

ILLINOIS MUNICIPAL RETIREMENT FUND  
MINUTES OF  
REGULAR MEETING NO. 13-01  
JANUARY 25, 2013



ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 13-01

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was scheduled for 9:00 a.m., January 25, 2013, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Mr. Stafford presided as Chair and, lacking a quorum, began the meeting with an informational agenda item.

(13-01-01) (Investment Manager Activities) Ms. Becker-Wold from Callan Associates gave the following report to the Board on the activities of IMRF's investment managers:

December 31, 2012



**Illinois Municipal  
Retirement Fund  
Monthly Performance Report**

**Investment Measurement Service  
Monthly Review**

**Major Market Returns**

**Returns**

**for Periods Ended December 31, 2012**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	1.22	16.38	16.38	11.39	2.21	7.95
Russell:1000 Index	1.04	16.42	16.42	11.12	1.92	7.52
Russell:Midcap Index	2.25	17.28	17.28	13.15	3.57	10.65
Russell:2000 Index	3.56	16.35	16.35	12.25	3.56	9.72
MSCI:ACWI ex US	3.49	17.39	17.39	4.33	(2.44)	10.22
MSCI:EAFE US\$	3.20	17.32	17.32	3.56	(3.69)	8.21
MSCI:Emer Markets	4.90	18.63	18.63	4.98	(0.61)	16.88
BC:Aggr Bd	(0.14)	4.21	4.21	6.19	5.95	5.18
NCREIF:Total Index	0.77	10.33	10.33	12.55	2.09	8.42
NAREIT Equity Index	3.75	18.06	18.06	17.83	5.45	11.63

With the exception of the bond market, all asset classes rose in December, even more so than November. This capped off a strong year for the capital markets as equities had returns in the mid to high teens. Fixed income was positive as well, however, 2012 was the weakest year since 2005. On a preliminary basis real estate returned around 10% for the year.

The domestic economy appears to be relatively healthy for now. Third quarter GDP was revised up to 3.1% from the initial estimate of 2.7%. Non-farm payrolls increased by 155,000 and the unemployment rate was essentially unchanged at 7.8%, where it has been since September. Year-over-year inflation was 1.8%.

While the U.S. and Chinese economies appear to doing well (China's GDP grew 7.4% in the third quarter), the European economy has gone the other way. The Eurozone officially entered a recession in the third quarter as GDP fell 0.1%. Unemployment also hit a record high of 11.8%. Many are still worried about the combination of high debt, high unemployment and tough austerity measures being implemented by many of the Eurozone countries.

\*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 December 31, 2012**

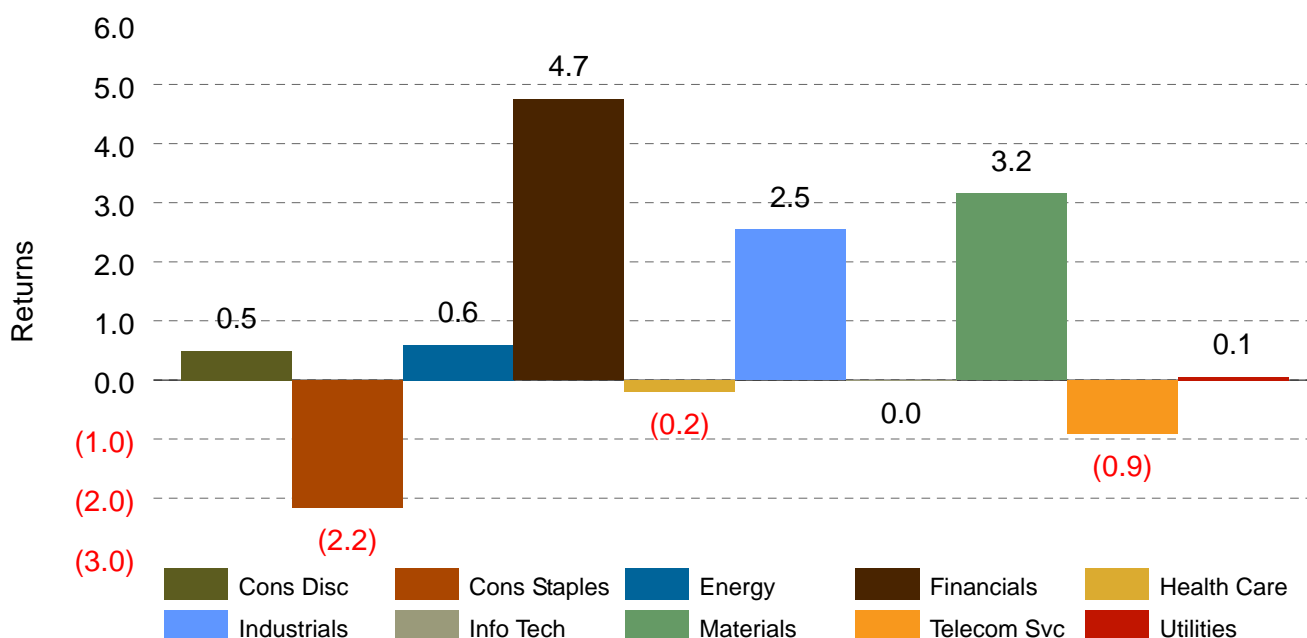
Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	1.22	16.38	16.38	11.39	2.21	7.95
Russell:1000 Index	1.04	16.42	16.42	11.12	1.92	7.52
Russell:1000 Growth	(0.03)	15.26	15.26	11.35	3.12	7.52
Russell:1000 Value	2.07	17.51	17.51	10.86	0.59	7.38
Russell:Midcap Index	2.25	17.28	17.28	13.15	3.57	10.65
Russell:2000 Index	3.56	16.35	16.35	12.25	3.56	9.72
Russell:2000 Growth	2.88	14.59	14.59	12.82	3.49	9.80
Russell:2000 Value	4.21	18.05	18.05	11.57	3.55	9.50

Domestic equities finished the year strongly. The only segment of the market to decline was large cap growth stocks, which fell 3 basis points. Mid caps gained 2.3% and small caps rose 3.6% in December.

Value stocks significantly outperformed growth stocks in both large and small caps (Russell 1000 Value: 2.1%; Russell 1000 Growth: -0.03%; Russell 2000 Value: 4.2%; Russell 2000 Growth: 2.9%).

Seven of the ten sectors of the S&P 500 Index rose in December. Financials was the best performing sector with a gain of 4.7%. Consumer Staples, down 2.2%, was the worst performing sector.

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



**Returns**

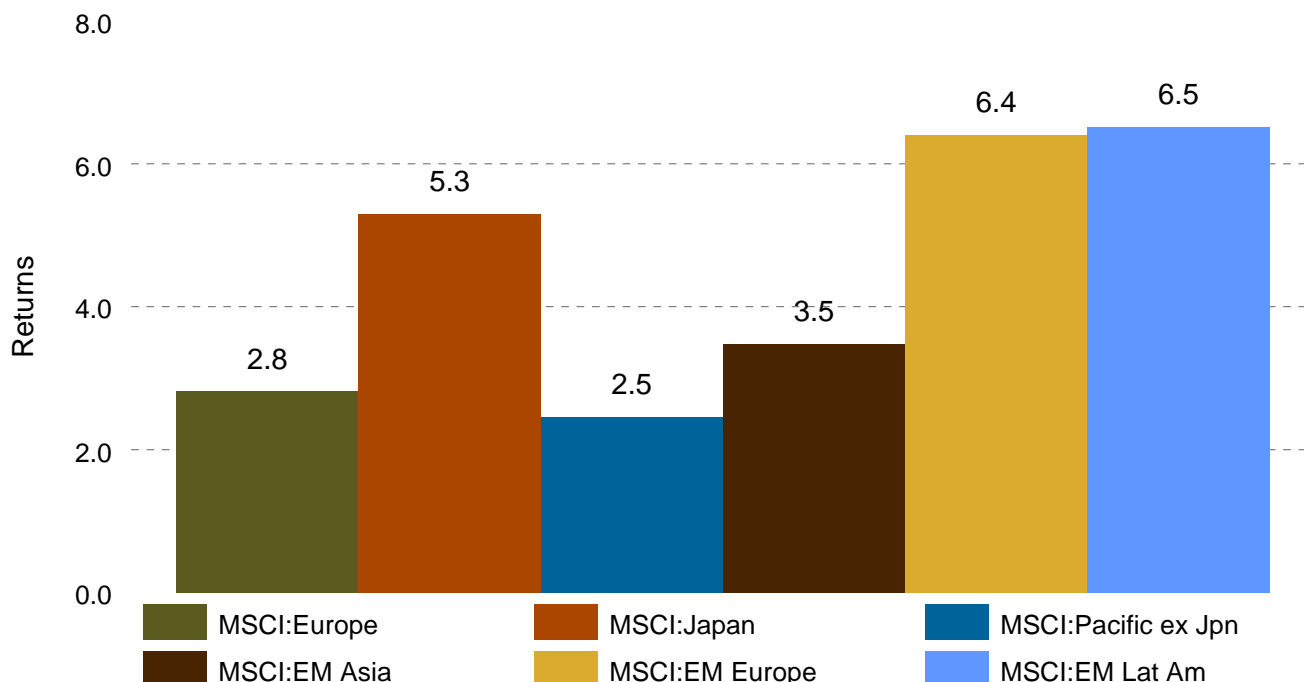
**for Periods Ended December 31, 2012**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI ex US	3.49	17.39	17.39	4.33	(2.44)	10.22
MSCI:ACWI ex US Gr	2.78	17.07	17.07	4.97	(2.55)	9.36
MSCI:ACWI ex US Val	4.21	17.68	17.68	3.65	(2.36)	11.02
MSCI:EAFE US\$	3.20	17.32	17.32	3.56	(3.69)	8.21
MSCI:EAFE Hedged	3.10	13.79	13.79	(0.08)	(6.67)	3.19
MSCI:Emer Markets	4.90	18.63	18.63	4.98	(0.61)	16.88
MSCI:ACWI SC ex US	4.03	18.52	18.52	6.54	(0.39)	13.16

International equity markets again outperformed U.S. markets in December. Developed country stocks, as measured by the MSCI EAFE Index, gained 3.2%, and 17.3% for all of 2012. As compared to a basket of EAFE currencies, the dollar slightly weakened; the MSCI EAFE Index (3.2%) outperformed the MSCI EAFE Hedged Index (3.1%). The MSCI Emerging Markets Index posted the strongest return, gaining 4.9% for the month and 18.6% for the year.

