

ILLINOIS MUNICIPAL RETIREMENT FUND
MINUTES OF
REGULAR BOARD MEETING NO. 11-07
JULY 22, 2011

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 11-07

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m., July 22, 2011, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Mr. Shoop presided as Chair and called the meeting to order.

Ms. Enright called the roll:

Present: Stafford, Thompson, Copper, Faklis, Henry, Piechocinski, Shoop
Absent: Rademacher

Ms. Becker-Wold and Mr. Dickenson from Callan Associates, Mr. Moss from Seyfarth Shaw LLP., and representatives from Loop Capital and Cabrera Capital were also present.

(11-07-01) (Investment Manager Activities - Callan and Associates) Ms. Becker-Wold gave the following report to the Board on the activities of IMRF's investment managers:

**Callan Associates Inc.
Investment Measurement Service
Monthly Review**

**Illinois Municipal Retirement Fund
Monthly Performance Report
June 30, 2011**

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2011 by Callan Associates Inc.

Returns
for Periods Ended June 30, 2011

	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	(1.79)	6.37	32.43	4.23	3.59	3.80
Russell:1000 Index	(1.75)	6.37	31.93	3.68	3.30	3.21
Russell:Midcap Index	(2.09)	8.08	38.47	6.46	5.30	7.59
Russell:2000 Index	(2.31)	6.21	37.41	7.77	4.08	6.27
MSCI:ACWI ex US	(1.42)	4.11	30.27	0.11	4.14	7.92
MSCI:EAFE US\$	(1.25)	4.98	30.36	(1.77)	1.48	5.66
MSCI:Emer Markets	(1.50)	1.03	28.17	4.53	11.75	16.54
BC:Aggr Bd	(0.29)	2.72	3.90	6.46	6.52	5.74
NCREIF:Total Index	1.11	6.83	16.08	(2.75)	3.32	7.58
NAREIT Composite Idx	(2.75)	10.06	33.13	5.70	1.72	10.00

June was another tough month for markets across the board as investors become more risk averse. Weak economic news from most regions of the world, as well as on-going debt concerns in Europe and the United States, helped push returns into negative territory. The continuing unrest in the Middle East and persistent high unemployment (latest figures showed 9.2% as of the end of June) also hampered returns. Despite the second soft month in a row, most major markets have posted respectable year-to-date returns.

The Dow Jones U.S. Total Stock Market Index retreated almost 1.8% and developed international equity markets followed suit, losing 1.3% (MSCI EAFE Index).

The domestic bond market fell slightly in June as well. The BC Aggregate Bond Index lost 0.3%, bringing its year-to-date return to 2.7%.

The public real estate market, as measured by the NAREIT Composite Index, was the worst performing major market in June. The index fell 2.8%, but its year-to-date return of 10.1% is still very strong.

*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.

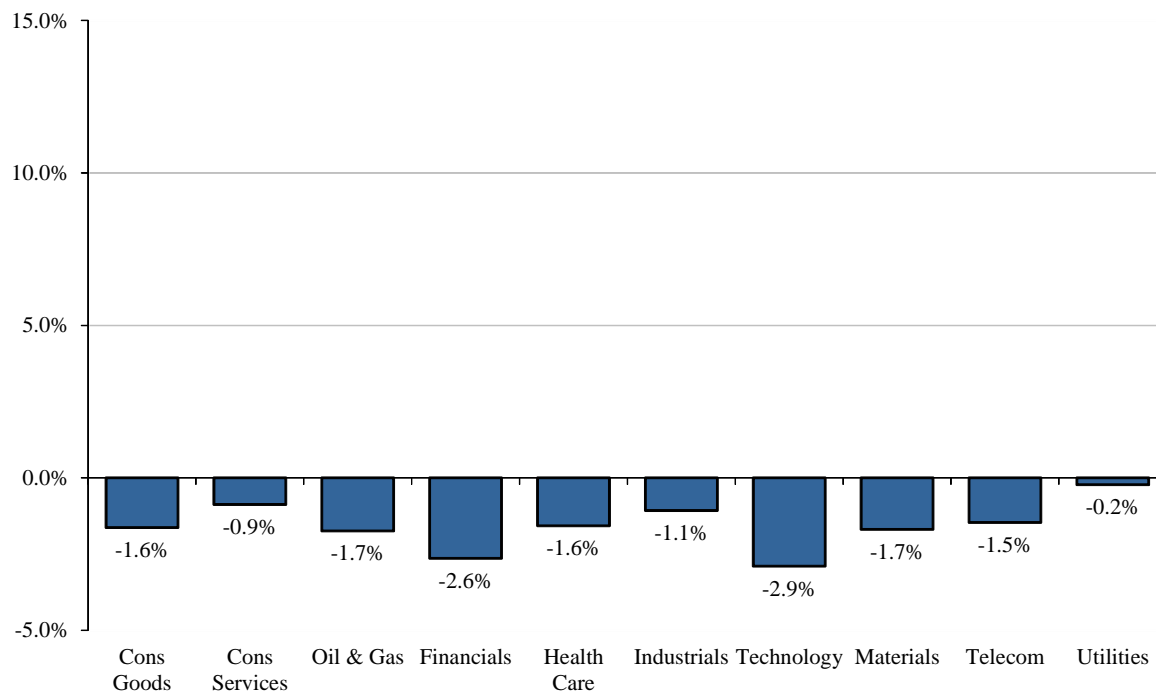
Returns
for Periods Ended June 30, 2011

	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	(1.79)	6.37	32.43	4.23	3.59	3.80
Russell:1000 Index	(1.75)	6.37	31.93	3.68	3.30	3.21
Russell:1000 Growth	(1.43)	6.83	35.01	5.01	5.33	2.24
Russell:1000 Value	(2.05)	5.92	28.94	2.28	1.15	3.99
Russell:Midcap Index	(2.09)	8.08	38.47	6.46	5.30	7.59
Russell:2000 Index	(2.31)	6.21	37.41	7.77	4.08	6.27
Russell:2000 Growth	(2.14)	8.59	43.50	8.35	5.79	4.63
Russell:2000 Value	(2.46)	3.77	31.35	7.09	2.24	7.53

Large cap stocks outperformed the other size segments in June but still lost 1.8% (Russell 1000). Mid caps outperformed small caps for the month by 0.2% (Russell Mid Cap: -2.1%; Russell 2000: -2.3%). Both large cap and small cap growth stocks outperformed their value counterparts. The Russell 1000 growth returned -1.4% compared to the Russell 1000 Value's return of -2.1%.

All sectors were negative for the month of June, with Technology and Financials falling the most (-2.9% and -2.6%, respectively). Given the risk aversion in the market, Utilities was the safest place to be down only 0.2%.

