Benchmark**	11.28%	3.40%	6.11%	7.30%
Real Estate - Net (12/31/04)	6.12%	(0.82%)	-	4.71%
Alternative Investments (01/31/86)	7.80%	2.63%	7.52%	10.94%
Alternatives Custom Benchmark***	9.83%	10.69%	11.54%	13.69%
Alternative Investments - Net (12/31/04)	7.45%	2.37%	-	7.32%
Absolute Return (12/31/01)	3.53%	0.22%	4.76%	4.47%
HFR Fund-of-Funds Index	1.75%	(1.40%)	3.48%	3.35%
Private Equity (01/31/86)	12.64%	4.23%	9.61%	13.12%
Alternatives Custom Benchmark***	9.83%	10.69%	11.54%	13.69%
Agriculture (09/30/97)	4.89%	3.85%	7.11%	5.97%
Blended Benchmark**	11.28%	3.40%	6.11%	6.50%
Timberland (09/30/92)	2.07%	4.98%	3.28%	8.97%
Blended Benchmark**	11.28%	3.40%	6.11%	6.77%
Total Fund (12/31/81)	9.89%	3.53%	7.85%	10.01%
Total Fund Benchmark	9.59%	3.77%	7.40%	-
Total Fund - Net (12/31/04)	9.65%	3.31%	-	5.65%

* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

** The Blended Benchmark is currently NPI + 1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%. As the returns of the NPI are updated quarterly, an approximation of the Index is used during the first two months of each quarter.

*** The Alternatives Custom Benchmark is based on an annualized rate of return of 9.0%. Prior to July 1, 2010 the Benchmark was based on an annual return of 12.0%. Prior to 2004, the Benchmark was based on an annual return of 13.0%. Prior to 2003, it was based on an annual return of 15.0%.

Large Cap Equity Returns

The table below details the rates of return for the fund's large cap growth and large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Large Cap Equity (12/31/81)	3.10%	7.98%	13.99%	17.22%
Russell 1000 Index	2.43%	7.61%	13.37%	17.33%
Large Cap Growth (12/31/81)	3.39%	6.83%	15.60%	17.17%
BlackRock LCG (07/31/11)	3.84%	7.31%	12.77%	11.35%
LCG Blended Benchmark*	2.69%	6.89%	14.55%	17.37%
Russell 1000 Growth Index	2.69%	6.89%	14.55%	17.37%
BlackRock LCG - Net (07/31/11)	3.74%	7.10%	12.36%	10.95%
Holland (10/31/94)	2.82%	5.58%	12.73%	15.90%
LCG Blended Benchmark*	2.69%	6.89%	14.55%	17.37%
Russell 1000 Growth Index	2.69%	6.89%	14.55%	17.37%
Holland - Net (12/31/04)	2.73%	5.49%	12.52%	15.63%
NTGI S&P 500 Growth Idx (07/31/01)	2.30%	7.97%	14.55%	18.56%
S&P/Citi 500 Growth Index	2.31%	7.97%	14.55%	18.55%
NTGI S&P 500 Growth Idx - Net (12/31/04)	2.30%	7.96%	14.54%	18.55%
Sands (10/31/03)	4.76%	6.43%	21.81%	21.40%
LCG Blended Benchmark*	2.69%	6.89%	14.55%	17.37%
Russell 1000 Growth Index	2.69%	6.89%	14.55%	17.37%
Sands - Net (12/31/04)	4.70%	6.37%	21.59%	21.11%
Vision (06/30/11)	3.40%	7.48%	16.70%	18.73%
LCG Blended Benchmark*	2.69%	6.89%	14.55%	17.37%
Russell 1000 Growth Index	2.69%	6.89%	14.55%	17.37%
Vision - Net (06/30/11)	3.40%	7.32%	16.20%	18.04%
Large Cap Value (09/30/82)	3.20%	9.50%	13.05%	17.57%
Dodge & Cox (08/31/03)	2.85%	10.95%	15.71%	17.73%
LCV Blended Benchmark**	2.17%	8.35%	12.19%	17.30%
Russell 1000 Value Index	2.17%	8.35%	12.19%	17.30%
Dodge & Cox - Net (12/31/04)	2.80%	10.89%	15.53%	17.48%
BMO (01/31/01)	4.31%	9.67%	12.26%	18.18%
LCV Blended Benchmark**	2.17%	8.35%	12.19%	17.30%
Russell 1000 Value Index	2.17%	8.35%	12.19%	17.30%
BMO - Net (12/31/04)	4.31%	9.67%	12.13%	17.98%
LSV (01/31/03)	3.47%	9.64%	12.19%	17.02%
LCV Blended Benchmark**	2.17%	8.35%	12.19%	17.30%
Russell 1000 Value Index	2.17%	8.35%	12.19%	17.30%
LSV - Net (12/31/04)	3.47%	9.57%	11.96%	16.70%
NTGI S&P 500 Value Idx (07/31/99)	2.20%	7.92%	12.29%	17.34%
S&P/Citi 500 Value Index	2.19%	7.92%	12.26%	17.34%
NTGI S&P 500 Value Idx - Net (12/31/04)	2.20%	7.92%	12.29%	17.33%

* The LCG Blended Benchmark is currently the Russell 1000 Growth Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Growth Index.

** The LCV Blended Benchmark is currently the Russell 1000 Value Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Value Index.