All international regions performed well during the month, led by emerging markets in Latin America (6.5%) and Europe (6.4%). Japan also had a good month, gaining 5.3%. Even the worst performing region, Pacific ex-Japan, had a strong return (2.5%).

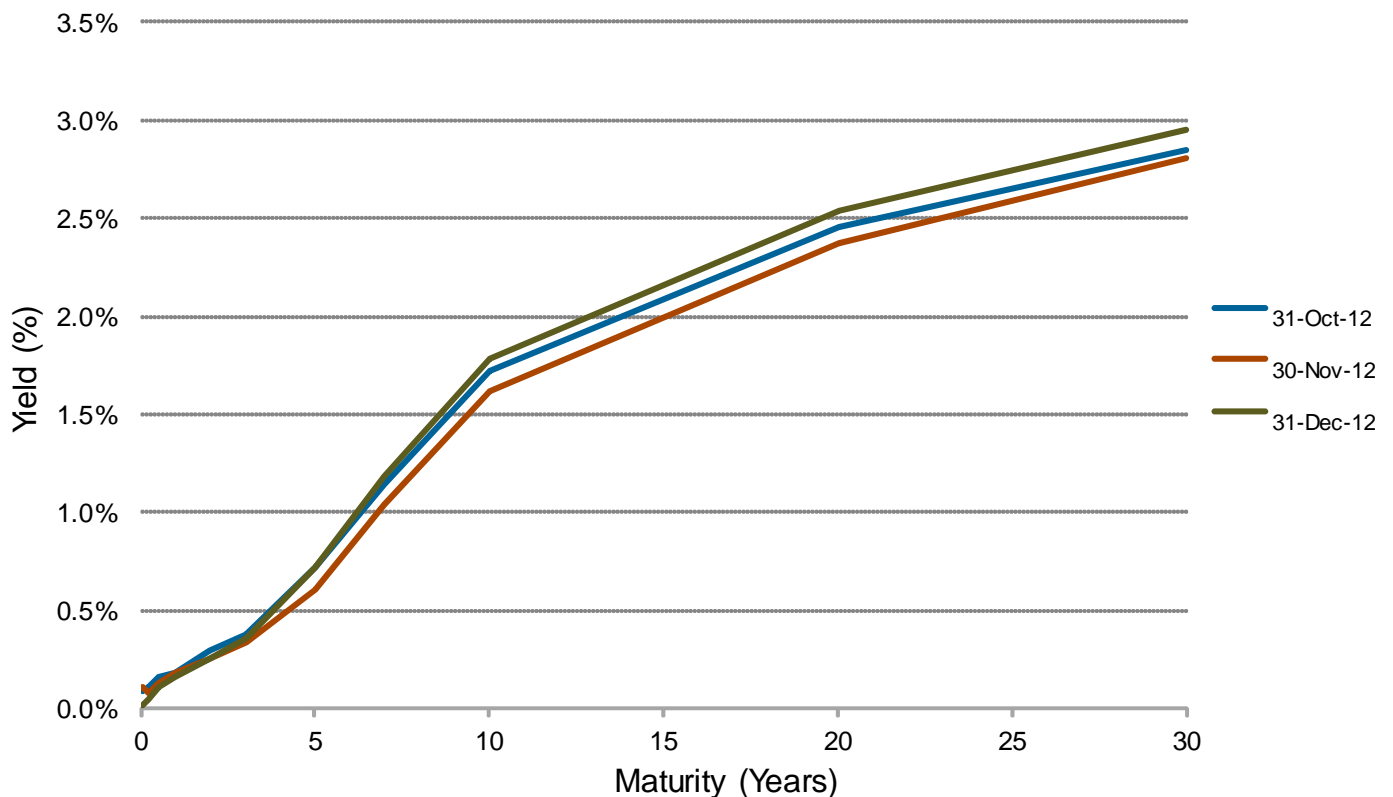
**Regional Returns for Month Ended December 31, 2012**



**Returns**  
**for Periods Ended December 31, 2012**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
BC:Aggr Bd	(0.14)	4.21	4.21	6.19	5.95	5.18
BC:Govt Index	(0.40)	2.02	2.02	5.48	5.23	4.66
BC:Credit	(0.08)	9.37	9.37	8.73	7.65	6.23
BC:Mortgage Idx	0.14	2.59	2.59	4.72	5.67	5.08
BC:US TIPS Index	(0.65)	6.98	6.98	8.90	7.04	6.65
ML:High Yield CP Idx	1.57	15.43	15.43	11.61	9.90	10.24
3 Month T-Bill	0.02	0.11	0.11	0.11	0.52	1.78

**Treasury Yield Curve**



The fixed income market as whole fell (Barclays Aggregate Bond Index: -0.1%) as rates rose across the long end of the yield curve. Despite a slower month, fixed income ended the year well into positive territory, up 4.2%.

At the end of December the 10-year Treasury yielded nearly 1.8%. As was the case in November, high yield bonds performed the best, rising 1.6%. Other than cash, the Barclays Mortgage Index was the only other index to rise during the month (0.1%).



## Executive Summary

### **Total Fund**

Total Fund assets at the end of December were \$27.9 billion, up from \$27.5 billion at the end of November. The Fund gained 1.46% for the month, outperforming the benchmark by 0.25%. Domestic equity and fixed income beat their respective benchmarks. Over the last year, the fund is up 13.75% exceeding the benchmark by 1.58%.

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 December 31, all asset classes were within the allowable range.

### **US Equity**

Large Cap: In aggregate, the Fund's large cap managers gained 1.24%, outpacing the Russell 1000 Index by 0.20%. Both growth and value portfolios outperformed their respective benchmarks for the month. Growth managers returned 0.19%. Holland was the best performing manager with a return of 1.05%. The Large Cap Value managers returned 2.32%, ahead of the Russell 1000 Value Index return of 2.07%. LSV was the best performing active manager in the group with a return of 3.03%. The Large Cap Core segment rose 1.07%, outperforming the Russell 1000 Index return of 1.04%.

Small Cap: The Small Cap portfolio rose 3.46%, trailing the Russell 2000 Index by 0.10%. Small Cap Growth and Value gained 3.05% and 3.94% respectively. Frontier was the best performing small cap growth manager and Investment Counselors was the best in value. The Micro Cap segment returned 3.26% in December. Ariel was the best performing micro-cap manager, posting a gain of 4.55% for the month.

### **International Equity**

Large Cap: International fared better than the U.S. with the IMRF International Large Cap managers rising 3.31%. This return was 16 basis points behind the MSCI ACWI ex-U.S. Index. International Large Cap Growth gained 3.17% with EARNEST Partners as the best performing manager. International Large Cap Value gained 3.59% with Lombardia as the top performer. The Large Cap Active Core Group returned 3.29% during December with strong performance from Arrowstreet.

International Small Cap and Emerging Markets: The International Small Cap managers rose 2.85%, underperforming the ACWI Small-cap ex US Index return by 1.18%. The emerging markets portfolio, managed by Genesis, returned 3.96% during December, trailing the MSCI Emerging Markets Index by 94 basis points.

## Executive Summary

### ***Domestic Fixed Income***

The total fixed income portfolio posted a return of 0.15%. High yield bonds were the best performing segment during the month, gaining 1.49%.

Active Core: The active core fixed income component returned -0.22%, underperforming the BC Aggregate Index by 8 basis points. The enhanced core portfolio fell 0.18%.

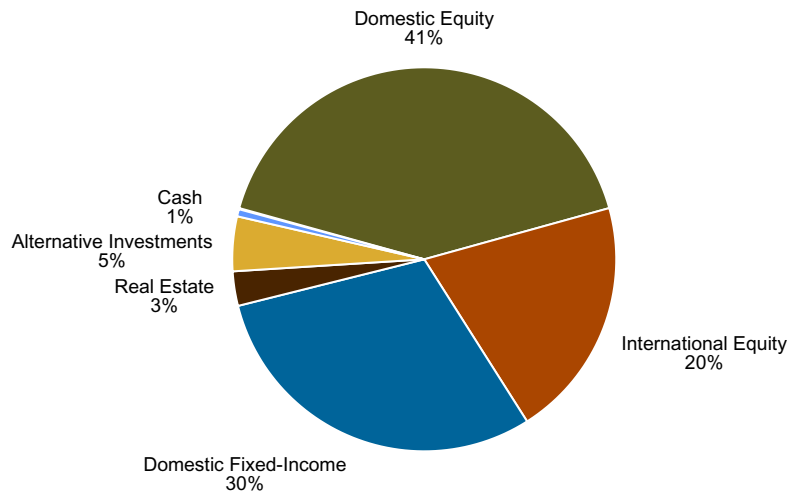
Core Plus: The core plus managers gained 0.09%, outpacing the BC Aggregate by 23 basis points. Taplin, Canida, Habacht had the best monthly performance, rising 0.23%.

High Yield: The high yield component gained 1.49%, underperforming the ML High Yield Cash Pay Index (1.57%). Pyramis was the best performer with a return of 1.79%.