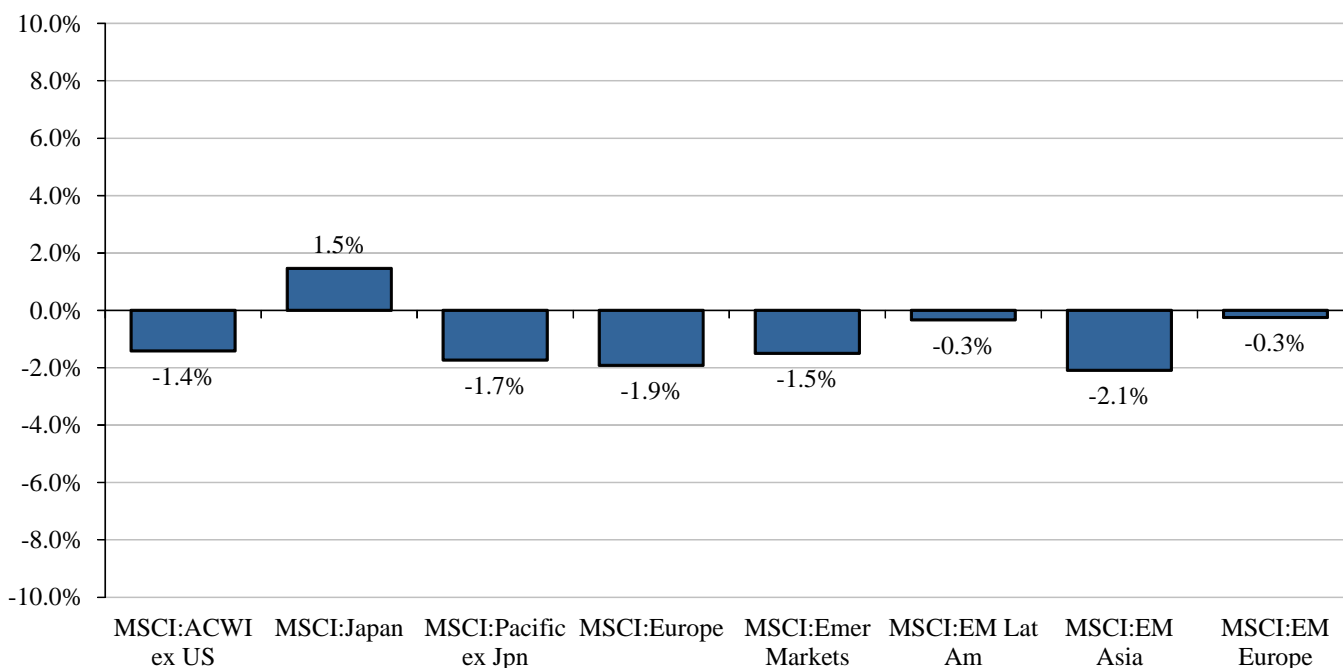
DJ US Total Stock Market Sector Returns



Returns
for Periods Ended June 30, 2011

	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI ex US	(1.42)	4.11	30.27	0.11	4.14	7.92
MSCI:ACWI ex US Gr	(1.68)	3.43	31.08	(0.78)	4.47	7.18
MSCI:ACW ex US Val	(1.15)	4.81	29.39	0.97	3.74	8.61
MSCI:EAFE US\$	(1.25)	4.98	30.36	(1.77)	1.48	5.66
MSCI:EAFE Hedged	(1.46)	(1.90)	10.44	(4.39)	(3.61)	(1.30)
MSCI:Emer Markets	(1.50)	1.03	28.17	4.53	11.75	16.54
S&P:Dev x US Sm Cap	(1.58)	5.62	38.18	2.80	4.11	10.79

Monthly Regional Returns



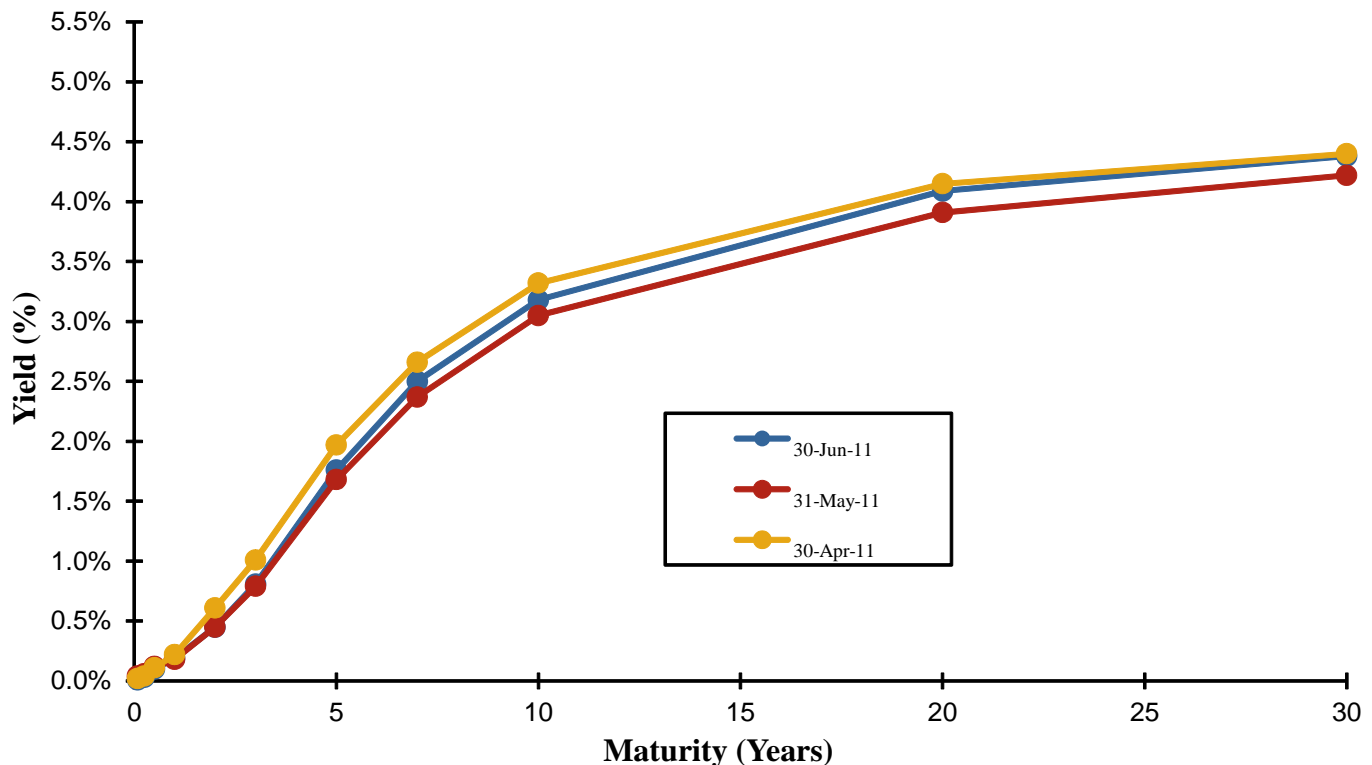
Non-U.S. equity markets struggled in a similar manner to the domestic equity markets. Developed country stocks, as measured by the MSCI EAFE Index, lost 1.3%, and the MSCI Emerging Markets Index fell 1.5%. Japan had another relatively strong month (up 1.5%) and was the only major region to post a gain in June.

Outside the United States, value stocks outperformed growth stocks. The MSCI ACW ex-US Value Index retreated 1.2% and the MSCI ACW ex-US Growth Index lost 1.7%. The dollar declined marginally against an EAFE basket of currencies for the month and is down approximately 6% year-to-date.

Returns
for Periods Ended June 30, 2011

	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
BC:Aggr Bd	(0.29)	2.72	3.90	6.46	6.52	5.74
BC:Govt Index	(0.30)	2.14	2.26	5.09	6.09	5.41
BC:Credit	(0.73)	3.41	6.20	8.23	7.03	6.34
BC:Mortgage Idx	0.09	2.87	3.77	6.85	6.95	5.80
BC:US TIPS Index	0.81	5.81	7.74	5.28	6.91	6.95
ML:High Yield CP Idx	(0.98)	4.89	15.31	12.17	9.07	8.72
3 Month T-Bill	0.01	0.09	0.16	0.42	2.00	2.13

Treasury Yield Curve



The bond market was not immune to global political and economic conditions. The BC Aggregate Bond Index lost 0.3%, bringing its trailing one-year return to 3.9%. The best performing fixed income index in this report was the BC U.S. TIPS Index, which returned a positive 0.8%. The BC Mortgage Index was also positive, but only returned 0.1%. Given the risk aversion during the month, high yield bonds lost the most (Merrill Lynch High Yield Cash Pay Index: -1.0%) however are the best performers year-to-date.