Large Cap Equity Returns

The table below details the rates of return for the fund's large cap growth and large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Large Cap Equity (12/31/81)	13.79%	1.61%	7.01%	10.65%
Russell 1000 Index	13.82%	1.47%	6.86%	10.98%
Large Cap Growth (12/31/81)	15.85%	4.47%	7.15%	11.24%
BlackRock LCG (07/31/11)	-	-	-	1.94%
LCG Blended Benchmark*	15.59%	3.69%	6.53%	10.27%
Russell 1000 Growth Index	15.59%	3.69%	7.02%	10.27%
BlackRock LCG - Net (07/31/11)	-	-	-	1.60%
Holland (10/31/94)	16.08%	5.69%	7.62%	9.46%
LCG Blended Benchmark*	15.59%	3.69%	6.53%	8.58%
Russell 1000 Growth Index	15.59%	3.69%	7.02%	7.65%
Holland - Net (12/31/04)	15.74%	5.39%	-	5.09%
LCG Blended Benchmark*	15.59%	3.69%	6.53%	5.58%
Russell 1000 Growth Index	15.59%	3.69%	7.02%	5.79%
NTGI S&P 500 Growth Idx (07/31/01)	15.75%	4.03%	6.67%	3.66%
S&P/Citi 500 Growth Index	15.72%	4.01%	6.66%	3.62%
NTGI S&P 500 Growth Idx - Net (12/31/04)	15.73%	4.02%	-	5.27%
S&P/Citi 500 Growth Index	15.72%	4.01%	6.66%	5.74%
Sands (10/31/03)	23.62%	8.83%	-	9.83%
LCG Blended Benchmark*	15.59%	3.69%	6.53%	6.24%
Russell 1000 Growth Index	15.59%	3.69%	7.02%	6.45%
Sands - Net (12/31/04)	23.31%	8.54%	-	7.31%
LCG Blended Benchmark*	15.59%	3.69%	6.53%	5.58%
Russell 1000 Growth Index	15.59%	3.69%	7.02%	5.79%
Vision (06/30/11)	-	-	-	9.23%
LCG Blended Benchmark*	15.59%	3.69%	6.53%	8.56%
Russell 1000 Growth Index	15.59%	3.69%	7.02%	8.56%
Vision - Net (06/30/11)	-	-	-	8.68%
Large Cap Value (09/30/82)	11.66%	(0.93%)	6.87%	9.67%
Dodge & Cox (08/31/03)	11.85%	(1.05%)	-	6.54%
LCV Blended Benchmark**	12.08%	(0.85%)	6.54%	5.93%
Russell 1000 Value Index	12.08%	(0.85%)	6.57%	6.14%
Dodge & Cox - Net (12/31/04)	11.60%	(1.28%)	-	3.01%
LCV Blended Benchmark**	12.08%	(0.85%)	6.54%	3.56%
Russell 1000 Value Index	12.08%	(0.85%)	6.57%	3.72%
BMO (01/31/01)	12.41%	0.30%	7.66%	5.58%
LCV Blended Benchmark**	12.08%	(0.85%)	6.54%	2.63%
Russell 1000 Value Index	12.08%	(0.85%)	6.57%	3.84%
BMO - Net (12/31/04)	12.17%	0.06%	-	4.55%
LCV Blended Benchmark**	12.08%	(0.85%)	6.54%	3.56%
Russell 1000 Value Index	12.08%	(0.85%)	6.57%	3.72%
LSV (01/31/03)	11.41%	(0.49%)	-	8.66%
LCV Blended Benchmark**	12.08%	(0.85%)	6.54%	7.07%
Russell 1000 Value Index	12.08%	(0.85%)	6.57%	7.13%
LSV - Net (12/31/04)	11.10%	(0.78%)	-	3.90%
LCV Blended Benchmark**	12.08%	(0.85%)	6.54%	3.56%
Russell 1000 Value Index	12.08%	(0.85%)	6.57%	3.72%
NTGI S&P 500 Value Idx (07/31/99)	11.42%	(1.55%)	6.27%	2.48%
S&P/Citi 500 Value Index	11.40%	(1.57%)	6.25%	2.48%
NTGI S&P 500 Value Idx - Net (12/31/04)	11.41%	(1.56%)	-	2.80%
S&P/Citi 500 Value Index	11.40%	(1.57%)	6.25%	3.18%

* The LCG Blended Benchmark is currently the Russell 1000 Growth Index. Returns prior to January 1, 2006, reflect those the S&P 500/Citigroup Growth Index.

** The LCV Blended Benchmark is currently the Russell 1000 Value Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Value Index.

Large Cap Equity Returns

The table below details the rates of return for the fund's large cap core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Large Cap Active Core (12/31/04)	3.24%	8.10%	13.26%	16.02%
Piedmont (05/31/11)	2.55%	8.93%	15.36%	18.79%
Russell 1000 Index	2.43%	7.61%	13.37%	17.33%
Piedmont - Net (05/31/11)	2.55%	8.82%	15.02%	18.31%
Progress (01/31/05)	3.45%	7.84%	12.61%	15.17%
DJ U.S. Total Stock Market Index	2.48%	7.62%	13.25%	17.13%
Progress - Net (01/31/05)	3.45%	7.68%	12.10%	14.47%
Large Cap Passive Core (12/31/84)	2.47%	7.58%	13.22%	17.14%
NTGI MarketCap Idx (01/31/85)	2.47%	7.58%	13.22%	17.14%
DJ U.S. Total Stock Market Index	2.48%	7.62%	13.25%	17.13%
NTGI MarketCap Idx - Net (12/31/04)	2.47%	7.58%	13.22%	17.13%

Large Cap Equity Returns

The table below details the rates of return for the fund's large cap core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Large Cap Active Core (12/31/04)	13.08%	1.52%	-	4.44%
Piedmont (05/31/11)	-	-	-	4.22%
Russell 1000 Index	13.82%	1.47%	6.86%	5.00%
Piedmont - Net (05/31/11)	-	-	-	3.81%
Progress (01/31/05)	12.80%	1.37%	-	4.39%
DJ U.S. Total Stock Market Index	14.01%	1.71%	7.33%	4.60%
Progress - Net (01/31/05)	12.13%	0.75%	-	3.78%
Large Cap Passive Core (12/31/84)	14.02%	1.49%	7.18%	10.51%
NTGI MarketCap Idx (01/31/85)	14.06%	1.51%	7.19%	10.55%
DJ U.S. Total Stock Market Index	14.01%	1.71%	7.33%	10.52%
NTGI MarketCap Idx - Net (12/31/04)	14.05%	1.50%	-	4.40%
DJ U.S. Total Stock Market Index	14.01%	1.71%	7.33%	5.03%