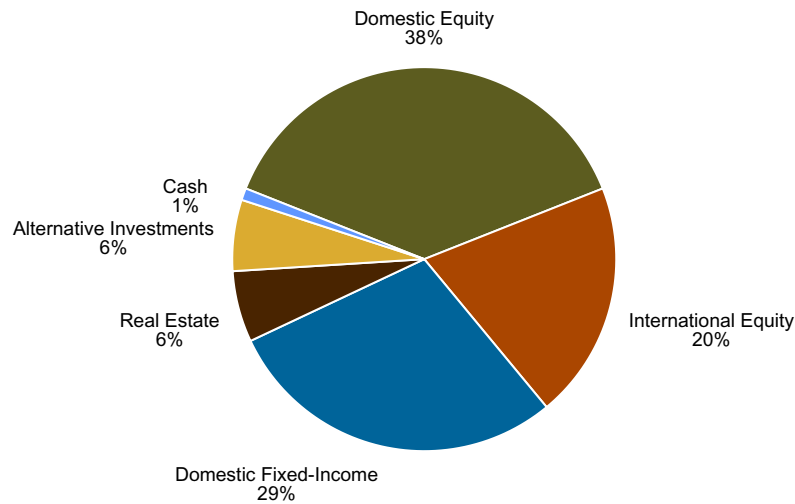
## Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of December 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	11,548	41.4%	38.0%	3.4%	948
International Equity	5,671	20.3%	20.0%	0.3%	92
Domestic Fixed-Income	8,392	30.1%	29.0%	1.1%	303
Real Estate	820	2.9%	6.0%	(3.1%)	(854)
Alternative Investments	1,283	4.6%	6.0%	(1.4%)	(391)
Cash	181	0.6%	1.0%	(0.4%)	(98)
Total	27,895	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 December 31, 2012, with the distribution as of November 30, 2012.

### Asset Distribution Across Investment Managers

	December 31, 2012		November 30, 2012	
	Market Value	Percent	Market Value	Percent
<b>Domestic Equity</b>	<b>\$11,548,100,506</b>	<b>41.40%</b>	<b>\$11,494,759,588</b>	<b>41.87%</b>
<b>Large Cap Growth</b>				
BlackRock LCG	602,167,839	2.16%	601,886,834	2.19%
Holland	764,656,407	2.74%	756,722,466	2.76%
NTGI S&P 500 Growth Idx	712,713,835	2.56%	788,738,641	2.87%
Sands	832,864,411	2.99%	834,304,162	3.04%
Vision	57,681,923	0.21%	57,572,165	0.21%
<b>Large Cap Value</b>				
Dodge & Cox	737,348,338	2.64%	719,691,817	2.62%
BMO	784,275,390	2.81%	773,906,010	2.82%
LSV	765,186,559	2.74%	742,668,977	2.71%
NTGI S&P 500 Value Idx	733,218,500	2.63%	788,689,393	2.87%
<b>Large Cap Core</b>				
Piedmont	139,557,961	0.50%	139,163,741	0.51%
Progress	454,515,373	1.63%	448,646,902	1.63%
NTGI MarketCap Index	2,111,305,928	7.57%	2,085,429,919	7.60%
<b>Small Cap Growth</b>				
Fortaleza	33,956,135	0.12%	33,382,130	0.12%
Frontier	519,090,376	1.86%	503,117,307	1.83%
Pyramis	544,474,418	1.95%	528,571,007	1.93%
<b>Small Cap Value</b>				
Channing	57,579,322	0.21%	55,290,613	0.20%
Dimensional Small Cap Value	470,636,943	1.69%	453,280,645	1.65%
Inv. Counselors of Maryland	535,053,885	1.92%	513,333,215	1.87%
Lombardia	112,603,990	0.40%	109,410,229	0.40%
<b>Micro Cap</b>				
Ariel	65,509,558	0.23%	62,660,763	0.23%
Ativo	30,440,515	0.11%	29,662,485	0.11%
Dimensional Micro Cap	202,917,337	0.73%	195,371,206	0.71%
Wall Street	280,345,562	1.01%	273,258,962	1.00%
<b>International Equity</b>	<b>\$5,670,501,944</b>	<b>20.33%</b>	<b>\$5,589,342,302</b>	<b>20.36%</b>
<b>International Large Cap Growth</b>				
EARNEST Partners	480,130,223	1.72%	462,206,552	1.68%
McKinley	192,565	0.00%	192,383	0.00%
William Blair	492,597,950	1.77%	480,578,582	1.75%
<b>International Large Cap Value</b>				
Brandes	401,864,779	1.44%	385,987,003	1.41%
Lombardia	25,587,475	0.09%	5,232,455	0.02%
Mondrian	417,297,559	1.50%	404,646,831	1.47%
Lazard	80,381,641	0.29%	77,811,744	0.28%
<b>International Large Cap Core</b>				
Arrowstreet	415,882,299	1.49%	399,639,402	1.46%
Brown	201,337,769	0.72%	196,433,651	0.72%
GlobeFlex	421,587,654	1.51%	409,659,697	1.49%
NTGI MSCI EAFE Index	1,909,599,431	6.85%	1,970,928,229	7.18%
<b>International Small Cap</b>				
AXA Rosenberg	10,543	0.00%	10,396	0.00%
Franklin Templeton	149,901,848	0.54%	145,388,312	0.53%
William Blair	174,243,823	0.62%	169,784,077	0.62%

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 December 31, 2012, with the distribution as of November 30, 2012.

### Asset Distribution Across Investment Managers

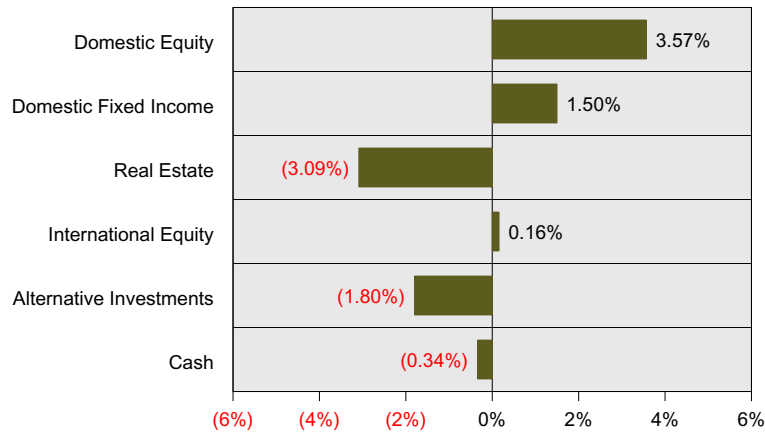
	December 31, 2012		November 30, 2012	
	Market Value	Percent	Market Value	Percent
<b>Emerging Markets</b>				
Genesis	499,886,385	1.79%	480,842,988	1.75%
<b>Domestic Fixed-Income</b>	<b>\$8,392,031,748</b>	<b>30.08%</b>	<b>\$8,379,549,234</b>	<b>30.52%</b>
<b>Domestic Fixed Core</b>				
EARNEST Partners	538,678,197	1.93%	540,547,625	1.97%
Piedmont	531,955,931	1.91%	532,519,504	1.94%
BlackRock Enhanced	963,677,082	3.45%	965,400,756	3.52%
NTGI BC Aggregate Index	1,407,470,842	5.05%	1,409,769,495	5.14%
<b>Domestic Fixed Core Plus</b>				
BlackRock Core Plus	715,807,462	2.57%	716,682,146	2.61%
LM Capital	836,544,271	3.00%	835,732,526	3.04%
Progress Fixed Income	429,839,284	1.54%	429,961,616	1.57%
Taplin, Canida, & Habacht	827,899,247	2.97%	825,977,448	3.01%
Western	1,104,155,744	3.96%	1,102,194,585	4.01%
<b>High Yield</b>				
MacKay Shields	505,688,203	1.81%	499,801,310	1.82%
Pyramis High Yield	530,315,485	1.90%	520,962,223	1.90%
<b>Real Estate</b>	<b>\$819,608,684</b>	<b>2.94%</b>	<b>\$779,977,219</b>	<b>2.84%</b>
<b>Real Estate Core</b>				
BlackRock Granite	71,385,566	0.26%	71,385,566	0.26%
TA Buckhead Ind. Prop.	238,920,207	0.86%	238,920,207	0.87%
Cornerstone Patriot	86,762,335	0.31%	86,762,335	0.32%
INVESCO Core RE	84,931,264	0.30%	84,931,264	0.31%
Sentinel Apartment Fund	24,193,014	0.09%	24,193,014	0.09%
<b>Real Estate Non-Core</b>				
Franklin Templeton EMREFF	25,262,551	0.09%	19,176,148	0.07%
Lazard Freres Strategic Fund II	5,680,104	0.02%	5,679,968	0.02%
Olympus Real Estate Fund II	1,118,305	0.00%	1,118,305	0.00%
Security Capital	52,834,014	0.19%	52,983,224	0.19%
Dune II	39,431,347	0.14%	40,786,110	0.15%
Non-Core Real Estate Funds*	59,129,113	0.21%	28,112,730	0.10%
Rockwood Fund VIII	38,262,761	0.14%	36,965,879	0.13%
Almanac ARS V	43,114,407	0.15%	38,836,548	0.14%
TA Fund IX	48,583,697	0.17%	50,125,921	0.18%
<b>Alternative Investments</b>	<b>\$1,283,022,089</b>	<b>4.60%</b>	<b>\$1,026,476,269</b>	<b>3.74%</b>
<b>Absolute Return</b>				
Aurora	415,670,405	1.49%	138,807,392	0.51%
Grosvenor	124,771,461	0.45%	123,290,040	0.45%
Mesirow	70,010,077	0.25%	94,910,062	0.35%
<b>Private Equity</b>				
Abbott	294,290,533	1.06%	293,232,248	1.07%
Muller & Monroe ILPEFF	12,305,793	0.04%	12,277,621	0.04%
Muller & Monroe MPEFF	21,014,685	0.08%	20,095,481	0.07%
Pantheon	169,322,859	0.61%	169,043,452	0.62%
Private Equity Fund - Domestic	3,874,277	0.01%	3,856,240	0.01%
<b>Agriculture</b>				
Cozad/Westchester	108,162,050	0.39%	107,363,784	0.39%
<b>Timberland</b>				
Forest Investment Assoc.	63,599,219	0.23%	63,599,219	0.23%
<b>Cash</b>	<b>\$181,295,950</b>	<b>0.65%</b>	<b>\$183,950,545</b>	<b>0.67%</b>
<b>Total Fund</b>	<b>\$27,894,560,921</b>	<b>100.0%</b>	<b>\$27,454,055,157</b>	<b>100.0%</b>

\*Non-Core Real Estate Funds funded since September 2011.