Callan met with the following IMRF investment managers during the month:

New Century Advisors (On Site)
Pantheon Ventures, Inc. (On Site)
BlackRock Granite
Frontier Capital Management, LLC
Grosvenor Capital Management, LP
Lazard Freres
Muller and Monroe Asset Management, LLC
Pyramis Management Trust Co.
TA Associates Realty
Earnest Partners, LLC

June Regional Manager Meeting

During the month of June, IMRF Staff, selected Trustees and Callan Associates conducted manager on-site visits in California. The following managers were visited:

LM Capital Group
Brandes Investment Partners
Globeflex
Wall Street Associates
Pantheon
Dodge & Cox
Progress Investment Management

The group also conducted an agricultural tour lead by Cozad/Westchester.

Total Fund

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 June 30, all asset classes were within the rebalancing range.

The Total Fund returned -1.11% for the month of June, modestly underperforming the Total Fund Benchmark return of -0.94%. Over the trailing year, the Fund was up a strong 22.47%, beating the benchmark by 1.82%. All publicly traded asset classes had negative returns for the month as investors become more risk adverse.

US Equity

Large Cap: The Fund's Large Cap Growth managers posted a loss return of -1.07%, beating the Russell 1000 Growth Index return of -1.43%. Sands was the best performing growth manager, up 0.34%. The Large Cap Value managers returned -1.99%, outperforming the Russell 1000 Value Index return of -2.05%. BMO (formerly Harris Investments) was the best performing manager in the group with a return of -1.22%. Piedmont, a MFPDOB manager, was added in Large Cap Core and returned -1.81% in the first full month of performance. The Progress portfolio was down 1.65%, exceeding the DJ U.S. Total Stock Market Index by 0.14%. Vision, a MFPDOB manager, was added to the large cap growth segment of the portfolio in mid-June.

Small Cap: The total Small Cap portfolio fell 2.14% for the month. Small Cap Growth managers were down 2.71% with Fortaleza posting the strongest monthly performance (-1.99%). Small Cap Value managers declined 1.76%. The Micro Cap segment lost 1.80% with strong relative performance from Ativo. Channing and Lombardia, MFPDOB managers, were added to the small cap value segment of the portfolio.

International Equity

Large Cap: International Large Cap managers slid -1.22% compared to a loss of 1.45% for the MSCI ACW ex-US Index. Large Cap Value lagged Large Cap Growth during the month with returns of -1.66% and -0.85% respectively. The Large Cap Active Core segment of the portfolio returned -1.49% slightly trailing the MSCI ACW ex-US index. Brown was the worst performing international large cap manager with a return of -2.59%.

International Small Cap and Emerging Markets

William Blair declined 0.99%, well ahead of their index which fell 2.17%. The emerging markets portfolio managed by Genesis returned -0.53%, the strongest absolute return in the international portion of the portfolio. This return was 0.97% ahead of the index.

Domestic Fixed Income

Active Core: The active core fixed income component returned -0.53%, behind the BC Aggregate by 24 basis points. The enhanced core portfolio outperformed its index for the month with a more modest decline of 0.19%.

Core Plus: The core plus managers posted a loss of 0.35% lagging the BC Aggregate. LM was the best performing core plus bond manager with a return of -0.17%.

High Yield: Given the risk aversion in the market, not surprisingly high yield underperformed the higher quality BC Aggregate index. MacKay Shields and Pyramis combined were down 0.90%, beating the ML High Yield index return of -0.98%.

Alternatives*

Real Estate: Core and opportunistic real estate investments gained 0.08% and 3.37% respectively versus the blended benchmark (NPI+1%) return of 1.19%. The value add segment was down -0.13%.

Absolute Return: The hedge fund-of-funds returned -0.86% for the month compared to the HRF Fund-of-Funds Index loss of 1.50%.

Private Equity: The private equity portfolio gained 0.83% compared to the Alternatives Custom Benchmark return of 0.72%.

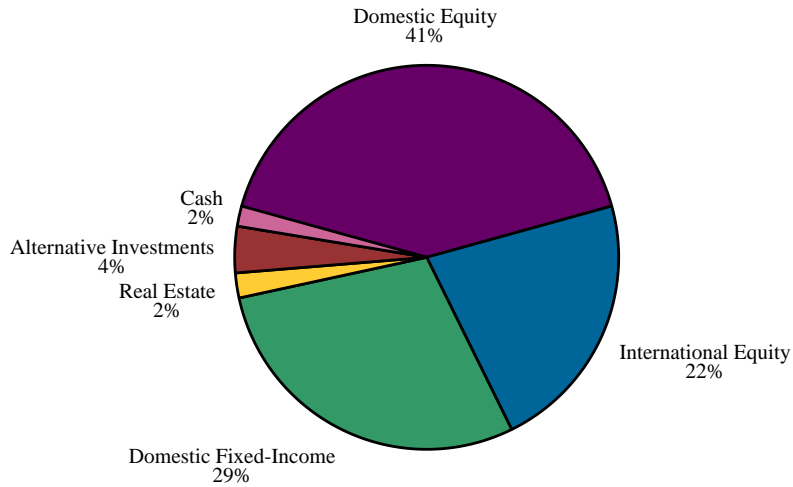
Agriculture and Timberland: The Agriculture portfolio was flat for the month, but is up 7.58% for the trailing year. Timberland was up 1.49% and has a 4.52% gain over the last year.

* Real Estate, Private Equity, Agriculture and Timber returns are lagged one quarter.

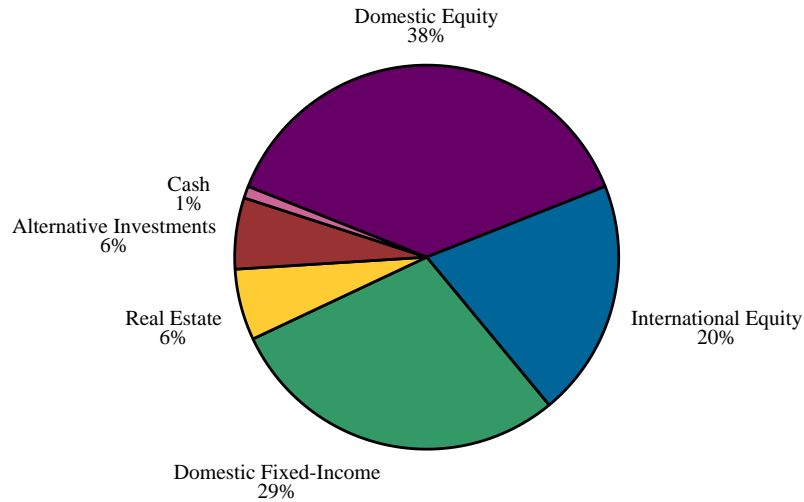
Actual vs Target Asset Allocation

The first chart below shows the Funds asset allocation as of June 30, 2011. The second chart shows the Funds 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	10,914	41.5%	38.0%	3.5%	915
International Equity	5,781	22.0%	20.0%	2.0%	519
Domestic Fixed-Income	7,602	28.9%	29.0%	(0.1%)	(28)
Real Estate	542	2.1%	6.0%	(3.9%)	(1,036)
Alternative Investments	1,021	3.9%	6.0%	(2.1%)	(558)
Cash	451	1.7%	1.0%	0.7%	188
Total	26,312	100.0%	100.0%		

* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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.

07/22/11

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2011, with the distribution as of May 31, 2011.

