



# Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook IL 60523-2337

*Member Services Representatives 1-800-ASK-IMRF (1-800-275-4673)*

[www.imrf.org](http://www.imrf.org)

August 27, 2010

The Honorable Pat Quinn  
Governor of Illinois  
James R. Thompson Center  
100 West Randolph, Suite 16-100  
Chicago, Illinois 60601

Dear Governor Quinn:

The Illinois Municipal Retirement Fund (IMRF) Board of Trustees is pleased to submit its annual report on Illinois Economic Opportunity Investments made by this retirement system as provided by PA 96-0753. As of June 30, 2010, IMRF employed twenty-nine Illinois based investment managers managing assets with a market value of \$9.8 billion. The assets managed by these investment managers represented 45% of the total IMRF investment portfolio.

Table I identifies the economic opportunity investments made by the IMRF with Illinois based Private Equity Partnerships and with Illinois based investment management companies. It also identifies the primary location of the business or project and the percentage of the Fund's assets in economic opportunity investments.

Table II identifies the Illinois economic opportunity investments made by the IMRF in Real Estate properties as of March 31, 2010 (latest available information). Table II also identifies the primary location of the business or project and the percentage of the Fund's assets in economic opportunity investments.

Table III identifies the Illinois economic opportunity investments made by the IMRF in Hedge Fund Managers and Private Equity Portfolio Companies as of March 31, 2010 (latest available information). Table III identifies the primary location of the business or project. IMRF has indirect holdings in the following investments through commingled, private equity and hedge fund investments.



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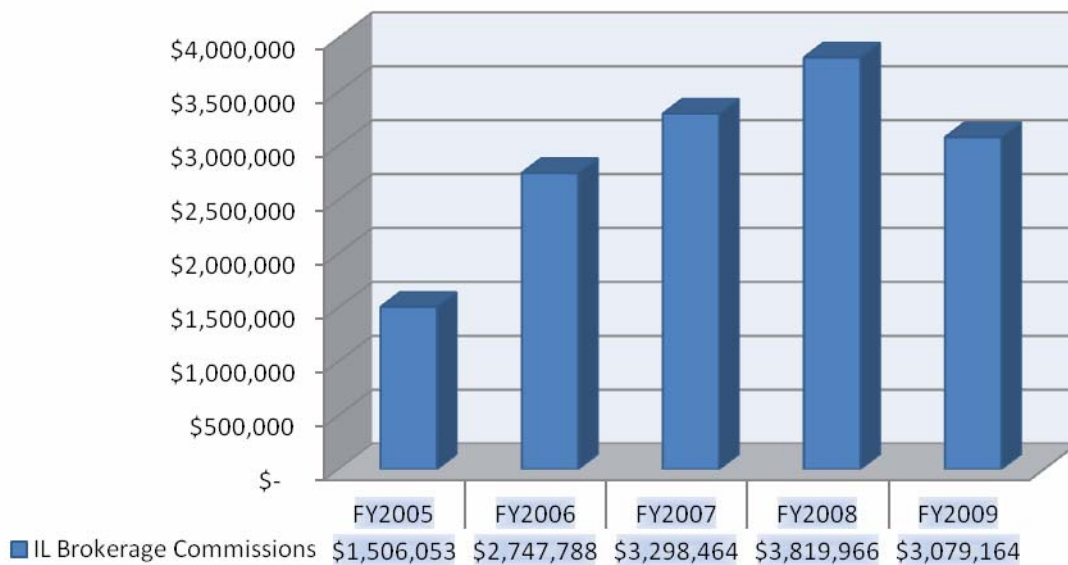
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Additionally, IMRF promotes the economy of the State of Illinois by encouraging its investment managers to use Illinois based broker/dealers. The following graph illustrates the total commissions generated by IMRF trades executed through Illinois based broker/dealers.

## IMRF's IL Brokerage Commissions



IMRF's Illinois brokerage commissions decreased from fiscal year 2009 to fiscal year 2010 due to an overall decline in total Fund brokerage commissions. Total Fund brokerage commissions fell in fiscal year 2010 due to lower trading activity and extraordinary financial market conditions.



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Importantly, IMRF's Board of Trustees has adopted and implemented the following policy to increase the use of economic opportunity investments in Illinois:

*"The Board recognizes that investments made in businesses operating in Illinois and in real estate and other assets in the state may contribute to an improved economic climate in the state. Therefore, where investment characteristics such as competitive rate of return in relation to the risks involved, minimum quality standards, liquidity considerations, and other investment objectives of the Board are equivalent, the Board favors investments which will have a positive impact on the economy of Illinois. However, nothing in this paragraph shall be construed to favor the foregoing of investment return in order to provide a subsidy to a particular group to the detriment of the Fund members, their beneficiaries, or their public employers."*

IMRF continues to seek out and promote economic development within the State of Illinois. The IMRF policy encouraging economic opportunity investments in Illinois and the high percentage of IMRF's assets under management managed by Illinois based investment managers demonstrates our commitment to promoting economic activity in our State.