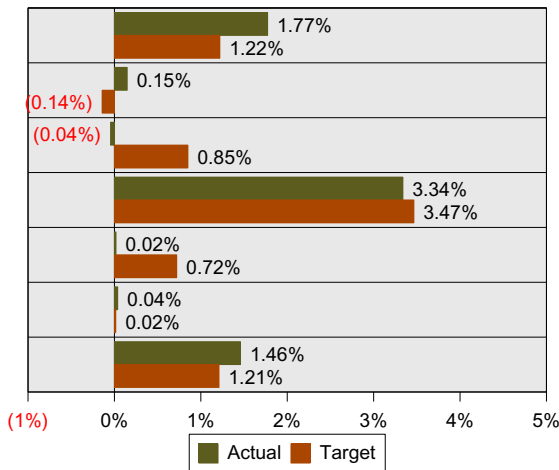
## Monthly Total Fund Relative Attribution - December 31, 2012

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.

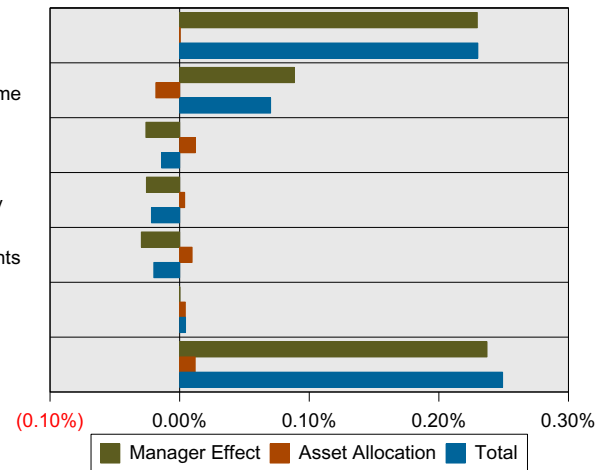
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Month ended December 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%	1.77%	1.22%	0.23%	0.00%	0.23%
Domestic Fixed Income	30%	29%	0.15%	(0.14%)	0.09%	(0.02%)	0.07%
Real Estate	3%	6%	(0.04%)	0.85%	(0.03%)	0.01%	(0.01%)
International Equity	20%	20%	3.34%	3.47%	(0.03%)	0.00%	(0.02%)
Alternative Investments	4%	6%	0.02%	0.72%	(0.03%)	0.01%	(0.02%)
Cash	1%	1%	0.04%	0.02%	0.00%	0.00%	0.00%
<b>Total</b>			<b>1.46%</b>	<b>1.21%</b>	<b>0.24%</b>	<b>0.01%</b>	<b>0.25%</b>

\* 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 December 31, 2012

	Last Month	Last 3 Months	Last 12 Months
Domestic Equity (12/31/81)	1.77%	0.97%	17.38%
DJ U.S. Total Stock Market Index	1.22%	0.19%	16.38%
Domestic Equity - Net (12/31/04)	1.77%	0.92%	17.08%
International Equity (08/31/86)	3.34%	6.29%	19.06%
MSCI ACWI x US (Net)	3.47%	5.85%	16.83%
International Equity - Net (12/31/04)	3.34%	6.20%	18.70%
Domestic Fixed-Income (12/31/81)	0.15%	0.92%	7.43%
BC Aggregate Index	(0.14%)	0.21%	4.21%
Domestic Fixed-Inc. - Net (12/31/04)	0.15%	0.87%	7.23%
Real Estate (04/30/85)	(0.04%)	1.73%	12.46%
Blended Benchmark**	0.85%	2.57%	11.33%
Real Estate - Net (12/31/04)	(0.04%)	1.60%	12.07%
Alternative Investments (01/31/86)	0.02%	0.43%	4.74%
Alternatives Custom Benchmark***	0.72%	2.18%	9.00%
Alternative Investments - Net (12/31/04)	0.02%	0.38%	4.44%
Absolute Return (12/31/01)	0.39%	0.91%	6.73%
HFR Fund-of-Funds Index	1.17%	1.34%	4.81%
Private Equity (01/31/86)	(0.29%)	0.12%	4.52%
Alternatives Custom Benchmark***	0.72%	2.18%	9.00%
Agriculture (09/30/97)	0.16%	0.41%	3.34%
Blended Benchmark**	0.85%	2.57%	11.33%
Timberland (09/30/92)	0.00%	0.16%	(2.54%)
Blended Benchmark**	0.85%	2.57%	11.33%
<b>Total Fund (12/31/81)</b>	<b>1.46%</b>	<b>1.99%</b>	<b>13.75%</b>
Total Fund Benchmark	1.21%	1.58%	12.17%
Total Fund - Net (12/31/04)	1.46%	1.94%	13.48%

\* 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 December 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Equity (12/31/81)	11.48%	2.24%	8.47%	11.15%
DJ U.S. Total Stock Market Index	11.39%	2.21%	7.95%	10.77%
Domestic Equity - Net (12/31/04)	11.20%	1.99%	-	4.77%
International Equity (08/31/86)	5.67%	(2.45%)	10.42%	8.05%
MSCI ACWI x US (Net)	3.87%	(2.89%)	9.74%	-
International Equity - Net (12/31/04)	5.38%	(2.75%)	-	5.06%
Domestic Fixed-Income (12/31/81)	7.87%	7.27%	6.38%	9.27%
BC Aggregate Index	6.19%	5.95%	5.18%	8.66%
Domestic Fixed-Inc. - Net (12/31/04)	7.70%	7.12%	-	6.08%
Real Estate (04/30/85)	10.40%	(0.45%)	5.51%	4.32%
Blended Benchmark**	13.55%	3.10%	6.26%	7.33%
Real Estate - Net (12/31/04)	10.27%	(0.52%)	-	4.87%
Alternative Investments (01/31/86)	6.49%	1.78%	7.93%	10.83%
Alternatives Custom Benchmark***	9.49%	10.49%	11.34%	13.63%
Alternative Investments - Net (12/31/04)	6.23%	1.52%	-	7.09%
Absolute Return (12/31/01)	2.68%	(0.15%)	4.76%	4.53%
HFR Fund-of-Funds Index	1.46%	(1.75%)	3.63%	3.46%
Private Equity (01/31/86)	10.60%	2.82%	10.42%	12.94%
Alternatives Custom Benchmark***	9.49%	10.49%	11.34%	13.63%
Agriculture (09/30/97)	5.19%	3.09%	7.06%	5.90%
Blended Benchmark**	13.55%	3.10%	6.26%	6.57%
Timberland (09/30/92)	1.25%	5.67%	3.46%	8.78%
Blended Benchmark**	13.55%	3.10%	6.26%	6.82%
<b>Total Fund (12/31/81)</b>	<b>8.82%</b>	<b>3.82%</b>	<b>8.36%</b>	<b>10.04%</b>
Total Fund Benchmark	8.68%	3.90%	7.78%	-
Total Fund - Net (12/31/04)	8.58%	3.60%	-	5.93%

\* 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 December 31, 2012

	Last Month	Last 3 Months	Last 12 Months
<b>Large Cap Equity (12/31/81)</b>	<b>1.24%</b>	<b>0.39%</b>	<b>17.43%</b>
Russell 1000 Index	1.04%	0.12%	16.42%
<b>Large Cap Growth (12/31/81)</b>	<b>0.19%</b>	<b>(1.16%)</b>	<b>17.01%</b>
BlackRock LCG (07/31/11)	0.05%	(1.14%)	14.62%
LCG Blended Benchmark*	(0.03%)	(1.32%)	15.26%
Russell 1000 Growth Index	(0.03%)	(1.32%)	15.26%
BlackRock LCG - Net (07/31/11)	0.05%	(1.14%)	14.21%
Holland (10/31/94)	1.05%	(1.07%)	13.59%
LCG Blended Benchmark*	(0.03%)	(1.32%)	15.26%
Russell 1000 Growth Index	(0.03%)	(1.32%)	15.26%
Holland - Net (12/31/04)	1.05%	(1.12%)	13.32%
NTGI S&P 500 Growth Idx (07/31/01)	(0.13%)	(1.98%)	14.68%
S&P/Citi 500 Growth Index	(0.14%)	(2.04%)	14.61%
NTGI S&P 500 Growth Idx - Net (12/31/04)	(0.13%)	(1.98%)	14.68%
Sands (10/31/03)	(0.17%)	(0.69%)	24.56%
LCG Blended Benchmark*	(0.03%)	(1.32%)	15.26%
Russell 1000 Growth Index	(0.03%)	(1.32%)	15.26%
Sands - Net (12/31/04)	(0.17%)	(0.75%)	24.26%
Vision (06/30/11)	0.19%	(0.85%)	17.79%
LCG Blended Benchmark*	(0.03%)	(1.32%)	15.26%
Russell 1000 Growth Index	(0.03%)	(1.32%)	15.26%
Vision - Net (06/30/11)	0.19%	(0.99%)	17.11%
<b>Large Cap Value (09/30/82)</b>	<b>2.32%</b>	<b>2.20%</b>	<b>18.92%</b>
Dodge & Cox (08/31/03)	2.46%	2.62%	22.47%
LCV Blended Benchmark**	2.07%	1.52%	17.51%
Russell 1000 Value Index	2.07%	1.52%	17.51%
Dodge & Cox - Net (12/31/04)	2.46%	2.57%	22.22%
BMO (01/31/01)	1.34%	1.45%	16.52%
LCV Blended Benchmark**	2.07%	1.52%	17.51%
Russell 1000 Value Index	2.07%	1.52%	17.51%
BMO - Net (12/31/04)	1.34%	1.39%	16.25%
LSV (01/31/03)	3.03%	3.06%	19.03%
LCV Blended Benchmark**	2.07%	1.52%	17.51%
Russell 1000 Value Index	2.07%	1.52%	17.51%
LSV - Net (12/31/04)	3.03%	2.99%	18.71%
NTGI S&P 500 Value Idx (07/31/99)	2.50%	1.75%	18.08%
S&P/Citi 500 Value Index	2.17%	1.64%	17.68%
NTGI S&P 500 Value Idx - Net (12/31/04)	2.50%	1.74%	18.08%

