



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

August 24, 2012

The Honorable Pat Quinn
Governor of Illinois
James R. Thompson Center
100 West Randolph, Floor 16
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 required by PA 96-0753. As of June 30, 2012, IMRF employed thirty-eight Illinois-based investment management firms and private equity partnerships managing assets with a market value of \$10.3 billion, representing 39.6% of the total IMRF investment portfolio. Additionally, IMRF is invested in eighteen properties located in Illinois representing \$82.7 million in aggregate and 11.5% of IMRF's real estate portfolio as of March 31, 2012 (latest available information).

Table I identifies the economic opportunity investments made by IMRF with Illinois-based private equity partnerships and investment management firms. It also identifies the primary location of the business and the percentage of IMRF's assets in these economic opportunity investments.

Table II identifies the Illinois economic opportunity investments made by IMRF in real estate properties as of March 31, 2011 (latest available information). Table II also identifies the location of the property and the percentage of IMRF's assets in these economic opportunity investments.

Table III identifies the Illinois economic opportunity investments made by IMRF in hedge fund managers and private equity portfolio companies as of March 31, 2012 (latest available information). Table III identifies the primary location of the business or project. IMRF has indirect holdings in these hedge fund managers and private equity portfolio companies.



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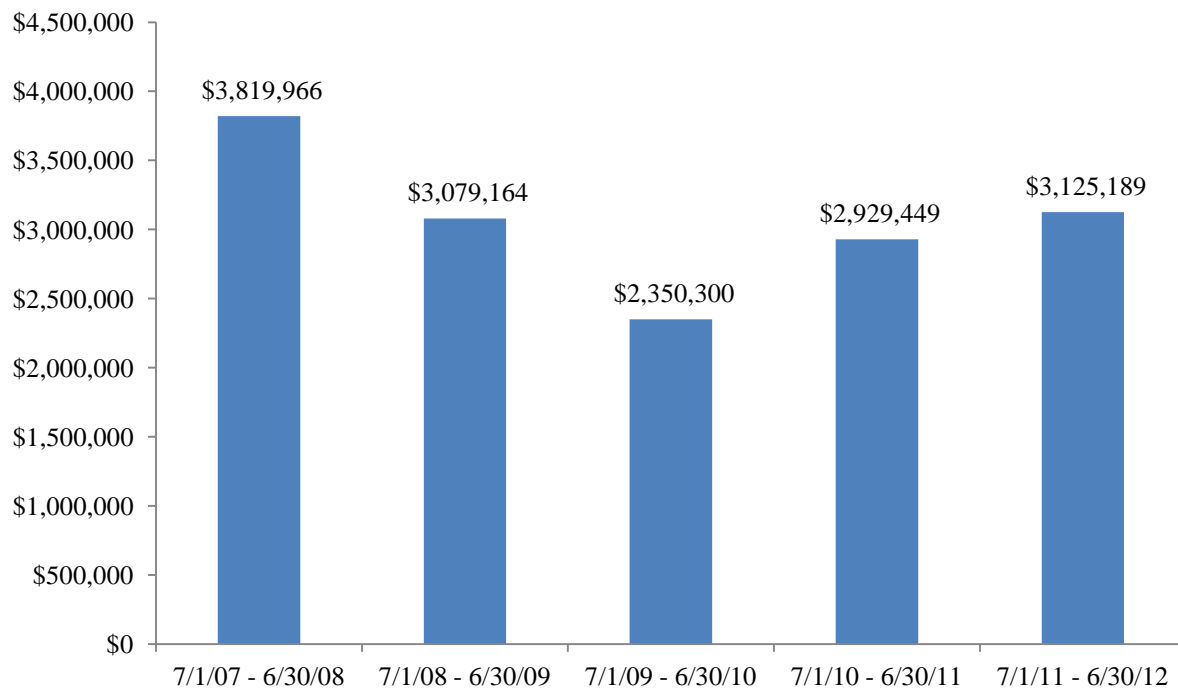
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IMRF promotes the economy of the State of Illinois by encouraging its investment managers to use Illinois-based broker/dealers. The following graph illustrates the total commissions generated by IMRF trades executed through Illinois-based broker/dealers. IMRF's Illinois brokerage commissions increased during the 12-month period ended June 30, 2012 to \$3.1 million; or 15% of total IMRF brokerage commissions from the prior 12-month period.