Small Cap Equity Returns

The table below details the rates of return for the fund's small cap growth, small cap value, and micro cap managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Small Cap Equity (06/30/88)	3.28%	6.10%	10.43%	13.54%
Russell 2000 Index	3.33%	6.99%	10.60%	13.40%
Small Cap Growth (06/30/88)	3.32%	5.59%	9.02%	10.58%
Fortaleza (11/30/06)	4.39%	6.39%	12.28%	14.77%
Russell 2000 Growth Index	3.59%	7.03%	10.75%	12.72%
Fortaleza - Net (11/30/06)	4.39%	6.26%	11.87%	14.21%
Frontier (07/31/88)	3.92%	4.30%	8.14%	10.65%
Russell 2000 Growth Index	3.59%	7.03%	10.75%	12.72%
Frontier - Net (12/31/04)	3.92%	4.17%	7.74%	10.10%
Pyramis (07/31/88)	2.68%	6.79%	9.63%	10.31%
Russell 2000 Growth Index	3.59%	7.03%	10.75%	12.72%
Pyramis - Net (12/31/04)	2.68%	6.66%	9.24%	9.47%
Small Cap Value (08/31/89)	3.52%	6.71%	10.50%	14.47%
Channing (06/30/11)	7.30%	8.74%	9.56%	12.53%
Russell 2000 Value Index	3.08%	6.95%	10.43%	14.08%
Channing - Net (06/30/11)	7.30%	8.52%	8.91%	11.64%
DFA Small Cap Value (01/31/96)	4.03%	8.30%	12.60%	14.68%
Russell 2000 Value Index	3.08%	6.95%	10.43%	14.08%
DFA Small Cap Value - Net (12/31/04)	3.90%	8.17%	12.19%	14.14%
Inv. Counselors of Maryland (04/30/99)	2.96%	4.98%	9.66%	14.18%
Russell 2000 Value Index	3.08%	6.95%	10.43%	14.08%
Inv. Couns. of Maryland - Net (12/31/04)	2.86%	4.88%	9.34%	13.73%
Lombardia (05/31/11)	2.35%	7.55%	6.75%	15.91%
Russell 2000 Value Index	3.08%	6.95%	10.43%	14.08%
Lombardia - Net (05/31/11)	2.35%	7.36%	6.20%	15.11%
Micro Cap (06/30/84)	2.76%	5.88%	12.97%	17.56%
Ariel (10/31/2010)	0.86%	2.73%	16.89%	21.20%
Russell 2000 Value Index	3.08%	6.95%	10.43%	14.08%
Russell 2000 Index	3.33%	6.99%	10.60%	13.40%
Russell Microcap Index	2.50%	7.45%	14.06%	15.47%
Ariel - Net (10/31/10)	0.86%	2.52%	16.17%	20.17%
Ativo (09/30/10)	2.21%	5.68%	8.40%	8.89%
Russell 2000 Growth Index	3.59%	7.03%	10.75%	12.72%
Russell 2000 Index	3.33%	6.99%	10.60%	13.40%
Russell Microcap Index	2.50%	7.45%	14.06%	15.47%
Ativo - Net (09/30/10)	2.21%	5.47%	7.78%	8.04%
DFA Micro Cap (07/31/87)	2.81%	7.06%	11.15%	15.19%
Russell 2000 Value Index	3.08%	6.95%	10.43%	14.08%
Russell 2000 Index	3.33%	6.99%	10.60%	13.40%
DFA Micro Cap - Net (12/31/04)	2.69%	6.93%	10.75%	14.64%
Wall Street (07/31/90)	3.22%	5.83%	13.87%	19.42%
Russell 2000 Growth Index	3.59%	7.03%	10.75%	12.72%
Russell 2000 Index	3.33%	6.99%	10.60%	13.40%
Wall Street - Net (12/31/04)	3.22%	5.62%	13.24%	18.53%

Small Cap Equity Returns

The table below details the rates of return for the fund's small cap growth, small cap value, and micro cap managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Small Cap Equity (06/30/88)	14.91%	3.19%	11.35%	12.04%
Russell 2000 Index	13.89%	1.90%	9.00%	9.06%
Small Cap Growth (06/30/88)	14.26%	3.15%	11.15%	12.72%
Fortaleza (11/30/06)	18.89%	1.32%	-	3.66%
Russell 2000 Growth Index	15.49%	2.94%	9.40%	3.96%
Fortaleza - Net (11/30/06)	18.33%	0.82%	-	3.17%
Frontier (07/31/88)	13.24%	4.12%	10.50%	12.75%
Russell 2000 Growth Index	15.49%	2.94%	9.40%	6.86%
Frontier - Net (12/31/04)	12.34%	3.28%	-	6.39%
Russell 2000 Growth Index	15.49%	2.94%	9.40%	5.39%
Pyramis (07/31/88)	14.94%	4.37%	12.41%	13.35%
Russell 2000 Growth Index	15.49%	2.94%	9.40%	6.86%
Pyramis - Net (12/31/04)	14.18%	3.73%	-	8.25%
Russell 2000 Growth Index	15.49%	2.94%	9.40%	5.39%
Small Cap Value (08/31/89)	14.04%	2.27%	10.55%	11.68%
Channing (06/30/11)	-	-	-	(0.26%)
Russell 2000 Value Index	12.24%	0.73%	8.49%	0.48%
Channing - Net (06/30/11)	-	-	-	(1.02%)
DFA Small Cap Value (01/31/96)	15.79%	2.26%	11.58%	12.04%
Russell 2000 Value Index	12.24%	0.73%	8.49%	9.05%
DFA Small Cap Value - Net (12/31/04)	15.24%	1.73%	-	4.72%
Russell 2000 Value Index	12.24%	0.73%	8.49%	3.75%
Inv. Counselors of Maryland (04/30/99)	13.26%	2.30%	10.14%	11.39%
Russell 2000 Value Index	12.24%	0.73%	8.49%	8.90%
Inv. Couns. of Maryland - Net (12/31/04)	12.74%	1.77%	-	5.29%
Russell 2000 Value Index	12.24%	0.73%	8.49%	3.75%
Lombardia (05/31/11)	-	-	-	(0.56%)
Russell 2000 Value Index	12.24%	0.73%	8.49%	(1.53%)
Lombardia - Net (05/31/11)	-	-	-	(1.18%)
Micro Cap (06/30/84)	18.07%	0.83%	10.38%	11.78%
Ariel (10/31/10)	-	-	-	9.42%
Russell 2000 Value Index	12.24%	0.73%	8.49%	8.38%
Russell 2000 Index	13.89%	1.90%	9.00%	9.63%
Russell Microcap Index	12.14%	(0.74%)	7.86%	8.92%
Ariel - Net (10/31/10)	-	-	-	8.54%
Ativo (09/30/10)	-	-	-	6.41%
Russell 2000 Growth Index	15.49%	2.94%	9.40%	12.78%
Russell 2000 Index	13.89%	1.90%	9.00%	11.50%
Russell Microcap Index	12.14%	(0.74%)	7.86%	11.67%
Ativo - Net (09/30/10)	-	-	-	5.63%
DFA Micro Cap (07/31/87)	15.32%	2.17%	10.72%	10.77%
Russell 2000 Value Index	12.24%	0.73%	8.49%	9.73%
Russell 2000 Index	13.89%	1.90%	9.00%	8.15%
DFA Micro Cap - Net (12/31/04)	14.78%	1.67%	-	4.06%
Russell 2000 Growth Index	15.49%	2.94%	9.40%	5.39%
Russell 2000 Index	13.89%	1.90%	9.00%	4.63%
Wall Street (07/31/90)	20.61%	0.83%	10.43%	13.86%
Russell 2000 Growth Index	15.49%	2.94%	9.40%	6.63%
Russell 2000 Index	13.89%	1.90%	9.00%	8.87%
Wall Street - Net (12/31/04)	19.70%	0.03%	-	4.60%
Russell 2000 Growth Index	15.49%	2.94%	9.40%	5.39%
Russell 2000 Index	13.89%	1.90%	9.00%	4.63%