Sincerely,

Louis W. Kosiba  
Executive Director

LWK:nlb



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**Table I:  
Illinois Based Investment Management Companies  
Including Private Equity Partnerships**

<i>Illinois-Based Managers</i>	<i>City</i>	<i>Mkt. Value as of 6/30/10 (in millions)</i>	<i>Percentage of Total IMRF's Assets Under Management as of 6/30/0</i>
ARCH Venture Partners	Chicago	2.90	0.00%
Channing Capital Management	Chicago	15.2	0.10%
Code, Hennessey & Simmons	Chicago	3.6	0.00%
Cozad/Westchester	Champaign	72.8	0.30%
Essex Woodlands Health Ventures	Chicago	4.5	0.00%
Fortaleza	Chicago	17.2	0.10%
Grosvenor Institutional Partners	Chicago	112	0.50%
GTCR Golder Rauner LLC	Chicago	23	0.10%
Aurora Investment Management	Chicago	131.5	0.60%
Harris Investment Management	Chicago	481.3	2.20%
Holland Capital Management	Chicago	414.3	1.90%
Lake Capital Partners II, LP	Chicago	2.8	0.00%
LSV Asset Management	Chicago	403.8	1.90%
Madison Dearborn Partners	Chicago	32.7	0.20%
Mesirow Advanced Strategies	Chicago	114.3	0.50%
Muller & Monroe Asset Management (1) (2)	Chicago	50	0.20%
DN Partners <sup>(1)</sup>	Chicago	-	-
Hispania Private Equity Fund II <sup>(2)</sup>	Chicago	-	-
HKW Capital Partners <sup>(1)</sup>	Chicago	-	-
Hopewell Ventures <sup>(1)</sup>	Chicago	-	-
LaSalle Capital Group <sup>(1)</sup>	Chicago	-	-
Prism Mezzanine Fund <sup>(1)</sup>	Chicago	-	-
Rock Island Partners <sup>(1)</sup>	Oak Brook	-	-
Smith Whiley II <sup>(1)</sup>	Evanston	-	-



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Smith Whiley III <sup>(2)</sup>	Evanston	-	-
Northern Trust Investments	Chicago	7,272.20	33.40%
Pfingsten Partners III, LP	Chicago	4.6	0.00%
Water Street Healthcare Partners	Chicago	0.8	0.00%
William Blair & Company	Chicago	615.7	2.80%
Willis, Stein & Partners	Chicago	10	0.00%
<b>Total</b>		<b>\$9,786.40</b>	<b>45.00%</b>

" - " Included in Muller & Monroe MWBE/Illinois Venture Capital Fund

(1) Muller & Monroe is an Illinois-based, African American private equity fund-of-funds manager whose first fund (ILPEFF) invests in minority, women, Illinois and Midwest based funds.

(2) Muller & Monroe's second fund (M2PEFF) invests in emerging funds in the US and Canada.



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**Table II:  
Illinois Investments in Real Estate**

<i>Real Estate Fund</i>	<i>City</i>	<i>Market Value of IMRF's Investments as of 3/31/2010</i>	<i>Percentage of Total of Total IMRF's Assets Under Management as of 3/31/2010</i>
<b><u>Buckhead</u></b>			
Carol Point III, Carol Stream	Carol Stream	\$13,500,101	0.06%
Mallard Lakes, Hanover Park	Hanover Park	\$12,500,000	0.05%
DuPage County Industrial, Glendale Heights	Glendale Heights	\$21,341,925	0.09%
<b><u>Granite</u></b>			
Southgate Market, Chicago	Chicago	\$2,449,440	0.01%
<b><u>Prime</u></b>			
155 North Wacker, Chicago	Chicago	\$3,846,150	0.02%
AMLI - Chicago	Chicago	\$1,541,790	0.01%
AMLI - West Dundee	West Dundee	\$8,374,950	0.04%
AMLI - Wheaton	Wheaton	\$204,795	0.00%
AMLI - Aurora	Aurora	\$710,955	0.00%
AMLI - Vernon Hills	Vernon Hills	\$221,445	0.00%
AMLI - Naperville	Naperville	\$854,145	0.00%
AMLI - Gurnee	Gurnee	\$519,480	0.00%
AMLI - Naperville	Naperville	\$479,520	0.00%
AMLI - Woodridge	Woodridge	\$209,790	0.00%
AMLI - St. Charles	St. Charles	\$837,495	0.00%
AMLI - Buffalo Grove	Buffalo Grove	\$56,610	0.00%
AMLI Mgmt Co. - Chicago	Chicago	\$254,745	0.00%
Self Storage - Addison	Addison	\$89,910	0.00%
Self Storage - Arlington Heights	Arlington Heights	\$86,580	0.00%
Self Storage - Bridgeview	Bridgeview	\$76,590	0.00%
Self Storage - Darien	Drien	\$139,860	0.00%
Self Storage - Des Plaines	Des Plaines	\$68,265	0.00%
Self Storage - Lombard	Lombard	\$91,575	0.00%
Self Storage - Lyons	Lyons	\$89,910	0.00%
Self Storage - Palatine	Palatine	\$78,255	0.00%
Self Storage - Chicago/Wabash	Chicago/Wabash	\$139,860	0.00%
<b>Total</b>		<b>\$68,764,141</b>	<b>0.30%</b>