\* 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 December 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Large Cap Equity (12/31/81)</b>	<b>11.14%</b>	<b>1.89%</b>	<b>7.74%</b>	<b>10.64%</b>
Russell 1000 Index	11.12%	1.92%	7.52%	10.96%
<b>Large Cap Growth (12/31/81)</b>	<b>11.46%</b>	<b>3.74%</b>	<b>7.73%</b>	<b>11.15%</b>
BlackRock LCG (07/31/11)	-	-	-	2.65%
LCG Blended Benchmark*	11.35%	3.12%	7.03%	8.23%
Russell 1000 Growth Index	11.35%	3.12%	7.52%	8.23%
BlackRock LCG - Net (07/31/11)	-	-	-	2.39%
Holland (10/31/94)	11.24%	5.12%	8.12%	9.33%
LCG Blended Benchmark*	11.35%	3.12%	7.03%	8.46%
Russell 1000 Growth Index	11.35%	3.12%	7.52%	7.54%
Holland - Net (12/31/04)	10.91%	4.82%	-	4.96%
LCG Blended Benchmark*	11.35%	3.12%	7.03%	5.42%
Russell 1000 Growth Index	11.35%	3.12%	7.52%	5.62%
NTGI S&P 500 Growth Idx (07/31/01)	11.38%	3.43%	7.13%	3.56%
S&P/Citi 500 Growth Index	11.33%	3.39%	7.10%	3.52%
NTGI S&P 500 Growth Idx - Net (12/31/04)	11.37%	3.42%	-	5.07%
S&P/Citi 500 Growth Index	11.33%	3.39%	7.10%	5.50%
Sands (10/31/03)	17.68%	7.62%	-	9.73%
LCG Blended Benchmark*	11.35%	3.12%	7.03%	6.08%
Russell 1000 Growth Index	11.35%	3.12%	7.52%	6.28%
Sands - Net (12/31/04)	17.38%	7.34%	-	7.29%
LCG Blended Benchmark*	11.35%	3.12%	7.03%	5.42%
Russell 1000 Growth Index	11.35%	3.12%	7.52%	5.62%
Vision (06/30/11)	-	-	-	7.77%
LCG Blended Benchmark*	11.35%	3.12%	7.03%	7.04%
Russell 1000 Growth Index	11.35%	3.12%	7.52%	7.03%
Vision - Net (06/30/11)	-	-	-	7.25%
<b>Large Cap Value (09/30/82)</b>	<b>10.85%</b>	<b>0.31%</b>	<b>7.83%</b>	<b>9.74%</b>
Dodge & Cox (08/31/03)	10.50%	0.57%	-	6.94%
LCV Blended Benchmark**	10.86%	0.59%	7.33%	6.23%
Russell 1000 Value Index	10.86%	0.59%	7.38%	6.44%
Dodge & Cox - Net (12/31/04)	10.26%	0.34%	-	3.60%
LCV Blended Benchmark**	10.86%	0.59%	7.33%	4.00%
Russell 1000 Value Index	10.86%	0.59%	7.38%	4.16%
BMO (01/31/01)	11.51%	0.39%	8.91%	5.75%
LCV Blended Benchmark**	10.86%	0.59%	7.33%	2.95%
Russell 1000 Value Index	10.86%	0.59%	7.38%	4.13%
BMO - Net (12/31/04)	11.24%	0.14%	-	4.83%
LCV Blended Benchmark**	10.86%	0.59%	7.33%	4.00%
Russell 1000 Value Index	10.86%	0.59%	7.38%	4.16%
LSV (01/31/03)	10.79%	1.19%	9.00%	9.00%
LCV Blended Benchmark**	10.86%	0.59%	7.33%	7.33%
Russell 1000 Value Index	10.86%	0.59%	7.38%	7.38%
LSV - Net (12/31/04)	10.49%	0.90%	-	4.49%
LCV Blended Benchmark**	10.86%	0.59%	7.33%	4.00%
Russell 1000 Value Index	10.86%	0.59%	7.38%	4.16%
NTGI S&P 500 Value Idx (07/31/99)	10.61%	(0.06%)	7.11%	2.80%
S&P/Citi 500 Value Index	10.47%	(0.15%)	7.04%	2.78%
NTGI S&P 500 Value Idx - Net (12/31/04)	10.61%	(0.07%)	-	3.32%
S&P/Citi 500 Value Index	10.47%	(0.15%)	7.04%	3.65%

\* 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.

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## Large Cap Equity Returns

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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 December 31, 2012

	<b>Last Month</b>	<b>Last 3 Months</b>	<b>Last 12 Months</b>
<b>Large Cap Active Core (12/31/04)</b>	<b>1.07%</b>	<b>0.05%</b>	<b>15.75%</b>
Piedmont (05/31/11)	0.28%	(1.47%)	16.05%
Russell 1000 Index	1.04%	0.12%	16.42%
Piedmont - Net (05/31/11)	0.28%	(1.57%)	15.59%
Progress (01/31/05)	1.31%	0.53%	15.66%
DJ U.S. Total Stock Market Index	1.22%	0.19%	16.38%
Progress - Net (01/31/05)	1.31%	0.37%	14.96%
<b>Large Cap Passive Core (12/31/84)</b>	<b>1.24%</b>	<b>0.21%</b>	<b>16.41%</b>
NTGI MarketCap Idx (01/31/85)	1.24%	0.21%	16.41%
DJ U.S. Total Stock Market Index	1.22%	0.19%	16.38%
NTGI MarketCap Idx - Net (12/31/04)	1.24%	0.21%	16.40%

## 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 December 31, 2012

	<b>Last 36 Months</b>	<b>Last 60 Months</b>	<b>Last 120 Months</b>	<b>Since Inception</b>
<b>Large Cap Active Core (12/31/04)</b>	<b>10.10%</b>	<b>1.41%</b>	<b>-</b>	<b>4.54%</b>
Piedmont (05/31/11)	-	-	-	3.71%
Russell 1000 Index	11.12%	1.92%	7.52%	5.69%
Piedmont - Net (05/31/11)	-	-	-	3.32%
Progress (01/31/05)	10.01%	1.36%	-	4.55%
DJ U.S. Total Stock Market Index	11.39%	2.21%	7.95%	4.76%
Progress - Net (01/31/05)	9.36%	0.75%	-	3.94%
<b>Large Cap Passive Core (12/31/84)</b>	<b>11.37%</b>	<b>2.02%</b>	<b>7.82%</b>	<b>10.49%</b>
NTGI MarketCap Idx (01/31/85)	11.41%	2.04%	7.83%	10.53%
DJ U.S. Total Stock Market Index	11.39%	2.21%	7.95%	10.49%
NTGI MarketCap Idx - Net (12/31/04)	11.40%	2.03%	-	4.57%
DJ U.S. Total Stock Market Index	11.39%	2.21%	7.95%	5.17%

## 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 December 31, 2012

	Last Month	Last 3 Months	Last 12 Months
<b>Small Cap Equity (06/30/88)</b>	<b>3.46%</b>	<b>2.82%</b>	<b>17.18%</b>
Russell 2000 Index	3.56%	1.85%	16.35%
<b>Small Cap Growth (06/30/88)</b>	<b>3.05%</b>	<b>3.06%</b>	<b>15.33%</b>
Fortaleza (11/30/06)	1.72%	(2.13%)	14.19%
Russell 2000 Growth Index	2.88%	0.45%	14.59%
Fortaleza - Net (11/30/06)	1.72%	(2.37%)	13.49%
Frontier (07/31/88)	3.17%	4.07%	14.67%
Russell 2000 Growth Index	2.88%	0.45%	14.59%
Frontier - Net (12/31/04)	3.17%	3.94%	14.11%
Pyramis (07/31/88)	3.01%	2.45%	16.01%
Russell 2000 Growth Index	2.88%	0.45%	14.59%
Pyramis - Net (12/31/04)	3.01%	2.45%	15.59%
<b>Small Cap Value (08/31/89)</b>	<b>3.94%</b>	<b>4.50%</b>	<b>19.10%</b>
Channing (06/30/11)	4.14%	8.82%	22.90%
Russell 2000 Value Index	4.21%	3.22%	18.05%
Channing - Net (06/30/11)	4.14%	8.61%	21.94%
DFA Small Cap Value (01/31/96)	3.83%	5.03%	22.43%
Russell 2000 Value Index	4.21%	3.22%	18.05%
DFA Small Cap Value - Net (12/31/04)	3.83%	4.90%	21.83%
Inv. Counselors of Maryland (04/30/99)	4.23%	4.11%	17.53%
Russell 2000 Value Index	4.21%	3.22%	18.05%
Inv. Couns. of Maryland - Net (12/31/04)	4.23%	4.01%	17.08%
Lombardia (05/31/11)	2.92%	2.06%	11.70%
Russell 2000 Value Index	4.21%	3.22%	18.05%
Lombardia - Net (05/31/11)	2.92%	1.89%	10.93%
<b>Micro Cap (06/30/84)</b>	<b>3.26%</b>	<b>(0.84%)</b>	<b>16.86%</b>
Ariel (10/31/2010)	4.55%	(1.51%)	22.78%
Russell 2000 Value Index	4.21%	3.22%	18.05%
Russell 2000 Index	3.56%	1.85%	16.35%
Russell Microcap Index	3.24%	0.04%	19.75%
Ariel - Net (10/31/10)	4.55%	(1.71%)	21.81%
Ativo (09/30/10)	2.62%	(0.19%)	13.95%
Russell 2000 Growth Index	2.88%	0.45%	14.59%
Russell 2000 Index	3.56%	1.85%	16.35%
Russell Microcap Index	3.24%	0.04%	19.75%
Ativo - Net (09/30/10)	2.62%	(0.38%)	13.04%
DFA Micro Cap (07/31/87)	3.86%	2.44%	18.66%
Russell 2000 Value Index	4.21%	3.22%	18.05%
Russell 2000 Index	3.56%	1.85%	16.35%
DFA Micro Cap - Net (12/31/04)	3.86%	2.31%	18.07%
Wall Street (07/31/90)	2.60%	(2.99%)	14.62%
Russell 2000 Growth Index	2.88%	0.45%	14.59%
Russell 2000 Index	3.56%	1.85%	16.35%
Wall Street - Net (12/31/04)	2.60%	(3.18%)	13.78%