International Equity Returns

The table below details the rates of return for the fund's international large cap growth and international large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Intl Large Cap Equity (08/31/86)	2.65%	10.39%	7.97%	0.82%
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
Intl Large Cap Growth (08/31/02)	2.57%	8.62%	9.02%	0.82%
EARNEST Partners (09/30/04)	2.98%	7.59%	4.02%	(3.38%)
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
MSCI ACWI ex-US Growth	1.70%	8.53%	7.42%	(2.02%)
EARNEST Partners - Net (12/31/04)	2.98%	7.53%	3.41%	(4.00%)
William Blair (09/30/02)	2.19%	9.61%	13.70%	6.71%
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
MSCI ACWI ex-US Growth	1.70%	8.53%	7.42%	(2.02%)
William Blair - Net (12/31/04)	2.09%	9.50%	13.23%	6.27%
Intl Large Cap Value (09/30/95)	2.98%	10.76%	4.72%	0.89%
Brandes (12/31/95)	3.02%	10.46%	3.54%	(0.25%)
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
MSCI ACWI ex-US Value	2.53%	10.98%	6.21%	(0.87%)
Brandes - Net (12/31/04)	3.02%	10.40%	3.34%	(0.50%)
Lombardia (3/31/12)	3.30%	13.18%	-	-
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
MSCI ACWI ex-US Value	2.53%	10.98%	6.21%	(0.87%)
Lombardia - Net (3/31/12)	3.30%	13.01%	-	-
Mondrian (3/31/12)	3.18%	10.70%	-	-
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
MSCI ACWI ex-US Value	2.53%	10.98%	6.21%	(0.87%)
Mondrian - Net (3/31/12)	3.05%	10.56%	-	-
Lazard (3/31/12)	1.71%	12.51%	-	-
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
MSCI ACWI ex-US Value	2.53%	10.98%	6.21%	(0.87%)
Lazard - Net (3/31/12)	1.65%	12.45%	-	-

International Equity Returns

The table below details the rates of return for the fund's international large cap growth and international large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Intl Large Cap Equity (08/31/86)	5.06%	(4.07%)	7.86%	7.74%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	-
Intl Large Cap Growth (08/31/02)	7.80%	(3.32%)	9.08%	9.00%
EARNEST Partners (09/30/04)	8.22%	0.85%	-	11.62%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	6.16%
MSCI ACWI ex-US Growth	5.64%	(2.70%)	8.13%	6.73%
EARNEST Partners - Net (12/31/04)	7.63%	0.35%	-	9.01%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	4.56%
MSCI ACWI ex-US Growth	5.64%	(2.70%)	8.13%	5.18%
William Blair (09/30/02)	10.13%	(2.30%)	9.45%	9.45%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	8.22%
MSCI ACWI ex-US Growth	5.64%	(2.70%)	8.13%	8.13%
William Blair - Net (12/31/04)	9.72%	(2.68%)	-	5.05%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	4.56%
MSCI ACWI ex-US Growth	5.64%	(2.70%)	8.13%	5.18%
Intl Large Cap Value (09/30/95)	0.91%	(5.12%)	7.71%	9.36%
Brandes (12/31/95)	0.53%	(5.33%)	7.59%	9.33%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	4.93%
MSCI ACWI ex-US Value	2.54%	(3.64%)	9.19%	-
Brandes - Net (12/31/04)	0.31%	(5.58%)	-	1.76%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	4.56%
MSCI ACWI ex-US Value	2.54%	(3.64%)	9.19%	4.84%
Lombardia (3/31/12)	-	-	-	(4.43%)
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	(4.34%)
MSCI ACWI ex-US Value	2.54%	(3.64%)	9.19%	(4.18%)
Lombardia - Net (3/31/12)	-	-	-	(7.06%)
Mondrian (3/31/12)	-	-	-	(3.21%)
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	(4.34%)
MSCI ACWI ex-US Value	2.54%	(3.64%)	9.19%	(4.18%)
Mondrian - Net (3/31/12)	-	-	-	(4.62%)
Lazard (3/31/12)	-	-	-	(0.77%)
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	(4.34%)
MSCI ACWI ex-US Value	2.54%	(3.64%)	9.19%	(4.18%)
Lazard - Net (3/31/12)	-	-	-	(1.22%)