Asset Distribution Across Investment Managers

	June 30, 2011		May 31, 2011	
	Market Value	Percent	Market Value	Percent
Domestic Equity	\$10,913,791,922	41.48%	\$11,271,909,743	42.33%
Equity Transition Account	\$12,812	0.00%	\$13,662	0.00%
Large Cap Growth				
Alliance Bernstein	298,124	0.00%	498,295	0.00%
Holland	694,060,668	2.64%	708,780,608	2.66%
NTGI S&P 500 Growth Idx	1,359,604,618	5.17%	1,429,431,417	5.37%
Sands	703,432,886	2.67%	701,075,368	2.63%
Vision	51,558,250	0.20%	-	-
Large Cap Value				
Dodge & Cox	660,192,398	2.51%	676,604,489	2.54%
BMO	706,711,160	2.69%	715,445,259	2.69%
LSV	692,810,625	2.63%	709,414,703	2.66%
NTGI S&P 500 Value Idx	723,991,261	2.75%	739,559,372	2.78%
Large Cap Core				
Piedmont	129,361,763	0.49%	131,747,525	0.49%
Progress	418,145,000	1.59%	425,150,345	1.60%
NTGI MarketCap Index	2,025,442,086	7.70%	2,301,827,111	8.65%
Small Cap Growth				
Buford	32,425,123	0.12%	33,562,110	0.13%
Fortaleza	32,199,541	0.12%	32,854,146	0.12%
Frontier	517,443,258	1.97%	529,694,429	1.99%
Pyramis	530,652,117	2.02%	547,596,084	2.06%
Small Cap Value				
Channing	51,485,583	0.20%	52,438,143	0.20%
Dimensional Small Cap Value	432,812,944	1.64%	382,531,492	1.44%
Inv. Counselors of Maryland	496,092,130	1.89%	505,626,013	1.90%
Lombardia	105,174,954	0.40%	108,387,616	0.41%
Micro Cap				
Ariel	56,901,050	0.22%	58,840,284	0.22%
Ativo	29,727,619	0.11%	29,907,488	0.11%
Dimensional Micro Cap	185,088,003	0.70%	167,216,393	0.63%
Wall Street	278,167,949	1.06%	283,707,389	1.07%
International Equity	\$5,780,820,419	21.97%	\$5,848,621,171	21.97%
International Large Cap Growth				
EARNEST Partners	326,907,616	1.24%	331,503,981	1.25%
McKinley	313,040,816	1.19%	315,951,494	1.19%
William Blair	790,852,056	3.01%	795,551,852	2.99%
International Large Cap Value				
Brandes	667,183,996	2.54%	678,422,327	2.55%
International Large Cap Core				
Arrowstreet	414,798,077	1.58%	419,995,969	1.58%
Brown	199,819,345	0.76%	205,131,283	0.77%
GlobeFlex	415,113,082	1.58%	420,147,559	1.58%
NTGI MSCI EAFE Index	1,990,333,920	7.56%	2,014,811,641	7.57%
International Small Cap				
William Blair	169,776,299	0.65%	171,465,318	0.64%
AXA Rosenberg	206,513	0.00%	204,677	0.00%

Vision was funded 06/17/2011. Piedmont LC was funded 05/19/2011. Channing and Lombardia were funded 05/26/2011. Brown and GlobeFlex moved to International Large Cap Active Core April 1, 2011.

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Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2011, with the distribution as of May 31, 2011.

Asset Distribution Across Investment Managers

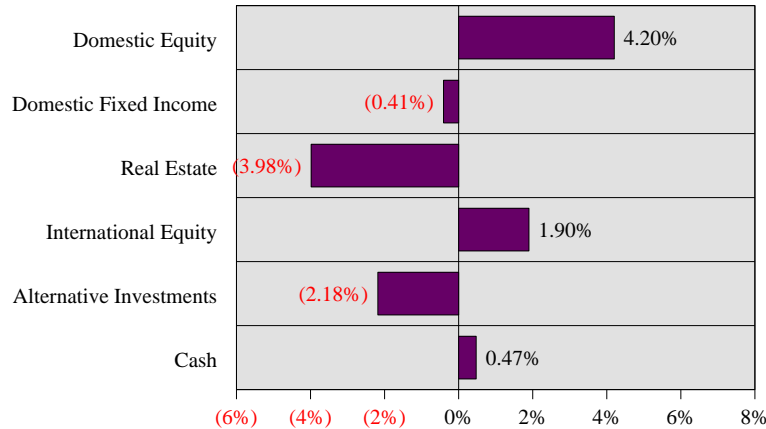
	June 30, 2011		May 31, 2011	
	Market Value	Percent	Market Value	Percent
Emerging Markets				
Genesis	492,788,700	1.87%	495,435,070	1.86%
Domestic Fixed-Income	\$7,602,382,971	28.89%	\$7,636,250,837	28.68%
Domestic Fixed Core				
EARNEST Partners	480,497,817	1.83%	483,469,235	1.82%
Piedmont	478,666,893	1.82%	480,854,807	1.81%
BlackRock Enhanced	876,333,529	3.33%	877,972,951	3.30%
NTGI BC Aggregate Index	1,380,825,510	5.25%	1,384,866,704	5.20%
Domestic Fixed Core Plus				
BlackRock Core Plus	644,839,248	2.45%	647,093,143	2.43%
LM Capital	749,124,716	2.85%	750,434,074	2.82%
Progress Fixed Income	384,821,000	1.46%	387,428,793	1.46%
Taplin, Canida, & Habacht	728,455,947	2.77%	732,862,364	2.75%
Western	977,161,947	3.71%	981,438,488	3.69%
High Yield				
MacKay Shields	433,174,514	1.65%	435,461,445	1.64%
Pyramis High Yield	468,481,851	1.78%	474,368,833	1.78%
Real Estate	\$542,227,724	2.06%	\$538,292,384	2.02%
Real Estate Opportunistic				
Lazard Freres	32,090,974	0.12%	32,090,974	0.12%
Olympus Real Estate Fund II	1,136,980	0.00%	1,136,980	0.00%
Security	50,757,630	0.19%	50,757,630	0.19%
Dune Real Estate Fund II	19,642,448	0.07%	13,988,752	0.05%
Real Estate Core				
BlackRock Granite Fund	59,429,056	0.23%	59,429,056	0.22%
Buckhead	218,776,232	0.83%	218,776,232	0.82%
INVESCO	25,000,000	0.10%	25,000,000	0.09%
Sentinel	53,606,133	0.20%	53,606,136	0.20%
TA Fund IX	43,869,899	0.17%	43,869,899	0.16%
Real Estate Value Added				
Rockwood	16,477,728	0.06%	18,604,615	0.07%
Rothschild	21,440,644	0.08%	21,032,109	0.08%
Alternative Investments	\$1,021,095,483	3.88%	\$1,019,571,029	3.83%
Absolute Return				
Aurora	140,684,486	0.53%	142,657,330	0.54%
Grosvenor	120,892,509	0.46%	122,203,989	0.46%
Mesirow	124,329,803	0.47%	124,394,076	0.47%
Private Equity				
Abbott	283,825,864	1.08%	283,790,197	1.07%
Muller & Monroe ILPEFF	13,805,527	0.05%	13,546,705	0.05%
Muller & Monroe MPEFF	15,025,134	0.06%	14,930,448	0.06%
Pantheon	160,198,546	0.61%	157,336,763	0.59%
Agriculture				
Cozad/Westchester	98,024,441	0.37%	96,849,438	0.36%
Timberland				
Forest Investment Assoc.	64,177,490	0.24%	63,728,181	0.24%
Cash	\$451,259,493	1.72%	\$310,976,707	1.17%
Total Fund	\$26,311,578,013	100.0%	\$26,625,621,871	100.0%



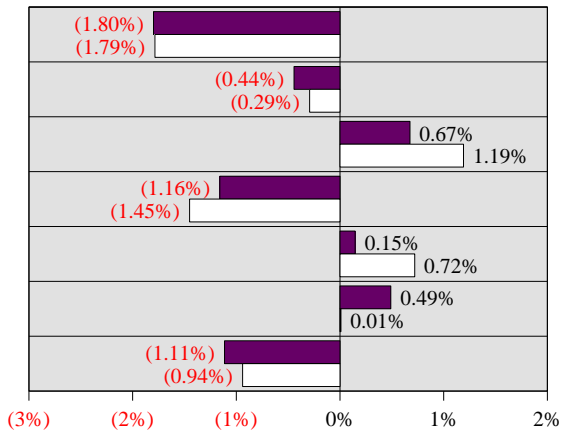
Monthly Total Fund Relative Attribution - June 30, 2011

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.

