



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 28, 2009

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 first annual report on Illinois Economic Opportunity Investments made by this retirement system as provided by PA 96-0753. As of June 30, 2009, IMRF employed twenty-eight Illinois based investment managers managing assets with a market value of \$8.7 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 I: ILLINOIS ECONOMIC OPPORTUNITY INVESTMENTS MADE BY IMRF
Illinois based Private Equity Partnerships & Investment Management Companies

<u>Illinois-Based Managers</u>	<u>City</u>	<u>Mkt. Value of Investments in millions as of 6/30/09</u>	<u>Percentage of Total IMRF's Assets Under Management as of 6/30/09</u>
ARCH Venture Partners	Chicago	\$2.9	0.0%
Channing Capital Management	Chicago	12.9	0.1%
Code, Hennessey & Simmons	Chicago	3.6	0.0%
Cozad/Westchester	Champaign	76.0	0.4%
Fortaleza	Chicago	14.0	0.1%
Grosvenor Institutional Partners	Chicago	101.7	0.5%
GTCR Golder Rauner LLC	Chicago	28.0	0.1%
Aurora Investment Management	Chicago	119.8	0.6%
Harris Investment Management	Chicago	437.6	2.3%
Holland Capital Management	Chicago	354.9	1.8%
Lake Capital Partners II, LP	Chicago	2.8	0.0%
LSV Asset Management	Chicago	344.9	1.8%



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

Madison Dearborn Partners	Chicago	35.7	0.2%
Mesirov Advanced Strategies	Chicago	105.3	0.5%
Muller & Monroe Asset Management (1) (2)	Chicago	50.0	0.3%
DN Partners (1)	Chicago	-	-
Hispania Private Equity Fund II (2)	Chicago	-	-
HKW Capital Partners (1)	Chicago	-	-
Hopewell Ventures (1)	Chicago	-	-
LaSalle Capital Group (1)	Chicago	-	-
Prism Mezzanine Fund (1)	Chicago	-	-
Rock Island Partners (1)	Oak Brook	-	-
Smith Whiley II (1)	Evanston	-	-
Smith Whiley III (2)	Evanston	-	-
Northern Trust Investments	Chicago	6,506.2	33.8%
Pfingsten Partners III, LP	Chicago	4.6	0.0%
Water Street Healthcare Partners	Chicago	0.8	0.0%
William Blair & Company	Chicago	519.5	2.7%
Willis, Stein & Partners	Chicago	10.0	0.1%
Total		\$8,731.2	45.3%

" - " 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.

Table II identifies the Illinois economic opportunity investments made by the IMRF in Real Estate properties as of March 31, 2009. Market Value information as of March 31, 2009 is the latest information available. 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 II: ILLINOIS ECONOMIC OPPORTUNITY INVESTMENTS MADE BY IMRF

Real Estate: Illinois Investments

<u>Real Estate Fund</u>	<u>City</u>	<u>Market Value of IMRF's Investments as of 3/31/09</u>	<u>Percentage of Total IMRF's Assets Under Management as of 3/31/09</u>
<u>Buckhead Industrial REIT</u>			
Carol Point III	Carol Stream	\$17,357,122	0.10%
Mallard Lakes	Hanover Park	\$14,940,000	0.09%



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

BlackRock Granite

Southgate Market	Chicago	\$2,484,960	0.01%
Crossroads Lake	Bolingbrook	\$43,132	0.00%

Prime Properties

155 North Wacker	Chicago	\$2,938,250	0.02%
Internationale Blvd	Glendale Heights	\$73,876	0.00%
Church Ct	Elmhurst	\$151,110	0.00%
Polo Club Windy Point Dr.	Glendale Heights	\$80,592	0.00%
Polo Club	Glendale Heights	\$58,765	0.00%
Polo Club	Glendale Heights	\$67,160	0.00%
Polo Club	Glendale Heights	\$144,394	0.00%
AMLI	Chicago	\$1,579,939	0.01%
AMLI	West Dundee	\$943,598	0.01%
AMLI	Buffalo Grove	\$342,516	0.00%
AMLI	Wheaton	\$211,554	0.00%
AMLI	Aurora	\$607,798	0.00%
AMLI	Vernon Hills	\$230,023	0.00%
AMLI	Naperville	\$940,240	0.01%
AMLI	Oakhurst	\$167,900	0.00%
AMLI	Gurnee	\$564,144	0.00%
AMLI	Naperville	\$481,873	0.00%
AMLI	Woodridge	\$223,307	0.00%
AMLI	St. Charles	\$908,339	0.01%
AMLI	Buffalo Grove	\$65,481	0.00%
AMLI Mgmt Co.	Chicago	\$515,453	0.00%
Self Storage	Addison	\$80,592	0.00%
Self Storage	Arlington Heights	\$97,382	0.00%
Self Storage	Bridgeview	\$87,308	0.00%
Self Storage	Darien	\$125,925	0.00%
Self Storage	Des Plaines	\$72,197	0.00%
Self Storage	Lombard	\$75,555	0.00%
Self Storage	Lyons	\$99,061	0.00%
Self Storage	Palatine	\$80,592	0.00%
Self Storage	Chicago/Wabash	\$144,394	0.00%



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

Sentinel Real Estate

Covey at Fox Valley JV	Fox Valley	\$473,227	0.00%
Total		<u><u>\$47,457,759</u></u>	<u><u>0.28%</u></u>

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, 2009 (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. These holdings are privately placed investments through commingled private equity and hedge fund investments. Therefore, IMRF does not have individual company valuations.