International Equity Returns

The table below details the rates of return for the fund's international large cap core, international small cap, and emerging markets managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Intl Large Cap Active Core (01/31/08)	2.31%	10.15%	10.47%	1.96%
Arrowstreet (02/29/08)	2.84%	12.72%	9.23%	1.84%
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
Arrowstreet - Net (02/29/08)	2.73%	12.60%	8.83%	1.34%
Brown (09/30/04)	1.99%	7.57%	10.88%	0.87%
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
Brown - Net (12/31/04)	1.99%	7.50%	10.68%	0.42%
GlobeFlex (02/28/06)	1.95%	8.94%	11.51%	2.61%
MSCI ACWI ex-US Index	2.09%	9.64%	6.40%	(1.92%)
GlobeFlex - Net (02/28/06)	1.84%	8.82%	11.14%	2.15%
Intl Large Cap Pass. Core (12/31/99)	2.71%	11.19%	7.30%	0.45%
NTGI MSCI EAFE Idx (01/31/00)	2.71%	11.19%	7.30%	0.45%
MSCI EAFE Index	2.69%	11.13%	6.92%	(0.04%)
NTGI EAFE Idx - Net (12/31/04)	2.71%	11.19%	7.30%	0.44%
International Small Cap (11/30/05)	3.08%	7.91%	13.26%	2.70%
Franklin Templeton (07/31/11)	3.90%	8.24%	14.93%	5.00%
ACWI Small Cap ex US	2.74%	6.76%	7.53%	(5.50%)
Franklin Templeton - Net (07/31/11)	3.90%	8.02%	14.27%	4.25%
William Blair (08/31/10)	2.39%	7.63%	11.88%	0.83%
ACWI Small Cap ex US	2.74%	6.76%	7.53%	(5.50%)
Intl SC Blended Benchmark	2.74%	6.76%	7.53%	(5.50%)
William Blair - Net (08/31/10)	2.18%	7.42%	11.21%	0.00%
Emerging Markets (01/31/92)	0.49%	6.16%	8.55%	(0.16%)
Genesis (04/30/04)	0.49%	6.16%	8.55%	(0.16%)
MSCI Emerging Markets Index	(0.29%)	5.70%	5.92%	(5.48%)
Genesis - Net (12/31/04)	0.49%	6.16%	8.49%	(0.42%)

Brown and GlobeFlex moved to International Large Cap Active Core April 1, 2011.

Intl SC Blended Benchmark consists of the S&P Developed Ex-U.S. Small Cap Index through May 31, 2011 and the MSCI ACWI Ex-U.S. Small Cap Index thereafter.

International Equity Returns

The table below details the rates of return for the fund's international large cap core, international small cap, and emerging markets managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Intl Large Cap Active Core (01/31/08)	6.63%	-	-	(1.12%)
Arrowstreet (02/29/08)	6.39%	-	-	(1.29%)
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	(2.97%)
Arrowstreet - Net (02/29/08)	5.87%	-	-	(1.75%)
Brown (09/30/04)	4.49%	(2.70%)	-	6.56%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	6.16%
Brown - Net (12/31/04)	4.08%	(3.03%)	-	3.85%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	4.56%
GlobeFlex (02/28/06)	8.24%	(3.57%)	-	1.65%
MSCI ACWI ex-US Index	3.64%	(3.59%)	8.22%	1.26%
GlobeFlex - Net (02/28/06)	7.80%	(4.02%)	-	1.19%
Intl Large Cap Pass. Core (12/31/99)	2.82%	(4.39%)	7.05%	1.40%
NTGI MSCI EAFE Idx (01/31/00)	2.83%	(4.40%)	7.04%	1.40%
MSCI EAFE Index	2.40%	(4.81%)	6.67%	1.02%
NTGI EAFE Idx - Net (12/31/04)	2.82%	(4.41%)	-	2.80%
MSCI EAFE Index	2.40%	(4.81%)	6.67%	3.00%
International Small Cap (11/30/05)	6.52%	(6.06%)	-	0.96%
Franklin Templeton (07/31/11)	-	-	-	(7.34%)
ACWI Small Cap ex US	6.30%	(2.40%)	11.53%	(12.69%)
Franklin Templeton - Net (07/31/11)	-	-	-	(7.96%)
William Blair (08/31/10)	-	-	-	10.57%
ACWI Small Cap ex US	6.30%	(2.40%)	11.53%	4.48%
Intl SC Blended Benchmark	5.45%	(3.70%)	10.30%	6.09%
William Blair - Net (08/31/10)	-	-	-	7.33%
Emerging Markets (01/31/92)	11.87%	4.83%	18.05%	10.09%
Genesis (04/30/04)	11.87%	4.83%	-	14.85%
MSCI Emerging Markets Index	6.96%	(0.07%)	15.35%	11.39%
Genesis - Net (12/31/04)	11.32%	4.27%	-	12.73%
MSCI Emerging Markets Index	6.96%	(0.07%)	15.35%	11.11%

Brown and GlobeFlex moved to International Large Cap Active Core April 1, 2011.

Intl SC Blended Benchmark consists of the S&P Developed Ex-U.S. Small Cap Index through May 31, 2011 and the MSCI ACWI Ex-U.S. Small Cap Index thereafter.

Domestic Fixed-Income Returns

The table below details the rates of return for the fund's domestic fixed core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Dom. Fixed Active Core (03/31/01)	0.33%	1.73%	5.01%	7.28%
EARNEST Partners (04/30/05)	0.28%	1.52%	4.79%	7.54%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
EARNEST Partners - Net (04/30/05)	0.28%	1.46%	4.63%	7.32%
Piedmont (05/31/05)	0.38%	1.94%	5.25%	7.02%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
Piedmont - Net (05/31/05)	0.38%	1.90%	5.12%	6.85%
Dom. Fixed Enhanced Core (03/31/00)	0.24%	1.83%	4.43%	6.65%
BlackRock Enhanced (04/30/00)	0.24%	1.83%	4.43%	6.65%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
BlackRock Enhanced - Net (12/31/04)	0.24%	1.82%	4.37%	6.59%
Dom. Fixed Passive Core (12/31/89)	0.11%	1.55%	3.97%	5.91%
NTGI BC Agg. Index (01/31/90)	0.11%	1.55%	3.97%	5.91%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
NTGI BC Agg. Index - Net (12/31/04)	0.11%	1.55%	3.97%	5.91%