IMRF Brokerage Commissions Generated by Trades Executed through Illinois-Based Broker/Dealers





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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 encourages economic opportunity investments in Illinois and the high percentage of IMRF's assets allocated to Illinois based investment managers demonstrates our commitment to promoting economic activity in our State.

Sincerely,

Louis W. Kosiba
Executive Director

LWK: ENS



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Table I
Illinois-Based Investment Management Firms and Private Equity Partnerships

<i>Illinois-Based Managers</i>	<i>City</i>	<i>Market Value as of 6/30/2012 (in millions)</i>	<i>Percentage of Total IMRF's Assets Under Management as of 6/30/2012</i>
Arbor Investments III	Chicago	\$2.7	0.0%
ARCH Venture Partners	Chicago	2.9	0.0%
Ariel Investments	Chicago	63.5	0.2%
Ativo Capital Management	Chicago	29.2	0.1%
Aurora Investment Management	Chicago	134.8	0.5%
BMO Asset Management	Chicago	719.1	2.8%
Channing Capital Management	Chicago	87.2	0.3%
Code, Hennessey & Simmons	Chicago	3.6	0.0%
Cozad/Westchester (1)	Champaign	106.3	0.4%
Bauer Farm (1)	Christian County	-	-
Dwyer Farm (1)	Douglas County	-	-
Seggebruch Farm (1)	Woodford County	-	-
Van Buskirk Farm (1)	Vermillion County	-	-
Fortaleza Asset Management, Inc.	Chicago	32.6	0.1%
Grosvenor Institutional Partners	Chicago	118.5	0.5%
GTCR Golder Rauner LLC	Chicago	32.0	0.1%
High Pointe Capital Management	Chicago	54.9	0.2%
Holland Capital Management	Chicago	736.2	2.8%
Lake Capital Partners II, LP	Chicago	2.8	0.0%
LSV Asset Management	Chicago	688.6	2.6%
Madison Dearborn Partners	Chicago	28.1	0.1%
Mesirov Advanced Strategies	Chicago	118.7	0.5%
Muller & Monroe Asset Management (2)	Chicago	50.0	0.2%
DN Partners (2)	Chicago	-	-
Hispania Private Equity Fund II (2)	Chicago	-	-
HKW Capital Partners (2)	Chicago	-	-
Hopewell Ventures (2)	Chicago	-	-
LaSalle Capital Group (2)	Chicago	-	-
MK Capital II (2)	Northbrook	-	-
Prism Mezzanine Fund (2)	Chicago	-	-
Rock Island Partners (2)	Oak Brook	-	-
Smith Whiley II (2)	Evanston	-	-
Smith Whiley III (2)	Evanston	-	-
Northern Trust Investments	Chicago	6,722.9	25.7%
Pfingsten Partners III, LP	Chicago	4.6	0.0%
Water Street Healthcare Partners	Chicago	0.8	0.0%
William Blair & Company	Chicago	582.4	2.2%
Willis, Stein & Partners	Chicago	10.0	0.0%
Total		\$ 10,332.4	39.6%

(1) Illinois farms owned through Cozad Westchester, an Illinois-based investment manager.

(2) Private equity fund investments owned through an Illinois-based, minority-owned fund-of-funds manager, Muller & Monroe Asset Management.



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Table II
Illinois-Based Investments in Real Estate Properties