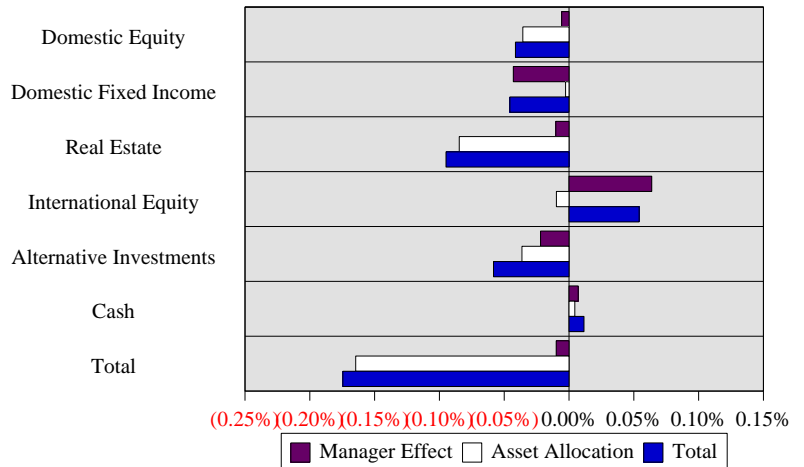
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Month ended June 30, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	42%	38%	(1.80%)	(1.79%)	(0.01%)	(0.04%)	(0.04%)
Domestic Fixed Income	29%	29%	(0.44%)	(0.29%)	(0.04%)	(0.00%)	(0.05%)
Real Estate	2%	6%	0.67%	1.19%	(0.01%)	(0.08%)	(0.09%)
International Equity	22%	20%	(1.16%)	(1.45%)	0.06%	(0.01%)	0.05%
Alternative Investments	4%	6%	0.15%	0.72%	(0.02%)	(0.04%)	(0.06%)
Cash	1%	1%	0.49%	0.01%	0.01%	0.00%	0.01%

Total (1.11%) = (0.94%) + (0.01%) + (0.16%) (0.17%)

* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Domestic Equity (12/31/81)	(1.80%)	(0.12%)	6.50%	34.39%
DJ U.S. Total Stock Market Index	(1.79%)	0.00%	6.37%	32.43%
Domestic Equity - Net (12/31/04)	(1.80%)	(0.18%)	6.38%	34.08%
International Equity (08/31/86)	(1.16%)	1.70%	4.63%	30.52%
MSCI ACWI x US (Net)	(1.45%)	0.38%	3.80%	29.73%
International Equity - Net (12/31/04)	(1.16%)	1.64%	4.50%	30.19%
Domestic Fixed-Income (12/31/81)	(0.44%)	2.13%	3.42%	6.36%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
Domestic Fixed-Inc. - Net (12/31/04)	(0.45%)	2.10%	3.34%	6.21%
Real Estate (04/30/85)	0.67%	3.95%	5.65%	15.11%
Blended Benchmark**	1.19%	3.61%	7.33%	17.08%
Real Estate - Net (12/31/04)	0.67%	3.95%	5.65%	15.11%
Alternative Investments (01/31/86)	0.15%	2.49%	5.95%	12.25%
Alternatives Custom Benchmark***	0.72%	2.18%	4.40%	9.00%
Alternative Investments - Net (12/31/04)	0.15%	2.45%	5.86%	12.01%
Absolute Return (12/31/01)	(0.86%)	(0.16%)	2.21%	7.85%
HFR Fund-of-Funds Index	(1.50%)	(1.32%)	(0.45%)	6.52%
Private Equity (01/31/86)	0.83%	5.43%	11.12%	18.22%
Alternatives Custom Benchmark***	0.72%	2.18%	4.40%	9.00%
Agriculture (09/30/97)	0.00%	(0.35%)	(0.06%)	7.58%
Blended Benchmark**	1.19%	3.61%	7.33%	17.08%
Timberland (09/30/92)	1.49%	1.92%	1.66%	4.52%
Blended Benchmark**	1.19%	3.61%	7.33%	17.08%
Total Fund (12/31/81)	(1.11%)	1.11%	5.08%	22.47%
Total Fund Benchmark	(0.94%)	1.11%	4.70%	20.65%
Total Fund - Net (12/31/04)	(1.12%)	1.06%	4.98%	22.23%

* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 June 30, 2011

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Equity (12/31/81)	4.63%	3.85%	4.41%	11.41%
DJ U.S. Total Stock Market Index	4.23%	3.59%	3.80%	10.96%
Domestic Equity - Net (12/31/04)	4.39%	3.60%	-	4.51%
International Equity (08/31/86)	(0.36%)	3.51%	7.77%	8.56%
MSCI ACWI x US (Net)	(0.35%)	3.67%	7.48%	-
International Equity - Net (12/31/04)	(0.66%)	3.17%	-	6.34%
Domestic Fixed-Income (12/31/81)	8.21%	7.24%	6.49%	9.35%
BC Aggregate Index	6.46%	6.52%	5.74%	8.79%
Domestic Fixed-Inc. - Net (12/31/04)	8.08%	7.11%	-	5.75%
Real Estate (04/30/85)	(7.06%)	(0.57%)	4.61%	3.87%
Blended Benchmark**	(1.75%)	2.97%	5.29%	7.04%
Real Estate - Net (12/31/04)	(7.06%)	(0.57%)	-	3.23%
Alternative Investments (01/31/86)	1.53%	6.24%	5.40%	11.34%
Alternatives Custom Benchmark***	10.99%	11.39%	12.24%	13.91%
Alternative Investments - Net (12/31/04)	1.24%	5.95%	-	8.22%
Absolute Return (12/31/01)	0.59%	3.64%	-	5.26%
HFR Fund-of-Funds Index	(1.87%)	1.50%	3.86%	4.10%
Private Equity (01/31/86)	1.95%	8.98%	6.23%	13.50%
Alternatives Custom Benchmark***	10.99%	11.39%	12.24%	13.91%
Agriculture (09/30/97)	2.88%	4.04%	5.91%	5.59%
Blended Benchmark**	(1.75%)	2.97%	5.29%	5.94%
Timberland (09/30/92)	4.51%	6.18%	4.28%	9.58%
Blended Benchmark**	(1.75%)	2.97%	5.29%	6.38%
Total Fund (12/31/81)	5.94%	5.88%	6.33%	10.29%
Total Fund Benchmark	5.42%	5.72%	5.98%	-
Total Fund - Net (12/31/04)	5.72%	5.66%	-	6.15%

* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Large Cap Equity (12/31/81)	(1.69%)	0.07%	6.56%	32.59%
Russell 1000 Index	(1.75%)	0.12%	6.37%	31.93%
Large Cap Growth (12/31/81)	(1.07%)	1.30%	6.94%	35.66%
Holland (10/31/94)	(2.08%)	1.76%	8.06%	33.47%
LCG Blended Benchmark*	(1.43%)	0.76%	6.83%	35.01%
Russell 1000 Growth Index	(1.43%)	0.76%	6.83%	35.01%
Holland - Net (12/31/04)	(2.08%)	1.70%	7.95%	33.02%
NTGI S&P 500 Growth Idx (07/31/01)	(1.42%)	1.45%	6.61%	33.40%
S&P/Citi 500 Growth Index	(1.24%)	1.64%	6.79%	33.53%
NTGI S&P 500 Growth Idx - Net (12/31/04)	(1.42%)	1.45%	6.61%	33.39%
Sands (10/31/03)	0.34%	3.53%	8.33%	46.53%
LCG Blended Benchmark*	(1.43%)	0.76%	6.83%	35.01%
Russell 1000 Growth Index	(1.43%)	0.76%	6.83%	35.01%
Sands - Net (12/31/04)	0.34%	3.46%	8.20%	46.15%
Large Cap Value (09/30/82)	(1.99%)	(0.66%)	6.92%	30.20%
Dodge & Cox (08/31/03)	(2.31%)	0.49%	6.56%	30.96%
LCV Blended Benchmark**	(2.05%)	(0.50%)	5.92%	28.94%
Russell 1000 Value Index	(2.05%)	(0.50%)	5.92%	28.94%
Dodge & Cox - Net (12/31/04)	(2.31%)	0.43%	6.44%	30.65%
BMO (01/31/01)	(1.22%)	0.10%	8.93%	33.20%
LCV Blended Benchmark**	(2.05%)	(0.50%)	5.92%	28.94%
Russell 1000 Value Index	(2.05%)	(0.50%)	5.92%	28.94%
BMO - Net (12/31/04)	(1.22%)	0.04%	8.81%	32.89%
LSV (01/31/03)	(2.34%)	(0.79%)	8.19%	30.87%
LCV Blended Benchmark**	(2.05%)	(0.50%)	5.92%	28.94%
Russell 1000 Value Index	(2.05%)	(0.50%)	5.92%	28.94%
LSV - Net (12/31/04)	(2.34%)	(0.84%)	8.06%	30.53%
NTGI S&P 500 Value Idx (07/31/99)	(2.10%)	(1.45%)	5.25%	28.03%
S&P/Citi 500 Value Index	(2.11%)	(1.47%)	5.23%	27.90%
NTGI S&P 500 Value Idx - Net (12/31/04)	(2.10%)	(1.45%)	5.25%	28.02%

* 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 June 30, 2011

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Large Cap Equity (12/31/81)	3.78%	3.36%	3.09%	10.82%
Russell 1000 Index	3.68%	3.30%	3.21%	11.15%
Large Cap Growth (12/31/81)	5.69%	5.67%	2.57%	11.35%
Holland (10/31/94)	7.04%	6.73%	4.61%	9.57%
LCG Blended Benchmark*	5.01%	5.33%	2.94%	8.58%
Russell 1000 Growth Index	5.01%	5.33%	2.24%	7.59%
Holland - Net (12/31/04)	6.72%	6.45%	-	4.65%
NTGI S&P 500 Growth Idx (07/31/01)	4.58%	5.14%	2.89%	2.89%
S&P/Citi 500 Growth Index	4.60%	5.17%	2.85%	2.85%
NTGI S&P 500 Growth Idx - Net (12/31/04)	4.57%	5.13%	-	4.37%
Sands (10/31/03)	11.04%	8.56%	-	9.31%
LCG Blended Benchmark*	5.01%	5.33%	2.94%	5.89%
Russell 1000 Growth Index	5.01%	5.33%	2.24%	6.14%
Sands - Net (12/31/04)	10.73%	8.26%	-	6.32%
Large Cap Value (09/30/82)	2.20%	1.32%	3.44%	9.87%
Dodge & Cox (08/31/03)	2.74%	0.82%	-	6.84%
LCV Blended Benchmark**	2.28%	1.15%	2.69%	6.00%
Russell 1000 Value Index	2.28%	1.15%	3.99%	6.25%
Dodge & Cox - Net (12/31/04)	2.49%	0.58%	-	2.78%
BMO (01/31/01)	0.53%	2.17%	5.38%	5.54%
LCV Blended Benchmark**	2.28%	1.15%	2.69%	2.32%
Russell 1000 Value Index	2.28%	1.15%	3.99%	3.67%
BMO - Net (12/31/04)	0.28%	1.92%	-	4.35%
LSV (01/31/03)	4.15%	2.34%	-	9.39%
LCV Blended Benchmark**	2.28%	1.15%	2.69%	7.31%
Russell 1000 Value Index	2.28%	1.15%	3.99%	7.37%
LSV - Net (12/31/04)	3.85%	2.05%	-	4.02%
NTGI S&P 500 Value Idx (07/31/99)	2.04%	0.67%	2.45%	2.22%
S&P/Citi 500 Value Index	2.04%	0.63%	2.42%	2.21%
NTGI S&P 500 Value Idx - Net (12/31/04)	2.03%	0.66%	-	2.36%

* 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 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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Large Cap Active Core (12/31/04)	(1.69%)	0.51%	7.03%	33.89%
Piedmont (05/31/11)	(1.81%)	-	-	-
Russell 1000 Index	(1.75%)	0.12%	6.37%	31.93%
Piedmont - Net (05/31/11)	(1.81%)	-	-	-
Progress (01/31/05)	(1.65%)	0.36%	6.86%	33.68%
DJ U.S. Total Stock Market Index	(1.79%)	0.00%	6.37%	32.43%
Progress - Net (01/31/05)	(1.65%)	0.21%	6.56%	32.92%
Large Cap Passive Core (12/31/84)	(2.11%)	(0.36%)	6.00%	31.76%
NTGI MarketCap Idx (01/31/85)	(2.11%)	(0.36%)	6.00%	31.88%
DJ U.S. Total Stock Market Index	(1.79%)	0.00%	6.37%	32.43%
NTGI MarketCap Idx - Net (12/31/04)	(2.11%)	(0.36%)	5.99%	31.87%

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 June 30, 2011

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Large Cap Active Core (12/31/04)	3.24%	3.81%	-	4.43%
Piedmont (05/31/11)	-	-	-	(1.81%)
Russell 1000 Index	3.68%	3.30%	3.21%	(1.75%)
Piedmont - Net (05/31/11)	-	-	-	(1.81%)
Progress (01/31/05)	3.18%	3.78%	-	4.46%
DJ U.S. Total Stock Market Index	4.23%	3.59%	3.80%	4.26%
Progress - Net (01/31/05)	2.56%	3.16%	-	3.86%
Large Cap Passive Core (12/31/84)	3.87%	3.27%	3.62%	10.68%
NTGI MarketCap Idx (01/31/85)	3.90%	3.29%	3.64%	10.72%
DJ U.S. Total Stock Market Index	4.23%	3.59%	3.80%	10.70%
NTGI MarketCap Idx - Net (12/31/04)	3.90%	3.29%	-	3.97%