Domestic Fixed-Income Returns

The table below details the rates of return for the fund's domestic fixed core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Dom. Fixed Active Core (03/31/01)	7.86%	6.99%	5.07%	5.53%
EARNEST Partners (04/30/05)	7.75%	7.16%	-	6.21%
BC Aggregate Index	6.51%	6.66%	5.48%	5.88%
EARNEST Partners - Net (04/30/05)	7.54%	6.93%	-	6.00%
Piedmont (05/31/05)	7.90%	6.83%	-	5.72%
BC Aggregate Index	6.51%	6.66%	5.48%	5.76%
Piedmont - Net (05/31/05)	7.71%	6.65%	-	5.51%
Dom. Fixed Enhanced Core (03/31/00)	7.15%	6.70%	5.54%	6.41%
BlackRock Enhanced (04/30/00)	7.15%	6.70%	5.54%	6.46%
BC Aggregate Index	6.51%	6.66%	5.48%	6.39%
BlackRock Enhanced - Net (12/31/04)	7.08%	6.63%	-	5.50%
BC Aggregate Index	6.51%	6.66%	5.48%	5.68%
Dom. Fixed Passive Core (12/31/89)	6.68%	6.57%	5.45%	6.97%
NTGI BC Agg. Index (01/31/90)	6.68%	6.57%	5.45%	7.00%
BC Aggregate Index	6.51%	6.66%	5.48%	6.99%
NTGI BC Agg. Index - Net (12/31/04)	6.67%	6.56%	-	5.49%
BC Aggregate Index	6.51%	6.66%	5.48%	5.68%

Domestic Fixed-Income Returns

The table below details the rates of return for the fund's domestic fixed core plus and high yield managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Domestic Fixed Core Plus (12/31/81)	0.39%	2.68%	6.09%	8.19%
BlackRock Core Plus (03/31/07)	0.27%	1.95%	5.14%	8.03%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
BlackRock Core Plus - Net (03/31/07)	0.27%	1.94%	5.10%	7.87%
LM Capital (04/30/05)	0.50%	2.78%	5.71%	7.36%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
LM Capital - Net (04/30/05)	0.50%	2.74%	5.59%	7.19%
Progress Fixed Income (12/31/05)	0.36%	2.21%	5.21%	7.10%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
Progress Fixed Inc. - Net (12/31/05)	0.36%	2.12%	4.94%	6.72%
Taplin, Canida, Habacht (04/30/05)	0.54%	3.31%	7.07%	8.98%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
Taplin, Canida, Hab. - Net (04/30/05)	0.54%	3.28%	6.97%	8.84%
Western (10/31/01)	0.28%	2.80%	6.62%	8.76%
BC Aggregate Index	0.07%	1.49%	3.85%	5.78%
Western - Net (12/31/04)	0.25%	2.77%	6.51%	8.61%
High Yield (03/31/86)	1.14%	4.67%	9.96%	12.41%
MacKay Shields (10/31/00)	1.20%	4.64%	9.81%	13.85%
ML High Yield Cash Pay Index	1.18%	5.22%	10.37%	13.05%
MacKay Shields - Net (12/31/04)	1.20%	4.55%	9.54%	13.56%
Pyramis (07/31/86)	1.08%	4.71%	10.11%	11.06%
ML High Yield Cash Pay Index	1.18%	5.22%	10.37%	13.05%
Pyramis - Net (12/31/04)	1.08%	4.63%	9.68%	10.53%

Domestic Fixed-Income Returns

The table below details the rates of return for the fund's domestic fixed core plus and high yield managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended August 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Fixed Core Plus (12/31/81)	8.91%	7.25%	6.34%	9.14%
BlackRock Core Plus (03/31/07)	8.20%	7.28%	-	6.81%
BC Aggregate Index	6.51%	6.66%	5.48%	6.33%
BlackRock Core Plus - Net (03/31/07)	8.12%	7.21%	-	6.74%
LM Capital (04/30/05)	8.10%	7.70%	-	6.63%
BC Aggregate Index	6.51%	6.66%	5.48%	5.88%
LM Capital - Net (04/30/05)	7.92%	7.53%	-	6.46%
Progress Fixed Income (12/31/05)	7.62%	7.26%	-	6.79%
BC Aggregate Index	6.51%	6.66%	5.48%	6.18%
Progress Fixed Inc. - Net (12/31/05)	7.25%	6.88%	-	6.45%
Taplin, Canida, Habacht (04/30/05)	8.54%	7.38%	-	6.21%
BC Aggregate Index	6.51%	6.66%	5.48%	5.88%
Taplin, Canida, Hab. - Net (04/30/05)	8.40%	7.25%	-	6.12%
Western (10/31/01)	10.23%	7.17%	6.81%	6.78%
BC Aggregate Index	6.51%	6.66%	5.48%	5.65%
Western - Net (12/31/04)	10.07%	7.02%	-	5.98%
BC Aggregate Index	6.51%	6.66%	5.48%	5.68%
High Yield (03/31/86)	14.39%	9.52%	11.70%	10.32%
Mackay Shields (10/31/00)	13.43%	8.77%	11.85%	10.05%
ML High Yield Cash Pay Index	14.19%	9.19%	10.28%	8.19%
Mackay Shields - Net (12/31/04)	13.07%	8.40%	-	7.49%
ML High Yield Cash Pay Index	14.19%	9.19%	10.28%	8.07%
Pyramis (07/31/86)	15.38%	10.30%	11.57%	10.07%
ML High Yield Cash Pay Index	14.19%	9.19%	10.28%	8.86%
Pyramis - Net (12/31/04)	14.84%	9.89%	-	8.30%
ML High Yield Cash Pay Index	14.19%	9.19%	10.28%	8.07%

Taplin, Canida, & Habacht moved to Core Plus October 1, 2010.