## 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 December 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Small Cap Equity (06/30/88)</b>	<b>13.25%</b>	<b>4.53%</b>	<b>12.13%</b>	<b>12.14%</b>
Russell 2000 Index	12.25%	3.56%	9.72%	9.16%
<b>Small Cap Growth (06/30/88)</b>	<b>12.44%</b>	<b>3.83%</b>	<b>11.89%</b>	<b>12.80%</b>
Fortaleza (11/30/06)	15.62%	1.19%	-	3.74%
Russell 2000 Growth Index	12.82%	3.49%	9.80%	4.32%
Fortaleza - Net (11/30/06)	15.03%	0.66%	-	3.23%
Frontier (07/31/88)	11.64%	5.57%	11.39%	12.84%
Russell 2000 Growth Index	12.82%	3.49%	9.80%	6.91%
Frontier - Net (12/31/04)	10.75%	4.72%	-	6.87%
Russell 2000 Growth Index	12.82%	3.49%	9.80%	5.60%
Pyramis (07/31/88)	12.92%	4.64%	13.08%	13.42%
Russell 2000 Growth Index	12.82%	3.49%	9.80%	6.91%
Pyramis - Net (12/31/04)	12.18%	4.07%	-	8.66%
Russell 2000 Growth Index	12.82%	3.49%	9.80%	5.60%
<b>Small Cap Value (08/31/89)</b>	<b>13.05%</b>	<b>4.82%</b>	<b>11.45%</b>	<b>11.86%</b>
Channing (06/30/11)	-	-	-	7.74%
Russell 2000 Value Index	11.57%	3.55%	9.50%	4.94%
Channing - Net (06/30/11)	-	-	-	6.97%
DFA Small Cap Value (01/31/96)	15.36%	5.70%	12.62%	12.35%
Russell 2000 Value Index	11.57%	3.55%	9.50%	9.30%
DFA Small Cap Value - Net (12/31/04)	14.81%	5.15%	-	5.60%
Russell 2000 Value Index	11.57%	3.55%	9.50%	4.45%
Inv. Counselors of Maryland (04/30/99)	11.97%	4.40%	10.97%	11.66%
Russell 2000 Value Index	11.57%	3.55%	9.50%	9.20%
Inv. Couns. of Maryland - Net (12/31/04)	11.47%	3.87%	-	5.96%
Russell 2000 Value Index	11.57%	3.55%	9.50%	4.45%
Lombardia (05/31/11)	-	-	-	2.44%
Russell 2000 Value Index	11.57%	3.55%	9.50%	3.04%
Lombardia - Net (05/31/11)	-	-	-	1.83%
<b>Micro Cap (06/30/84)</b>	<b>15.19%</b>	<b>1.90%</b>	<b>10.95%</b>	<b>11.77%</b>
Ariel (10/31/10)	-	-	-	10.39%
Russell 2000 Value Index	11.57%	3.55%	9.50%	10.40%
Russell 2000 Index	12.25%	3.56%	9.72%	10.65%
Russell Microcap Index	11.87%	1.46%	8.42%	9.94%
Ariel - Net (10/31/10)	-	-	-	9.55%
Ativo (09/30/10)	-	-	-	7.80%
Russell 2000 Growth Index	12.82%	3.49%	9.80%	12.48%
Russell 2000 Index	12.25%	3.56%	9.72%	12.22%
Russell Microcap Index	11.87%	1.46%	8.42%	12.26%
Ativo - Net (09/30/10)	-	-	-	7.02%
DFA Micro Cap (07/31/87)	14.81%	4.63%	11.40%	10.91%
Russell 2000 Value Index	11.57%	3.55%	9.50%	9.89%
Russell 2000 Index	12.25%	3.56%	9.72%	8.25%
DFA Micro Cap - Net (12/31/04)	14.27%	4.12%	-	4.72%
Russell 2000 Growth Index	12.82%	3.49%	9.80%	5.60%
Russell 2000 Index	12.25%	3.56%	9.72%	5.09%
Wall Street (07/31/90)	16.01%	1.05%	10.91%	13.68%
Russell 2000 Growth Index	12.82%	3.49%	9.80%	6.69%
Russell 2000 Index	12.25%	3.56%	9.72%	8.98%
Wall Street - Net (12/31/04)	15.15%	0.25%	-	4.47%
Russell 2000 Growth Index	12.82%	3.49%	9.80%	5.60%
Russell 2000 Index	12.25%	3.56%	9.72%	5.09%

## 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 December 31, 2012

	Last Month	Last 3 Months	Last 12 Months
<b>Intl Large Cap Equity (08/31/86)</b>	<b>3.31%</b>	<b>6.49%</b>	<b>18.57%</b>
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
<b>Intl Large Cap Growth (08/31/02)</b>	<b>3.17%</b>	<b>7.87%</b>	<b>22.05%</b>
EARNEST Partners (09/30/04)	3.87%	9.68%	18.98%
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
MSCI ACWI ex-US Growth	2.78%	5.29%	17.07%
EARNEST Partners - Net (12/31/04)	3.87%	9.29%	17.85%
William Blair (09/30/02)	2.50%	6.17%	24.72%
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
MSCI ACWI ex-US Growth	2.78%	5.29%	17.07%
William Blair - Net (12/31/04)	2.50%	6.07%	24.09%
<b>Intl Large Cap Value (09/30/95)</b>	<b>3.59%</b>	<b>4.76%</b>	<b>12.45%</b>
Brandes (12/31/95)	4.11%	4.80%	10.86%
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
MSCI ACWI ex-US Value	4.21%	6.51%	17.68%
Brandes - Net (12/31/04)	4.11%	4.74%	10.59%
Lombardia (3/31/12)	4.57%	8.93%	-
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
MSCI ACWI ex-US Value	4.21%	6.51%	17.68%
Lombardia - Net (3/31/12)	4.57%	8.78%	-
Mondrian (3/31/12)	3.13%	4.44%	-
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
MSCI ACWI ex-US Value	4.21%	6.51%	17.68%
Mondrian - Net (3/31/12)	3.13%	4.31%	-
Lazard (3/31/12)	3.30%	5.92%	-
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
MSCI ACWI ex-US Value	4.21%	6.51%	17.68%
Lazard - Net (3/31/12)	3.30%	5.85%	-

## 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 December 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Equity (08/31/86)</b>	<b>5.27%</b>	<b>(3.00%)</b>	<b>9.56%</b>	<b>8.02%</b>
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	-
<b>Intl Large Cap Growth (08/31/02)</b>	<b>7.85%</b>	<b>(2.35%)</b>	<b>11.02%</b>	<b>9.89%</b>
EARNEST Partners (09/30/04)	8.23%	1.95%	-	12.93%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	7.10%
MSCI ACWI ex-US Growth	4.97%	(2.55%)	9.36%	7.56%
EARNEST Partners - Net (12/31/04)	7.75%	1.48%	-	10.39%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	5.58%
MSCI ACWI ex-US Growth	4.97%	(2.55%)	9.36%	6.09%
William Blair (09/30/02)	9.51%	(1.82%)	11.17%	10.11%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	8.92%
MSCI ACWI ex-US Growth	4.97%	(2.55%)	9.36%	8.76%
William Blair - Net (12/31/04)	9.10%	(2.21%)	-	6.03%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	5.58%
MSCI ACWI ex-US Growth	4.97%	(2.55%)	9.36%	6.09%
<b>Intl Large Cap Value (09/30/95)</b>	<b>2.29%</b>	<b>(3.93%)</b>	<b>9.20%</b>	<b>9.62%</b>
Brandes (12/31/95)	1.81%	(4.20%)	9.05%	9.58%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	5.41%
MSCI ACWI ex-US Value	3.65%	(2.36%)	11.02%	-
Brandes - Net (12/31/04)	1.58%	(4.45%)	-	2.54%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	5.58%
MSCI ACWI ex-US Value	3.65%	(2.36%)	11.02%	5.97%
Lombardia (3/31/12)	-	-	-	9.47%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	5.03%
MSCI ACWI ex-US Value	3.65%	(2.36%)	11.02%	6.17%
Lombardia - Net (3/31/12)	-	-	-	6.30%
Mondrian (3/31/12)	-	-	-	3.72%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	5.03%
MSCI ACWI ex-US Value	3.65%	(2.36%)	11.02%	6.17%
Mondrian - Net (3/31/12)	-	-	-	2.08%
Lazard (3/31/12)	-	-	-	8.80%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	5.03%
MSCI ACWI ex-US Value	3.65%	(2.36%)	11.02%	6.17%
Lazard - Net (3/31/12)	-	-	-	8.24%



## 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 December 31, 2012

	Last Month	Last 3 Months	Last 12 Months
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>3.29%</b>	<b>6.35%</b>	<b>21.41%</b>
Arrowstreet (02/29/08)	4.06%	7.22%	20.31%
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
Arrowstreet - Net (02/29/08)	4.06%	7.10%	19.74%
Brown (09/30/04)	2.50%	5.90%	22.56%
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
Brown - Net (12/31/04)	2.50%	5.64%	22.05%
GlobeFlex (02/28/06)	2.91%	5.73%	21.97%
MSCI ACWI ex-US Index	3.47%	5.85%	16.83%
GlobeFlex - Net (02/28/06)	2.91%	5.62%	21.44%
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>3.26%</b>	<b>6.68%</b>	<b>17.88%</b>
NTGI MSCI EAFE Idx (01/31/00)	3.26%	6.68%	17.88%
MSCI EAFE Index	3.20%	6.57%	17.32%
NTGI EAFE Idx - Net (12/31/04)	3.26%	6.68%	17.87%
<b>International Small Cap (11/30/05)</b>	<b>2.85%</b>	<b>4.77%</b>	<b>23.41%</b>
Franklin Templeton (07/31/11)	3.10%	4.27%	25.41%
ACWI Small Cap ex US	4.03%	4.90%	18.52%
Franklin Templeton - Net (07/31/11)	3.10%	4.08%	24.46%
William Blair (08/31/10)	2.63%	5.21%	21.77%
ACWI Small Cap ex US	4.03%	4.90%	18.52%
Intl SC Blended Benchmark	4.03%	4.90%	18.52%
William Blair - Net (08/31/10)	2.63%	5.00%	20.80%
<b>Emerging Markets (01/31/92)</b>	<b>3.96%</b>	<b>5.36%</b>	<b>21.45%</b>
Genesis (04/30/04)	3.96%	5.36%	21.45%
MSCI Emerging Markets Index	4.90%	5.61%	18.63%
Genesis - Net (12/31/04)	3.96%	5.36%	21.38%