<i>Real Estate Fund</i>	<i>City</i>	<i>Market Value as of 3/31/2012</i>	<i>Percentage of Total Real Estate Assets Under Management as of 3/31/2012</i>	<i>Percentage of Total IMRF Assets Under Management as of 3/31/2012</i>
<u>Buckhead Industrial Properties, Inc.</u>				
Carol Point III	Carol Stream	\$16,044,840	2.24%	0.06%
Mallard Lakes	Hanover Park	16,600,000	2.32%	0.06%
DuPage County Industrial	Glendale Heights	29,750,314	4.15%	0.11%
<u>BlackRock Granite Property Fund</u>				
Southgate Market	Chicago	3,585,400	0.50%	0.01%
<u>TA Associates Fund IX</u>				
The Preserve at Osprey	Gurnee	1,931,117	0.27%	0.00%
1360 Madeline Lane	Elgin	452,088	0.06%	0.00%
Oakview Corporate Park	West Dundee	320,640	0.04%	0.00%
1690 Cambridge Drive	Elgin	76,820	0.01%	0.00%
1640 Fullerton Court	Glendale Heights	282,229	0.03%	0.00%
4675 Turnberry Drive	Hanover Park	82,114	0.01%	0.00%
Chicago IX Industrial	<i>Various</i>	3,323,159	0.46%	0.01%
600 & 700 North Commerce	Aurora	538,434	0.07%	0.00%
Randall Point	Elgin	129,212	0.01%	0.00%
<u>Cornerstone Patriot Fund</u>				
The Reserve at Evanston	Chicago	3,582,679	0.50%	0.01%
Highland Landmark V	Chicago	4,631,111	0.64%	0.02%
<u>Invesco Core RE USA</u>				
VIP Holdings	Chicago	483,175	0.06%	0.00%
Broadway at Surf	Chicago	505,760	0.07%	0.00%
Oak Brook Court	Oak Brook	401,120	0.05%	0.00%
Total		\$82,720,212	11.50%	0.31%



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Table III Illinois-Based Hedge Fund Partnerships and Private Equity Portfolio Companies

<i>Illinois Based Company</i>	<i>City</i>
<i>Acme Industries, Inc.</i>	<i>Des Plaines</i>
<i>Acura Pharmaceuticals</i>	<i>Palatine</i>
<i>Addison Search</i>	<i>Chicago</i>
<i>Addus Healthcare, Inc.</i>	<i>Palatine</i>
<i>Allston Trading</i>	<i>Chicago</i>
<i>Alyeska Investment Group</i>	<i>Chicago</i>
<i>Aquion Water Treatment Products</i>	<i>Elk Grove Village</i>
<i>Arcanum Alloy Design</i>	<i>Chicago</i>
<i>Big Machines, Inc.</i>	<i>Chicago</i>
<i>BWAY Holding Company</i>	<i>Oak Brook</i>
<i>Canopy Financial, Inc.</i>	<i>Chicago</i>
<i>Castle Creek Convertible Arbitrage LLC</i>	<i>Chicago</i>
<i>CDW Corporation</i>	<i>Vernon Hills</i>
<i>Central Can Company</i>	<i>Chicago</i>
<i>Chicago Fundamental Partners LLC</i>	<i>Chicago</i>
<i>Chinada Holdings, Inc.</i>	<i>Chicago</i>
<i>Citadel Global Eq Ltd</i>	<i>Chicago</i>
<i>Citadel Kensington Ltd.</i>	<i>Chicago</i>
<i>Claire's Stores</i>	<i>Chicago</i>
<i>Clean Urban Energy</i>	<i>Chicago</i>
<i>Closet Holding</i>	<i>Elmhurst</i>
<i>Collaborative Learning, Inc.</i>	<i>Oakbrook Terrace</i>
<i>CompassCare, Inc.</i>	<i>Bannockburn</i>
<i>ComPsych Corporation</i>	<i>Chicago</i>
<i>CoolEdge Lighting</i>	<i>Champaign</i>
<i>Coskata</i>	<i>Warrenville</i>
<i>Coupon Cabin, Inc.</i>	<i>Chicago</i>
<i>Coyote Logistics Holdings LLC</i>	<i>Lake Forest</i>
<i>CSMG, Inc.</i>	<i>Chicago</i>
<i>EN Engineering, LLC</i>	<i>Downers Grove</i>
<i>Entertainment Cruises</i>	<i>Chicago</i>
<i>Envestnet</i>	<i>Chicago</i>
<i>Evanston Capital</i>	<i>Evanston</i>