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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Small Cap Equity (06/30/88)	(2.14%)	(1.23%)	5.84%	40.85%
Russell 2000 Index	(2.31%)	(1.61%)	6.21%	37.41%
Small Cap Growth (06/30/88)	(2.71%)	(1.12%)	6.42%	44.55%
Buford (10/31/06)	(3.39%)	(1.64%)	7.89%	35.89%
Russell 2000 Growth Index	(2.14%)	(0.59%)	8.59%	43.50%
Buford - Net (10/31/06)	(3.39%)	(1.73%)	7.68%	35.35%
Fortaleza (11/30/06)	(1.99%)	(0.97%)	11.43%	50.14%
Russell 2000 Growth Index	(2.14%)	(0.59%)	8.59%	43.50%
Fortaleza - Net (11/30/06)	(1.99%)	(1.06%)	11.20%	49.49%
Frontier (07/31/88)	(2.31%)	(2.91%)	5.91%	40.62%
Russell 2000 Growth Index	(2.14%)	(0.59%)	8.59%	43.50%
Frontier - Net (12/31/04)	(2.31%)	(3.03%)	5.33%	39.51%
Pyramis (07/31/88)	(3.09%)	0.01%	6.31%	47.36%
Russell 2000 Growth Index	(2.14%)	(0.59%)	8.59%	43.50%
Pyramis - Net (12/31/04)	(3.23%)	(0.12%)	6.05%	46.57%
Small Cap Value (08/31/89)	(1.76%)	(1.86%)	5.06%	36.34%
DFA Small Cap Value (01/31/96)	(1.68%)	(3.40%)	4.99%	40.71%
Russell 2000 Value Index	(2.46%)	(2.65%)	3.77%	31.35%
DFA Small Cap Value - Net (12/31/04)	(1.68%)	(3.52%)	4.73%	40.04%
Inv. Counselors of Maryland (04/30/99)	(1.89%)	(1.02%)	5.15%	34.31%
Russell 2000 Value Index	(2.46%)	(2.65%)	3.77%	31.35%
Inv. Couns. of Maryland - Net (12/31/04)	(1.89%)	(1.12%)	4.95%	33.59%
Lombardia (05/31/11)	(2.96%)	-	-	-
Russell 2000 Value Index	(2.46%)	(2.65%)	3.77%	31.35%
Lombardia - Net (05/31/11)	(2.96%)	-	-	-
Micro Cap (06/30/84)	(1.80%)	(0.88%)	5.39%	39.66%
Ariel (10/31/2010)	(3.30%)	(7.67%)	2.37%	-
Russell 2000 Growth Index	(2.14%)	(0.59%)	8.59%	43.50%
Russell 2000 Index	(2.31%)	(1.61%)	6.21%	37.41%
Russell Microcap Index	(2.81%)	(3.48%)	3.08%	32.70%
Ariel - Net (10/31/10)	(3.30%)	(7.86%)	1.95%	-
Ativo (09/30/10)	(0.60%)	(0.67%)	2.61%	-
Russell 2000 Growth Index	(2.14%)	(0.59%)	8.59%	43.50%
Russell 2000 Index	(2.31%)	(1.61%)	6.21%	37.41%
Russell Microcap Index	(2.81%)	(3.48%)	3.08%	32.70%
Ativo - Net (09/30/10)	(0.60%)	(0.87%)	2.18%	-
DFA Micro Cap (07/31/87)	(1.71%)	(2.01%)	5.31%	35.50%
Russell 2000 Growth Index	(2.14%)	(0.59%)	8.59%	43.50%
Russell 2000 Index	(2.31%)	(1.61%)	6.21%	37.41%
DFA Micro Cap - Net (12/31/04)	(1.71%)	(2.13%)	5.05%	34.86%
Wall Street (07/31/90)	(1.92%)	0.79%	6.02%	47.42%
Russell 2000 Growth Index	(2.14%)	(0.59%)	8.59%	43.50%
Russell 2000 Index	(2.31%)	(1.61%)	6.21%	37.41%
Wall Street - Net (12/31/04)	(1.92%)	0.61%	5.65%	46.36%

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 June 30, 2011

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Small Cap Equity (06/30/88)	8.69%	6.60%	9.90%	12.74%
Russell 2000 Index	7.77%	4.08%	6.27%	9.55%
Small Cap Growth (06/30/88)	8.48%	7.36%	9.98%	13.60%
Buford (10/31/06)	0.78%	-	-	4.74%
Russell 2000 Growth Index	8.35%	5.79%	4.63%	5.20%
Buford - Net (10/31/06)	0.37%	-	-	4.27%
Fortaleza (11/30/06)	5.84%	-	-	3.78%
Russell 2000 Growth Index	8.35%	5.79%	4.63%	5.20%
Fortaleza - Net (11/30/06)	5.33%	-	-	3.31%
Frontier (07/31/88)	11.38%	8.37%	9.33%	13.71%
Russell 2000 Growth Index	8.35%	5.79%	4.63%	7.27%
Frontier - Net (12/31/04)	10.39%	7.50%	-	8.57%
Pyramis (07/31/88)	8.10%	8.19%	11.47%	14.23%
Russell 2000 Growth Index	8.35%	5.79%	4.63%	7.27%
Pyramis - Net (12/31/04)	7.54%	7.53%	-	10.45%
Small Cap Value (08/31/89)	8.36%	5.01%	10.18%	12.32%
DFA Small Cap Value (01/31/96)	11.38%	4.00%	10.68%	13.01%
Russell 2000 Value Index	7.09%	2.24%	7.53%	9.73%
DFA Small Cap Value - Net (12/31/04)	10.82%	3.44%	-	5.67%
Inv. Counselors of Maryland (04/30/99)	6.98%	5.58%	9.95%	12.48%
Russell 2000 Value Index	7.09%	2.24%	7.53%	9.73%
Inv. Couns. of Maryland - Net (12/31/04)	6.37%	5.02%	-	6.24%
Lombardia (05/31/11)	-	-	-	(2.96%)
Russell 2000 Value Index	7.09%	2.24%	7.53%	(2.46%)
Lombardia - Net (05/31/11)	-	-	-	(2.96%)
Micro Cap (06/30/84)	7.66%	3.23%	5.88%	12.25%
Ariel (10/31/10)	-	-	-	11.61%
Russell 2000 Growth Index	8.35%	5.79%	4.63%	27.18%
Russell 2000 Index	7.77%	4.08%	6.27%	23.47%
Russell Microcap Index	6.48%	0.55%	5.59%	23.09%
Ariel - Net (10/31/10)	-	-	-	11.11%
Ativo (09/30/10)	-	-	-	18.92%
Russell 2000 Growth Index	8.35%	5.79%	4.63%	45.18%
Russell 2000 Index	7.77%	4.08%	6.27%	38.85%
Russell Microcap Index	6.48%	0.55%	5.59%	37.73%
Ativo - Net (09/30/10)	-	-	-	18.42%
DFA Micro Cap (07/31/87)	9.62%	3.74%	9.02%	11.20%
Russell 2000 Growth Index	8.35%	5.79%	4.63%	6.44%
Russell 2000 Index	7.77%	4.08%	6.27%	8.57%
DFA Micro Cap - Net (12/31/04)	9.08%	3.22%	-	4.47%
Wall Street (07/31/90)	8.24%	3.85%	4.08%	14.68%
Russell 2000 Growth Index	8.35%	5.79%	4.63%	7.06%
Russell 2000 Index	7.77%	4.08%	6.27%	9.40%
Wall Street - Net (12/31/04)	7.39%	3.03%	-	5.58%



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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Intl Large Cap Equity (08/31/86)	(1.22%)	1.77%	4.89%	30.45%
MSCI ACWI ex-US Index	(1.45%)	0.38%	3.80%	29.73%
Intl Large Cap Growth (08/31/02)	(0.85%)	1.66%	4.24%	31.63%
EARNEST Partners (09/30/04)	(1.38%)	(0.18%)	6.99%	36.42%
MSCI ACWI ex-US Index	(1.45%)	0.38%	3.80%	29.73%
MSCI ACWI ex-US Growth	(1.68%)	1.06%	3.43%	31.07%
EARNEST Partners - Net (12/31/04)	(1.38%)	(0.22%)	6.90%	36.17%
McKinley (02/28/06)	(0.92%)	1.86%	4.81%	33.62%
MSCI ACWI ex-US Index	(1.45%)	0.38%	3.80%	29.73%
MSCI ACWI ex-US Growth	(1.68%)	1.06%	3.43%	31.07%
McKinley - Net (02/28/06)	(0.92%)	1.75%	4.56%	32.98%
William Blair (09/30/02)	(0.59%)	2.38%	2.40%	28.44%
MSCI ACWI ex-US Index	(1.45%)	0.38%	3.80%	29.73%
MSCI ACWI ex-US Growth	(1.68%)	1.06%	3.43%	31.07%
William Blair - Net (12/31/04)	(0.59%)	2.29%	2.23%	28.00%
Intl Large Cap Value (09/30/95)	(1.66%)	1.11%	4.40%	24.59%
Brandes (12/31/95)	(1.66%)	1.11%	4.40%	24.59%
MSCI ACWI ex-US Index	(1.45%)	0.38%	3.80%	29.73%
MSCI ACWI ex-US Value	(1.15%)	0.15%	4.81%	29.39%
Brandes - Net (12/31/04)	(1.66%)	1.05%	4.30%	24.34%