TABLE III: ILLINOIS ECONOMIC OPPORTUNITY INVESTMENTS MADE BY IMRF
Illinois based Hedge Fund Managers and Private Equity Portfolio Companies

<u>Company Name</u>	<u>City</u>
Acme Industries, Inc.	Des Plaines
Acura Pharmaceuticals	Palatine
Addison Search	Chicago
Addus Healthcare, Inc.	Palatine
Advisory Research, Inc.	Chicago
Allston Trading	Chicago
Alma Lasers	Buffalo Grove
Alyeska Investment Group	Chicago
American Sanitary, Inc.	Evansville
Aspen Marketing Services	Chicago
Broadcast Electronics	Quincy
CCR ARB LLC	Chicago
CDW Corporation	Vernon Hills
Central Can Company	Chicago
Citadel Investment Group	Chicago
Claire's Stores	Hoffman Estates
Closet Holding	Elmhurst
CompassCare, Inc.	Bannockburn
ComPsych Corporation	Chicago
Consolidated Commercial Controls	Morton Grove
CoolEdge Lighting	Champaign
Coskata	Woodridge
Coyote Logistics Holdings LLC	Lake Forest



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

CSMG, Inc.	Chicago
Dotomi	Chicago
Dynasty Technologies, Inc.	Lisle
EN Engineering, LLC	Downers Grove
Entertainment Cruises	Chicago
Essential Group, Inc.	Gurnee
ExteNet Systems, Inc	Lisle
FCA, Inc.	Moline
Fenwal Holdings	Lake Zurich
Fidelis SeniorCare	Schaumburg
Forefront Education, Inc.	Barrington
Fort Dearborn	Elk Grove
FTD Group	Downers Grove
GGW Management Partners	Chicago
Goss Graphic Systems, Inc.	Bolingbrook
Great Lakes Dredge & Dock Corp.	Oak Brook
Grosvenor Capital Management	Chicago
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
informance International	Northbrook
Innerworkings, Inc.	Chicago
InStadium, Inc.	Chicago
iPCS, Inc.	Schaumburg
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 Financial	Evanston
Marathon Media, L.P.	Chicago
National Pasteurized Eggs, Inc.	Lansing
Netcom, Inc.	Wheeling



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

Neutral Tandem, Inc.	Chicago
North America Sports Media	Bannockburn
Nuveen Investments, Inc.	Chicago
Ovation Holdings, LLC	Lincolnshire
Pax Holding Corporation	Chicago
Potbelly Sandwich Works, Inc.	Chicago
Powervar Holdings	Waukegan
Promo Works Holdings	Schaumburg
PSI Acquisitions	Oakbrook Terrace
R.J. O'Brien & Associates, LLC	Chicago
Revenue Cycle Solutions, Inc.	Westchester
Revolution Healthcare Group LLC	Chicago
Service Logic	Chicago
skinnyCorp	Chicago
Solo Cup Company	Highland Park
Sorbent Therapeutics	Vernon Hills
Sportvision	Chicago
Sun Trading LLC	Chicago
Talen Partners	Chicago
Timelines, Inc.	Chicago
TravelCLICK	Schaumburg
Ultra Cosmetics and Salon, Inc.	Bolingbrook
Univa UD/United Devices, Inc.	Lisle
VHT, Inc.	Des Plaines
VSA Partners, Inc.	Chicago
Warranty Group	Chicago
Wilton Products, Inc.	Woodridge

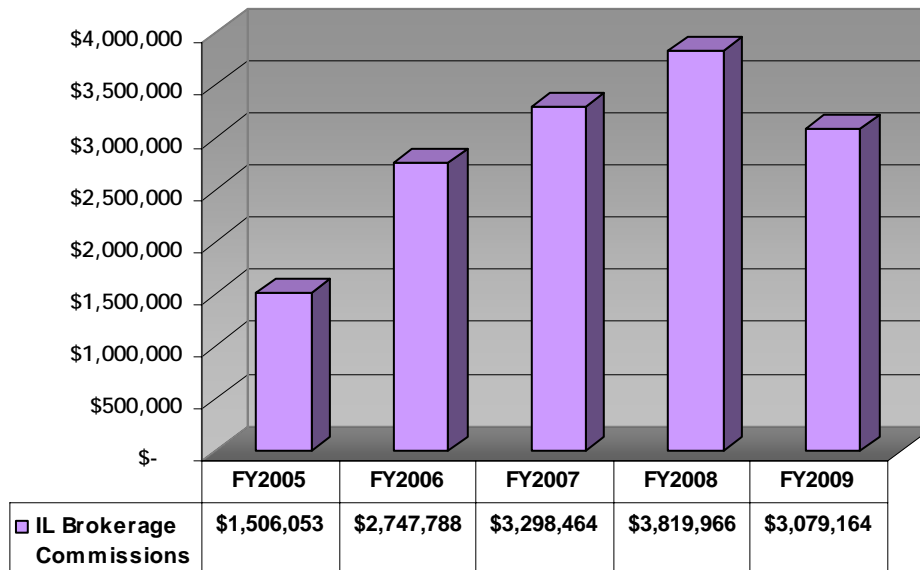
Additionally, IMRF promotes the economy of the State of Illinois by encouraging its investment managers to use Illinois based broker/dealers. The following graph illustrates the total commissions generated by IMRF trades executed through Illinois based broker/dealers.



Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook, IL 60523-2337
 Service Representatives 1-800-ASK-IMRF
 www.imrf.org

IMRF's IL Brokerage Commissions



IMRF's Illinois brokerage commissions decreased from fiscal year 2008 to fiscal year 2009 due to an overall decline in total Fund brokerage commissions. Total Fund brokerage commissions fell in fiscal year 2009 due to lower trading activity and extraordinary financial market conditions.

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



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

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:chl