Manager Summary

Five Best Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Outperformance (in % points)	Since Inception Outperformance (in % points)	
Franklin Templeton	7.40	5.35	(07/31/11)
William Blair Intl LC	7.30	1.23	(09/30/02)
Sands	7.26	3.59	(10/31/03)
Ariel	6.46	1.04	(10/31/10)
GlobeFlex	5.11	0.39	(02/28/06)

Five Worst Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Underperformance (in % points)	Since Inception Underperformance (in % points)	
Lombardia SCV	-3.68	0.97	(05/31/11)
Brandes	-2.86	4.40	(12/31/95)
Frontier	-2.61	5.89	(07/31/88)
EARNEST International	-2.38	5.46	(09/30/04)
Ativo	-2.35	-6.37	(09/30/10)

Five Highest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Sands	21.81	9.83	(10/31/03)
Ariel	16.89	9.42	(10/31/10)
Vision	16.70	9.23	(06/30/11)
Dodge & Cox	15.71	6.54	(08/31/03)
Piedmont LCC	15.36	4.22	(05/31/11)

Five Lowest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Brandes	3.54	9.33	(12/31/95)
Northern Trust Barclays Agg	3.97	7.00	(01/31/90)
EARNEST International	4.02	11.62	(09/30/04)
BlackRock Enhanced	4.43	6.46	(04/30/00)
EARNEST Fixed Income	4.79	6.21	(04/30/05)

Returns are shown gross of investment management fees.

Excludes Real Estate and Alternative Investments portfolios.

The report was followed by questions and discussion.

(12-09-03) (Consent Agenda) The Chair presented an agenda consisting of a Consent Agenda. The following items remained on the Consent Agenda since no Board member asked for their removal.

Approval of Minutes

Regular Meeting #12-08-24

Schedules - Dated September 28, 2012

- Schedule A - Benefit award listing of retirement, temporary disability, death benefits, and refund of employee contributions processed during the preceding calendar month under Article 7 of the Illinois Pension Code.
- Schedule B - Adjustment of Benefit Awards showing adjustments required in benefit awards and the reasons therefore.
- Schedule C - Benefit Cancellations.
- Schedule D - Expiration of Temporary Disability Benefits terminated under the provisions of Section 7 -147 of the Illinois Pension Code.
- Schedule E - Total and Permanent Disability Benefit Awards recommended by the Fund's medical consultants as provided by Section 7-150 of the Illinois Pension Code.
- Schedule F - Benefits Terminated.
- Schedule G - Administrative Benefit Denials.
- Schedule P - Administrative Denial of Application for Past Service Credit.
- Schedule R - Prior Service - New Governmental Units

Administration - Master Trustee Report

The Master Trustee Report for the month of July was prepared by The Northern Trust Company.

Bids (3)

Core Switching Infrastructure, Redesign & Deployment
Approved Bidder: Sentinel Technologies
Approved Bid: \$136,988.00

Cisco SmartNet Renewals
Approved Bidder: AT&T
Approved Bid: \$10,299.60

Three-Year Software Maintenance
Sole Source: Syncsort MFX
Renewal Amount: \$15,748

It was moved by Ms. Faklis, seconded by Mr. Nannini, to approve the items on the Consent Agenda.

Vote: Unanimous Voice Vote
Absent: Piechocinski

(12-09-04) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of August Financial Reporting Package
- July Interim Financial Statements
- Impact of 2012 Year-To-Date Investment Income on Employer Reserves, Funding Status and Average Employer Contribution Rates
- Schedule T - Report of Expenditures

It was moved by Ms. Thompson, seconded by Mr. Stafford, to approve the Financial Reports as presented.

Vote: Unanimous Voice Vote
Absent: Piechocinski

(12-09-05) (Certification of Candidates for Executive and Employee Trustee Elections) The following IMRF members submitted nominating petitions with signatures from at least three IMRF employers for the 2012 Executive Trustee Election (signed by either the Authorized Agent or governing body; one position; 5-year term):

- David C. Miller, Assistant General Manager and Deputy Director
North Shore Sanitary District
- Tom Kuehne, Finance Director/Treasurer
Village of Arlington Heights

The following IMRF member submitted nominated petitions with signatures from at least 350 participating IMRF members for the 2012 Employee Trustee Election (one position; 3-year term):

- Jeffrey Stulir, Inmate Services Officer
Rock Island County

It was moved by Ms. Faklis, seconded by Ms. Copper, that David C. Miller and Tom Kuehne be certified as candidates for the 2012 Executive Trustee Election (5-year term), and Jeffrey Stulir be certified as a candidate for the 2012 Employee Trustee Election (3-year term).

Vote: Unanimous Voice Vote
Absent: Piechocinski

(12-09-06) (Report of the Benefit Review Committee) The Chair of the Benefit Review Committee reported on the meeting held on September 27, 2012.

It was moved by Ms. Faklis, seconded by Ms. Copper, to accept the following recommendations of the Benefit Review Committee:

- To uphold staff's determination to deny the application for temporary disability benefits filed by Rebecca Lara.
- To overturn staff's determination and approve the application for total and permanent disability benefits filed by Susan Brewer.
- To overturn staff's determination and approve the application for total and permanent disability benefits filed by Gertrude Filipos.
- To uphold staff's determination to deny the application for total and permanent disability benefits filed by Janet Doherty.
- To uphold staff's determination to deny the omitted service application filed by Cheryl Whitlege.

Vote: Unanimous Voice Vote

Absent: Piechocinski

The Chair of the Benefit Review Committee noted that the Committee and staff recognized Dr. Noel Rao, IMRF's Medical Consultant, for his recent appointment as a Professor at the Rosalind Franklin University of Medicine and Science.

(12-09-07) (Report of the Investment Committee Meeting) The Vice Chair of the Investment Committee reported on the meeting held on September 27, 2012.

The Chief Investment Officer gave an overview of the MFPDOB Private Equity Manager search. She stated the objective of the search was to target MFPDOB investment managers as part of the continuing strategy of making direct private equity fund commitments best suited for the IMRF portfolio, and to eliminate the double layer of fees on the direct commitment portion of these investments.

The Vice Chair reported seven firms responded to the IMRF RFP, and after all responses were evaluated, staff interviewed five qualified candidates and selected two firms, ICV Partners Fund III, L.P. and ABRY Senior Equity Fund IV, L.P. to present to the Investment Committee.