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## TABLE III: Illinois Based Hedge Fund Managers and Private Equity Portfolio Companies

Abbott Laboratories	Abbott Park
Acme Industries, Inc.	Des Plaines
Acura Pharmaceuticals	Palatine
Addison Search	Chicago
Addus Healthcare, Inc.	Palatine
Advisory Research, Inc.	Chicago
Allston Trading	Chicago
Alyeska Investment Group	Chicago
AOT Bedding Super Holdings	HoffmanEstates
Aspen Marketing Services	Chicago
Castle Creek Convertible Arbitrage LLC	Chicago
CDW Corporation	Vernon Hills
Chinada Holdings, Inc.	Chicago
Citadel Kensington Ltd.	Chicago
Claire's Stores	HoffmanEstates
Closet Holding	Elmhurst
ComPsych Corporation	Chicago
Consolidated Commercial Controls	Morton Grove
CoolEdge Lighting	Champaign
Coskata	Woodridge
Coyote Logistics Holdings LLC	Lake Forest
CSMG, Inc.	Chicago
Dotomi	Chicago
Dynasty Technologies, Inc.	Lisle
Edline	Chicago
EN Engineering, LLC	Downers Grove
Entertainment Cruises	Chicago
ExteNet Systems, Inc	Lisle
FCA, Inc.	Moline
FCX Performance, Inc.	Chicago
Fenwal Holdings	Lake Zurich



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Fidelis SeniorCare	Schaumburg
Forefront Education, Inc.	Barrington
Fort Dearborn	Elk Grove
Goss International	Bolingbrook
Happ Controls	Elk Grove
Heartland Dental Care	Effingham
Hess Print Solutions	Woodstock
Hill & Valley Inc.	Rock Island
Hi-Tech Manufacturing Inc.	Schiller Park
Hub international Ltd.	Chicago
Innerworkings, Inc.	Chicago
InStadium, Inc.	Chicago
iTRACS	Westchester
Jimmy John's Gourmet Sandwich Shops	Champaign
Juice Tyme Acquisition Corp.	Chicago
Keely Asset Management	Chicago
Kettle Partners	Chicago
Kinetek, Inc.	Deerfield
M&M Pump and Supply, Inc.	Flora
Magnetar Constellation	Evanston
Magnetar Financial LLC	Evanston
Magnetar Fund II Ltd.	Evanston
Marathon Media, L.P.	Chicago
National Pasteurized Eggs, Inc.	Lansing
Netcom, Inc.	Wheeling
North America Sports Media	Bannockburn
Nuveen Investments, Inc.	Chicago
optionsXpress	Chicago
Ovation Holdings, LLC	Lincolnshire
Personeta	Chicago
Potbelly Sandwich Works, Inc.	Chicago
Powervar Holdings	Waukegan
Promo Works Holdings	Schaumburg
PSI Acquisitions	Oak Brook Terrace
R.J. O'Brien & Associates, LLC	Chicago





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Revenue Cycle Solutions, Inc.	Westchester
Revolution Healthcare Group LLC (TLContact, Inc.)	Chicago
Scotsman Industries, Inc.	Vernon Hills
Service Logic	Chicago
skinnyCorp	Chicago
SolarBridge Technologies	Champaign
Solo Cup Company	Highland Park
Sorbent Therapeutics	Vernon Hills
Sportvision	Chicago
Sun Trading LLC	Chicago
Timelines, Inc.	Chicago
TravelCLICK	Schaumburg
Univa UD	Lisle
U.S. Foodservice, Inc.	Rosemont
VHT, Inc.	Des Plaines
VSA Partners, Inc.	Chicago
Warranty Group	Chicago
Wilton Products, Inc.	Woodridge

These holdings are privately placed investments through commingled private equity and hedge fund investments. Therefore, IMRF does not have individual company valuations.