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 December 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>6.63%</b>	<b>0.84%</b>	<b>-</b>	<b>0.84%</b>
Arrowstreet (02/29/08)	6.47%	-	-	0.76%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	(0.91%)
Arrowstreet - Net (02/29/08)	5.96%	-	-	0.30%
Brown (09/30/04)	4.41%	(1.57%)	-	7.58%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	7.10%
Brown - Net (12/31/04)	3.93%	(1.94%)	-	4.95%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	5.58%
GlobeFlex (02/28/06)	8.22%	(2.80%)	-	2.90%
MSCI ACWI ex-US Index	3.87%	(2.89%)	9.74%	2.58%
GlobeFlex - Net (02/28/06)	7.75%	(3.25%)	-	2.44%
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>3.98%</b>	<b>(3.26%)</b>	<b>8.61%</b>	<b>2.09%</b>
NTGI MSCI EAFE Idx (01/31/00)	3.98%	(3.28%)	8.60%	2.10%
MSCI EAFE Index	3.56%	(3.69%)	8.21%	1.72%
NTGI EAFE Idx - Net (12/31/04)	3.97%	(3.29%)	-	3.88%
MSCI EAFE Index	3.56%	(3.69%)	8.21%	4.06%
<b>International Small Cap (11/30/05)</b>	<b>8.25%</b>	<b>(3.16%)</b>	<b>-</b>	<b>2.13%</b>
Franklin Templeton (07/31/11)	-	-	-	0.33%
ACWI Small Cap ex US	6.54%	(0.39%)	13.16%	(3.45%)
Franklin Templeton - Net (07/31/11)	-	-	-	(0.31%)
William Blair (08/31/10)	-	-	-	13.02%
ACWI Small Cap ex US	6.54%	(0.39%)	13.16%	8.25%
Intl SC Blended Benchmark	6.80%	(1.55%)	12.00%	9.68%
William Blair - Net (08/31/10)	-	-	-	9.99%
<b>Emerging Markets (01/31/92)</b>	<b>9.08%</b>	<b>4.85%</b>	<b>19.33%</b>	<b>10.51%</b>
Genesis (04/30/04)	9.08%	4.85%	-	15.72%
MSCI Emerging Markets Index	4.98%	(0.61%)	16.88%	12.38%
Genesis - Net (12/31/04)	8.62%	4.33%	-	13.74%
MSCI Emerging Markets Index	4.98%	(0.61%)	16.88%	12.19%

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 December 31, 2012

	Last Month	Last 3 Months	Last 12 Months
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>(0.22%)</b>	<b>0.54%</b>	<b>6.17%</b>
EARNEST Partners (04/30/05)	(0.32%)	0.55%	5.84%
BC Aggregate Index	(0.14%)	0.21%	4.21%
EARNEST Partners - Net (04/30/05)	(0.32%)	0.50%	5.63%
Piedmont (05/31/05)	(0.11%)	0.53%	6.50%
BC Aggregate Index	(0.14%)	0.21%	4.21%
Piedmont - Net (05/31/05)	(0.11%)	0.49%	6.33%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>(0.18%)</b>	<b>0.33%</b>	<b>5.08%</b>
BlackRock Enhanced (04/30/00)	(0.18%)	0.33%	5.08%
BC Aggregate Index	(0.14%)	0.21%	4.21%
BlackRock Enhanced - Net (12/31/04)	(0.19%)	0.29%	4.99%
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>(0.16%)</b>	<b>0.19%</b>	<b>4.32%</b>
NTGI BC Agg. Index (01/31/90)	(0.16%)	0.19%	4.32%
BC Aggregate Index	(0.14%)	0.21%	4.21%
NTGI BC Agg. Index - Net (12/31/04)	(0.16%)	0.19%	4.31%

## 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 December 31, 2012

	<b>Last 36 Months</b>	<b>Last 60 Months</b>	<b>Last 120 Months</b>	<b>Since Inception</b>
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>7.36%</b>	<b>6.62%</b>	<b>4.90%</b>	<b>5.46%</b>
EARNEST Partners (04/30/05)	7.38%	6.69%	-	6.07%
BC Aggregate Index	6.19%	5.95%	5.18%	5.67%
EARNEST Partners - Net (04/30/05)	7.17%	6.47%	-	5.86%
Piedmont (05/31/05)	7.60%	6.39%	-	5.62%
BC Aggregate Index	6.19%	5.95%	5.18%	5.55%
Piedmont - Net (05/31/05)	7.42%	6.20%	-	5.42%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>6.75%</b>	<b>5.95%</b>	<b>5.26%</b>	<b>6.29%</b>
BlackRock Enhanced (04/30/00)	6.75%	5.95%	5.26%	6.34%
BC Aggregate Index	6.19%	5.95%	5.18%	6.24%
BlackRock Enhanced - Net (12/31/04)	6.67%	5.87%	-	5.34%
BC Aggregate Index	6.19%	5.95%	5.18%	5.49%
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>6.24%</b>	<b>5.84%</b>	<b>5.15%</b>	<b>6.88%</b>
NTGI BC Agg. Index (01/31/90)	6.24%	5.84%	5.15%	6.91%
BC Aggregate Index	6.19%	5.95%	5.18%	6.90%
NTGI BC Agg. Index - Net (12/31/04)	6.23%	5.83%	-	5.30%
BC Aggregate Index	6.19%	5.95%	5.18%	5.49%

## 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 December 31, 2012

	Last Month	Last 3 Months	Last 12 Months
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>0.09%</b>	<b>0.84%</b>	<b>7.63%</b>
BlackRock Core Plus (03/31/07)	(0.13%)	0.35%	5.77%
BC Aggregate Index	(0.14%)	0.21%	4.21%
BlackRock Core Plus - Net (03/31/07)	(0.13%)	0.35%	5.73%
LM Capital (04/30/05)	0.10%	0.87%	7.26%
BC Aggregate Index	(0.14%)	0.21%	4.21%
LM Capital - Net (04/30/05)	0.10%	0.83%	7.09%
Progress Fixed Income (12/31/05)	(0.03%)	0.68%	6.43%
BC Aggregate Index	(0.14%)	0.21%	4.21%
Progress Fixed Inc. - Net (12/31/05)	(0.03%)	0.59%	6.06%
Taplin, Canida, Habacht (04/30/05)	0.23%	1.43%	9.42%
BC Aggregate Index	(0.14%)	0.21%	4.21%
Taplin, Canida, Hab. - Net (04/30/05)	0.23%	1.40%	9.28%
Western (10/31/01)	0.16%	0.77%	8.31%
BC Aggregate Index	(0.14%)	0.21%	4.21%
Western - Net (12/31/04)	0.16%	0.74%	8.16%
<b>High Yield (03/31/86)</b>	<b>1.49%</b>	<b>3.22%</b>	<b>15.04%</b>
MackKay Shields (10/31/00)	1.18%	2.73%	14.27%
ML High Yield Cash Pay Index	1.57%	3.15%	15.43%
MackKay Shields - Net (12/31/04)	1.18%	2.65%	13.69%
Pyramis (07/31/86)	1.79%	3.70%	15.78%
ML High Yield Cash Pay Index	1.57%	3.15%	15.43%
Pyramis - Net (12/31/04)	1.79%	3.62%	15.24%

## 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 December 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>8.20%</b>	<b>6.96%</b>	<b>6.11%</b>	<b>9.09%</b>
BlackRock Core Plus (03/31/07)	7.55%	6.54%	-	6.52%
BC Aggregate Index	6.19%	5.95%	5.18%	6.03%
BlackRock Core Plus - Net (03/31/07)	7.47%	6.48%	-	6.45%
LM Capital (04/30/05)	7.62%	7.22%	-	6.54%
BC Aggregate Index	6.19%	5.95%	5.18%	5.67%
LM Capital - Net (04/30/05)	7.44%	7.05%	-	6.37%
Progress Fixed Income (12/31/05)	7.27%	6.70%	-	6.63%
BC Aggregate Index	6.19%	5.95%	5.18%	5.93%
Progress Fixed Inc. - Net (12/31/05)	6.90%	6.33%	-	6.29%
Taplin, Canida, Habacht (04/30/05)	8.29%	7.31%	-	6.23%
BC Aggregate Index	6.19%	5.95%	5.18%	5.67%
Taplin, Canida, Hab. - Net (04/30/05)	8.15%	7.17%	-	6.14%
Western (10/31/01)	9.01%	7.18%	6.53%	6.73%
BC Aggregate Index	6.19%	5.95%	5.18%	5.51%
Western - Net (12/31/04)	8.86%	7.03%	-	5.93%
BC Aggregate Index	6.19%	5.95%	5.18%	5.49%
<b>High Yield (03/31/86)</b>	<b>11.38%</b>	<b>10.14%</b>	<b>11.37%</b>	<b>10.37%</b>
Mackay Shields (10/31/00)	11.51%	9.22%	11.48%	10.12%
ML High Yield Cash Pay Index	11.61%	9.90%	10.24%	8.36%
Mackay Shields - Net (12/31/04)	11.10%	8.82%	-	7.67%
ML High Yield Cash Pay Index	11.61%	9.90%	10.24%	8.32%
Pyramis (07/31/86)	11.28%	11.11%	11.29%	10.14%
ML High Yield Cash Pay Index	11.61%	9.90%	10.24%	8.93%
Pyramis - Net (12/31/04)	10.73%	10.69%	-	8.61%
ML High Yield Cash Pay Index	11.61%	9.90%	10.24%	8.32%

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)	
Sands	9.30	3.65	(10/31/03)
William Blair Intl LC	7.89	1.19	(09/30/02)
Franklin Templeton	6.89	3.78	(07/31/11)
Brown	5.73	0.48	(09/30/04)
Taplin, Canida, Habacht	5.21	0.56	(04/30/05)

### Five Worst Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Underperformance (in % points)	Since Inception Underperformance (in % points)	
Lombardia SCV	-6.35	-0.60	(05/31/11)
Brandes	-5.97	4.17	(12/31/95)
Holland	-1.67	0.87	(10/31/94)
MacKay Shields	-1.16	1.76	(10/31/00)
BMO	-0.99	2.80	(01/31/01)

### Five Highest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Franklin Templeton	25.41	0.33	(07/31/11)
William Blair Intl LC	24.72	10.11	(09/30/02)
Sands	24.56	9.73	(10/31/03)
Channing	22.90	7.74	(06/30/11)
Ariel	22.78	10.39	(10/31/10)

### Five Lowest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Northern Trust Barclays Agg	4.32	6.91	(01/31/90)
BlackRock Enhanced	5.08	6.34	(04/30/00)
BlackRock Core Plus	5.77	6.52	(03/31/07)
EARNEST Fixed Income	5.84	6.07	(04/30/05)
Progress Fixed Income	6.43	6.63	(12/31/05)

Returns are shown gross of investment management fees.