The Chief Financial Officer presented a review of ABRY Senior Equity Fund IV, L.P., that included an organizational overview and presentation of their investment strategy, and recommended the following:

- Approve a commitment of up to \$20 million in ICV Partners Fund III, L.P., and up to an additional \$5 million in a co-investment vehicle, subject to satisfactory legal diligence;
- Approve a commitment of up to \$25 million in ABRY Senior Equity Fund IV, L.P., ,subject to satisfactory legal diligence; and,
- Authorize staff to complete all documentation necessary to execute these recommendations.

Lastly, representatives from ABRY Senior Equity Fund IV gave a presentation of their firm's organizational structure, investment strategy, prior funds' track record, and performance history.

It was the consensus of the Investment Committee to recommend the Board approve the above recommendations.

After discussion, it was moved by Mr. Nannini, seconded by Ms. Thompson, to confirm the recommendations of the Investment Committee.

Vote: Unanimous Voice Vote
Absent: Piechocinski

(12-09-08) (IMRF Funding Goal and Comprehensive Funding Policy) The Executive Director and Chief Financial Officer gave a presentation on IMRF's policy decisions and actuarial principles underlying its employer contribution rate setting process.

They reviewed several points including: IMRF's funding goal; its current funding policy which embraces the "annual required contribution" (ARC) as embodied in GASB 27; factors impacting normal cost and the amortization of any unfunded liability; the impact of GASB 68 which discontinues the use of an ARC; the need for a formal funding policy post GASB 27; the feasibility of continuing to use the GASB 27 ARC calculation as a basis of a formal post GASB 27 funding policy; and, the Board's ongoing ability to review and control the components included in the ARC calculation.

After questions and discussion, the Board directed staff to draft a formal funding policy; obtain employer feedback; and submit a proposed policy to the Board for review at the November 16, 2012 Board Meeting.

(12-09-09) (Litigation Update) The following is an update of the currently pending litigation:

STEVENS vs. VILLAGE OF OAK BROOK, et al.

Summary: An IMRF annuitant has filed suit against his former employer seeking a determination that he is entitled to Omitted Service credits for the years 1980 through 2000. The employer had previously determined that the member was not entitled to establish such credits for the period in question.

Status: Cross appeals filed with the Second District Appellate Court. Settlement negotiations ongoing.

VRAKAS, et al. v. COUNTY OF WILL, et al.

Summary: Fifty-eight (58) full-time correctional deputies, sergeants and lieutenants have sued Will County seeking a determination that they were "sheriff's law enforcement employees" with respect to their pre-December 1, 2005 enrollments, as such, in IMRF.

Status: Argument on summary judgment was held. Judge has not issued a ruling. Settlement seems probable. Discussions are ongoing.

WABASH COUNTY, ILLINOIS vs. IMRF, et al.

Summary: Board dismissed an employer's "Request for Correction of Records".

Status: Motion to dismiss has been filed and a briefing schedule has been set. Motion will be argued on October 3, 2012.

BOARD OF ED. OF JOLIET TOWNSHIP H.S. DIST. 204, et. al. v. IMRF, et.al.

Summary: This is an administrative review of a return to work case regarding three administrative employees of the District who went back to work for the District after their respective retirements.

Status: Case has settled, agreement to be entered on October 10, 2012.

IMRF v. DIANE WILLIAMS-EASTERN, et al.

Summary: This is an interpleader action filed by IMRF asking the court to determine to whom and in what amounts the death benefits of Robert Eastern Jr. should be paid.

Status: Money has been deposited with the court. Primary beneficiaries have filed a motion to dismiss based on lack of subject matter jurisdiction. To be argued on October 2, 2012.

JOSEPH PRAZEN v. IMRF

Summary: This is an administrative review action involving an ERI return to work situation.

Status: Oral argument occurred on August 7, 2012. Fourth District opinion issued in favor of Mr. Prazen. IMRF to file Petition for Leave to Appeal with Illinois Supreme Court on October 5, 2012.

LIARAKOS V. IMRF

Summary: Appeal of denial of total and permanent disability.

Status: Briefing is ongoing and matter is set for hearing on January 11, 2013.

IN RE TRIBUNE CO, ET AL. , THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF TRIBUNE CO, ET AL. VS. FITZSIMONS, ET AL.

Summary: The unsecured creditors in the Tribune bankruptcy have sued investors who sold their Tribune stock at the time of the buyout.

Status: IMRF has joined with other public plans and is using a shared counsel (Ice Miller LLP).

BURGER v. IMRF (12 MR 127)

Summary: Appeal of denial of total and permanent disability.

Status: Briefing schedule has been entered. Hearing set for November 5, 2012.

DIEHL V. BOARD OF TRUSTEES 912 MR 1282 Dupage)

Summary: Appeal of denial of total and permanent disability based on a voluntary resignation.

Status: Record due to be filed by October 5, 2012.

LEHMAN BROS. SPECIAL FINANCING, INC. V. BANK OF AMERICA NATIONAL ASSOC.,
ET AL.

Summary: This case was filed in the Lehman Bros. Bankruptcy matter. IMRF owned a bond, purchased by one of the Progress managers, for which we were paid in full at the time Lehman became insolvent. In this case, certain of the parties in the Lehman bankruptcy are attempting to recoup the proceeds of our bond, as well as others.

(12-09-10) (Report of the Executive Director)

Representation of IMRF

The Executive Director reviewed the meetings and conferences that he attended, as a representative of IMRF, since his August report.

(12-09-11) (Correspondence to Trustees) The Executive Director discussed an e-mail IMRF received from an IMRF retiree complimenting the Summer 2012 Issue of the Retiree Fundamentals Newsletter and the IMRF Board of Trustees.

(12-09-12) (Adjournment) It was moved by Ms. Thompson, seconded by Ms. Copper, to adjourn the Board Meeting at 10:10 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on October 26, 2012.

Vote: Unanimous Voice Vote

Absent: Piechocinski

President

Date

Secretary

Date

Schedules A, B, C, D, G."F, G."R and T are omitted from this copy of Minutes. These schedules are identical to schedules attached to Minutes distributed to Board of Trustees prior to meeting.