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<i>Eved LLC</i>	<i>Chicago</i>
<i>ExteNet Systems, Inc</i>	<i>Lisle</i>
<i>Fairmount Food Group LLC</i>	<i>Deerfield</i>
<i>FCA, Inc.</i>	<i>Moline</i>
<i>Fenwal Holdings</i>	<i>Lake Zurich</i>
<i>Fidelis SeniorCare</i>	<i>Schaumburg</i>
<i>Fieldglass, Inc.</i>	<i>Chicago</i>
<i>Forefront Education, Inc.</i>	<i>Barrington</i>
<i>Goji Food Solutions</i>	<i>Park Ridge</i>
<i>Grosvenor Capital Management</i>	<i>Chicago</i>
<i>Groupon</i>	<i>Chicago</i>
<i>GrubHub</i>	<i>Chicago</i>
<i>Happ Controls</i>	<i>Chicago</i>
<i>Heartland Dental Care</i>	<i>Effingham</i>
<i>Hess Print Solutions</i>	<i>Chicago</i>
<i>Hill & Valley Inc.</i>	<i>Rock Island</i>
<i>Hi-Tech Manufacturing Inc.</i>	<i>Schiller Park</i>
<i>Horizon Pharma</i>	<i>Northbrook</i>
<i>Hub international Ltd.</i>	<i>Chicago</i>
<i>Innerworkings, Inc.</i>	<i>Chicago</i>
<i>Innovation Group Investors, L.P.</i>	<i>Chicago</i>
<i>InStadium, Inc.</i>	<i>Chicago</i>
<i>Intellisys Technology</i>	<i>Oak Brook</i>
<i>iTRACS</i>	<i>Westchester</i>
<i>Izar Solar</i>	<i>Champaign</i>
<i>JHL Capital Group, LLC</i>	<i>Chicago</i>
<i>Jimmy John's Gourmet Sandwich Shops</i>	<i>Champaign</i>
<i>Juice Tyme Acquisition Corp.</i>	<i>Chicago</i>
<i>Keely Asset Management</i>	<i>Chicago</i>
<i>Kettle Partners</i>	<i>Chicago</i>
<i>Kinetek, Inc.</i>	<i>Deerfield</i>
<i>K.R. Drenth Trucking, Inc.</i>	<i>Lynwood</i>
<i>Language Stars, LLC</i>	<i>Chicago</i>
<i>M&M Pump and Supply, Inc.</i>	<i>Flora</i>
<i>Magnetar Constellation</i>	<i>Evanston</i>
<i>Magnetar Event Driven Ltd</i>	<i>Evanston</i>
<i>Magnetar Fund II Ltd.</i>	<i>Evanston</i>
<i>Morton Industrial Group, Inc.</i>	<i>Morton</i>
<i>Narrative Science, Inc.</i>	<i>Chicago</i>



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National Pasteurized Eggs, Inc.

Netcom, Inc.

Nuveen Investments, Inc.

NXT Capital Holdings

Peacock Engineering

Poggled, Inc.

Potbelly Sandwich Works, Inc.

Powervar Holdings

Professional Service Industries

Promo Works Holdings

R.J. O'Brien & Associates, LLC

Revenue Cycle Solutions, Inc.

Revolution Healthcare Group LLC (TLContact, Inc.)

Roundkeep Capital Advisors LLC

RPK Capital

Scotsman Industries, Inc.

Service Logic

Skinny Corp

Solo Cup Company

Sorbent Therapeutics

Sportvision

Sprout Social

ST Residential

Sun Trading LLC

Talent Partners

Teleflex Marine

Timelines, Inc.

TransUnion Corporation

Univa UD

Vantage Specialty Chemicals Holdings

VHT, Inc.

VSA Partners, Inc.

Warranty Group

Wilton Products, Inc.

World Kitchen

Lansing

Wheeling

Chicago

Chicago

Geneva

Chicago

Chicago

Waukegan

Oakbrook Terrace

Schaumburg

Chicago

Westchester

Chicago

Chicago

Chicago

Vernon Hills

Chicago

Chicago

Highland Park

Vernon Hills

Chicago

Chicago

Chicago

Chicago

Chicago

Litchfield

Chicago

Chicago

Lisle

Chicago

Des Plaines

Chicago

Chicago

Woodridge

Rosemont

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