Excludes Real Estate and Alternative Investments portfolios.

A quorum was achieved at 9:35 a.m. and Ms. Enright called the roll:

Present: Henry, Kuehne, Nannini, Stafford, Stulir

Absent: Copper, Piechocinski

\*Ms. Thompson was present via telephone.

Ms. Becker-Wold and Mr. Ball from Callan Associates, Ms. Widlus from Seyfarth Shaw LLP., and a representative from Loop Capital were also present.

(13-01-02) (Board of Trustees) The Chair reported that Thomas Kuehne and Jeffrey Stulir had subscribed to the constitutional oath of office that was filed in the Fund's records.

(13-01-03) (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 #12-12-21

Schedules - Dated January 25, 2013

- 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 S - Prior Service Adjustments



Administration - Master Trustee Report

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

Participation of New Unit of Government (1)

North Pike Library District

County: Pike

2013 Employer Rate: 6.54%

Effective Participation Date: February 1, 2013

Bids (8)

Cisco 3560X Access Switch and SFP Modules

Approved Bidder: EnPointe Technologies

Approved Bid: \$9,700.00

Conference and Lunchroom Furniture

Approved Bidder: OEC Business Interiors

Approved Bid: \$31,662.47

Microsoft Visio Standard Edition Licenses

Approved Bidder: Software House, Inc.

Approved Bid: \$7,134.00

VMWare Production Support Subscription Renewals

Approved Bidder: Software House, Inc.

Approved Bid: \$5,222.00

WiFi Infrastructure and Implementation Services

Approved Bidder: Valcom

Approved Bid: \$15,729.00

Board Room Audio System Upgrade

Approved Sole Source Bidder: AVI-SPL

Approved Sole Source Bid: \$15,500

Investment Conference Table

Approved Bidder: OEC Business Interiors

Approved Bid: \$5,193.91

Sound Masking for 3<sup>rd</sup> Floor

Approved Sole Source Bidder: OEC Business Interiors

Approved Sole Source Bid: \$6,444.00

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

Vote: Unanimous Voice Vote

Absent: Copper, Piechocinski

(13-01-04) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of January Financial Reporting Package
- November Interim Financial Statements
- Impact of 2012 Estimated Investment Income on Employer Reserves, Funding Status and Average Employer Contribution Rates

- Impact of 2013 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. Henry, seconded by Mr. Nannini, to approve the Financial Reports as presented.

Vote: Unanimous Voice Vote  
Absent: Copper, Piechocinski

(13-01-05) (Report of the Benefit Review Committee) Trustee Stulir of the Benefit Review Committee reported on the meeting held on January 24, 2013.

It was moved by Mr. Stulir, seconded by Ms. Henry, to approve the following recommendation of the Benefit Review Committee:

- That because IMRF accepted contributions from the Village on behalf of the named individuals for a period of approximately twenty years, and provided annual communication confirming these individuals participation, and that there is not a binding decision from the Illinois Department of Insurance regarding the positions in question, that the Board not uphold staff's determination that David Weiss, Craig Skala, Douglas Daniels and Lynn Dralle do not qualify under Section 7-109 as employees for IMRF purposes.

Furthermore, that should the Department of Insurance subsequently determine that the Village is required to establish a Firefighter's Pension Fund, the status of these members will be reevaluated.

Vote: Unanimous Voice Vote  
Absent: Copper, Piechocinski

It was moved by Mr. Stulir, seconded by Mr. Kuehne, to approve the following recommendation of the Benefit Review Committee:

- To uphold staff's determination that David Daenzer should be removed from IMRF participation, and that all his reported earnings should be adjusted out.

Vote:  
Aye: Kuehne, Nannini, Stulir, Thompson, Stafford  
Nay: None  
Present: Henry  
Absent: Copper, Piechocinski

(13-01-06) (Appointment of 2013 Board Committees) The Chair proposed the following Committees for 2013:

**Audit Committee**

Gwen Henry, Chair  
Mark Nannini, Vice Chair  
Bill Stafford

**Benefit Review Committee**

Natalie Copper, Chair  
Jeff Stulir, Vice Chair  
Gwen Henry  
Tom Kuehne  
John Piechocinski  
Bill Stafford

**Investment Committee**

Mark Nannini, Chair  
Gwen Henry, Vice Chair  
Natalie Copper  
Tom Kuehne  
John Piechocinski  
Bill Stafford  
Jeff Stulir  
Sharon U. Thompson

**Legislative Committee**

John Piechocinski, Chair  
Tom Kuehne, Vice Chair  
Natalie Copper  
Gwen Henry  
Mark Nannini  
Bill Stafford  
Jeff Stulir  
Sharon U. Thompson

It was moved by Ms. Thompson, seconded by Mr. Piechocinski, to approve the above 2013 Committees.

Vote: Unanimous Voice Vote  
Absent: Copper, Piechocinski

(13-01-07) (Legislative Update) The Legislative Liaison updated the Board on recent legislative activity.

She noted the new 98<sup>th</sup> General Assembly met on January 9, 2013, noting all bills from the 97<sup>th</sup> General Assembly are dead. The deadline for introduction of new legislation is mid to late February.

The Legislative Liaison stated that as of today's date eight pension bills have been introduced. The only bill that impacts IMRF is SB 1. SB 1 is a combination of HB 1258 and President Cullerton's pension reform proposal from the 97<sup>th</sup> General Assembly. It also closes IMRF participation to new employees of a group of six IMRF employers.

Questions and discussion followed.

(13-01-08) (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:** Case has settled. Settlement agreement was signed but not entered by the court because the County Board is concerned about inclusiveness and future lawsuits. Next court date is February 7, 2013. County will tender any additional names and parties will potentially stipulate to a class of plaintiffs.

**WABASH COUNTY, ILLINOIS vs. IMRF, et al.**

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

**Status:** Hearing before Judge Wheaton on February 1, 2013.

**JOSEPH PRAZEN v. IMRF**

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

**Status:** IMRF's brief was filed on January 2, 2013. Oral argument has not been scheduled yet.

**LIARAKOS V. IMRF**

**Summary:** Appeal of denial of total and permanent disability.

**Status:** Judge Wheaton found in favor of IMRF specifically finding that in the case of total and permanent disability consideration of pre-existing conditions is prohibited when the IMRF member has less than five years of service. Judge Wheaton further found that failure of IMRF to allow cross examination of Dr. Rao during the hearing did not prejudice the plaintiff in this particular case because the issue was one of statutory construction and not a question of fact.

**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 February 11, 2013. Plaintiff's attorney has failed to file brief for the second time.

**DIEHL V. BOARD OF TRUSTEES 912 MR 1282 Dupage)**

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

**Status:** Briefing schedule entered. Hearing scheduled for April 29, 2013.

**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.

**DEWAYNE C. JONES V. IMRF (12 MR 223 WILLIAMSON CO.)**

**Summary:** Termination of total and permanent disability payments due to failure to provide proof of continuing medical treatment.

**Status:** Case voluntarily dismissed. IMRF has agreed to review medical records.

VICTORIAL KING V. IMRF (12 MR 361 ST. CLAIR CO.)

**Summary:** Closure of temporary disability claim due to failure to provide requested documentation.

**Status:** IMRF has agreed to review medical records and make determination based upon that review.

ANEGELINA TELLONE V. IMRF (2012 MR 1617 - DUPAGE CO.)

**Summary:** Closure of temporary disability claim due to failure to provide requested documentation.

**Status:** Appearance and answer have been filed, benefits is working with member to obtain additional documentation. Status set for April 29, 2013.

HAWLEY V. IMRF (12 MR 305 MADISON)

**Summary:** Closure of temporary disability claim due to failure to provide requested documentation.

**Status:** Materials received and claim was processed and granted. Plaintiff's attorney to voluntarily dismiss.

JANET DOHERTY V. IMRF (12 MR 1804 LAKE)

**Summary:** Appeal of denial of temporary disability benefits.

**Status:** Status set for March 29, 2013.

Mr. Piechocinski entered the meeting at 10:00 a.m.

(13-01-09) (Report of the Executive Director)

4<sup>th</sup> Quarter 2012 Strategic Objectives Update

The Executive Director updated the Board on progress during the fourth quarter for IMRF's 2012 strategic objectives.

Quarterly Compliance Certification

The Executive Director reported IMRF has been in compliance with the applicable Statutes and Regulations and the IMRF Ethics Code and Travel Policy during the 4<sup>th</sup> quarter 2012.

Representation of IMRF

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

(13-01-10) (Adjournment) It was moved by Mr. Piechocinski, seconded by Mr. Nannini, to adjourn the Board Meeting at 10:15 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on February 22, 2013.

Vote: Unanimous Voice Vote  
Absent: Copper

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

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