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 June 30, 2011

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Intl Large Cap Equity (08/31/86)	(1.04%)	2.78%	6.74%	8.54%
MSCI ACWI ex-US Index	(0.35%)	3.67%	7.48%	-
Intl Large Cap Growth (08/31/02)	(1.25%)	3.79%	-	11.35%
EARNEST Partners (09/30/04)	6.45%	12.03%	-	16.00%
MSCI ACWI ex-US Index	(0.35%)	3.67%	7.48%	9.19%
MSCI ACWI ex-US Growth	(0.78%)	4.47%	7.18%	9.71%
EARNEST Partners - Net (12/31/04)	6.03%	11.49%	-	13.09%
McKinley (02/28/06)	(5.89%)	0.73%	-	1.51%
MSCI ACWI ex-US Index	(0.35%)	3.67%	7.48%	3.87%
MSCI ACWI ex-US Growth	(0.78%)	4.47%	7.18%	4.46%
McKinley - Net (02/28/06)	(6.38%)	0.21%	-	1.03%
William Blair (09/30/02)	(0.89%)	3.56%	-	11.22%
MSCI ACWI ex-US Index	(0.35%)	3.67%	7.48%	10.88%
MSCI ACWI ex-US Growth	(0.78%)	4.47%	7.18%	10.65%
William Blair - Net (12/31/04)	(1.27%)	3.16%	-	6.64%
Intl Large Cap Value (09/30/95)	(0.59%)	1.25%	7.34%	10.82%
Brandes (12/31/95)	(0.59%)	1.25%	7.34%	10.88%
MSCI ACWI ex-US Index	(0.35%)	3.67%	7.48%	6.13%
MSCI ACWI ex-US Value	0.97%	3.74%	8.61%	-
Brandes - Net (12/31/04)	(0.87%)	1.01%	-	3.95%

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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Intl Large Cap Active Core (01/31/08)	(1.49%)	2.30%	5.75%	32.38%
Arrowstreet (02/29/08)	(1.24%)	2.46%	5.92%	32.59%
MSCI ACWI ex-US Index	(1.45%)	0.38%	3.80%	29.73%
Arrowstreet - Net (02/29/08)	(1.24%)	2.35%	5.68%	31.98%
Brown (09/30/04)	(2.59%)	0.92%	4.57%	23.29%
MSCI ACWI ex-US Index	(1.45%)	0.38%	3.80%	29.73%
Brown - Net (12/31/04)	(2.59%)	0.88%	4.45%	22.68%
GlobeFlex (02/28/06)	(1.20%)	2.84%	6.79%	38.47%
MSCI ACWI ex-US Index	(1.45%)	0.38%	3.80%	29.73%
GlobeFlex - Net (02/28/06)	(1.20%)	2.74%	6.57%	37.90%
Intl Large Cap Pass. Core (12/31/99)	(1.21%)	1.78%	5.29%	30.70%
NTGI MSCI EAFE Idx (01/31/00)	(1.21%)	1.78%	5.29%	30.69%
MSCI EAFE Index	(1.25%)	1.56%	4.98%	30.36%
NTGI EAFE Idx - Net (12/31/04)	(1.21%)	1.78%	5.28%	30.68%
International Small Cap (11/30/05)	(0.98%)	2.84%	6.50%	37.37%
William Blair (08/31/2010)	(0.99%)	2.84%	6.18%	-
ACWI Small Cap ex US	(2.17%)	(0.34%)	1.51%	34.24%
Intl SC Blended Benchmark	(2.17%)	0.44%	4.98%	37.34%
William Blair - Net (08/31/2010)	(0.99%)	2.65%	5.77%	-
Emerging Markets (01/31/92)	(0.53%)	0.55%	1.36%	29.00%
Genesis (04/30/04)	(0.53%)	0.55%	1.36%	29.00%
MSCI Emerging Markets Index	(1.50%)	(1.04%)	1.03%	28.17%
Genesis - Net (12/31/04)	(0.53%)	0.45%	1.10%	28.29%

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 June 30, 2011

	Last 36 Months	Last 60 Months	Year to Date	Since Inception
Intl Large Cap Active Core (01/31/08)	2.55%	-	5.75%	0.95%
Arrowstreet (02/29/08)	2.61%	-	5.92%	1.02%
MSCI ACWI ex-US Index	(0.35%)	3.67%	3.80%	(0.46%)
Arrowstreet - Net (02/29/08)	2.10%	-	5.68%	0.57%
Brown (09/30/04)	3.02%	3.56%	4.57%	9.20%
MSCI ACWI ex-US Index	(0.35%)	3.67%	3.80%	9.19%
Brown - Net (12/31/04)	2.68%	3.26%	4.45%	6.11%
GlobeFlex (02/28/06)	(3.12%)	2.93%	6.79%	3.42%
MSCI ACWI ex-US Index	(0.35%)	3.67%	3.80%	3.87%
GlobeFlex - Net (02/28/06)	(3.55%)	2.44%	6.57%	2.95%
Intl Large Cap Pass. Core (12/31/99)	(1.39%)	1.88%	5.29%	2.47%
NTGI MSCI EAFE Idx (01/31/00)	(1.42%)	1.86%	5.29%	2.48%
MSCI EAFE Index	(1.77%)	1.48%	4.98%	2.11%
NTGI EAFE Idx - Net (12/31/04)	(1.43%)	1.86%	5.28%	4.98%
International Small Cap (11/30/05)	(4.03%)	(0.20%)	6.50%	2.48%
William Blair (08/31/2010)	-	-	6.18%	24.78%
ACWI Small Cap ex US	5.56%	5.91%	1.51%	24.03%
Intl SC Blended Benchmark	2.59%	3.99%	4.98%	26.73%
William Blair - Net (08/31/2010)	-	-	5.77%	24.17%
Emerging Markets (01/31/92)	10.53%	14.82%	1.36%	11.26%
Genesis (04/30/04)	10.53%	14.86%	1.36%	18.96%
MSCI Emerging Markets Index	4.53%	11.75%	1.03%	15.76%
Genesis - Net (12/31/04)	9.87%	14.18%	1.10%	16.88%

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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Dom. Fixed Active Core (03/31/01)	(0.53%)	2.03%	3.00%	4.98%
EARNEST Partners (04/30/05)	(0.61%)	2.06%	2.72%	4.22%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
EARNEST Partners - Net (04/30/05)	(0.61%)	2.03%	2.64%	4.02%
Piedmont (05/31/05)	(0.45%)	1.87%	3.12%	5.32%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
Piedmont - Net (05/31/05)	(0.45%)	1.83%	3.03%	5.14%
Dom. Fixed Enhanced Core (03/31/00)	(0.19%)	2.71%	3.32%	4.36%
BlackRock Enhanced (04/30/00)	(0.19%)	2.71%	3.32%	4.36%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
BlackRock Enhanced - Net (12/31/04)	(0.20%)	2.69%	3.28%	4.29%
Dom. Fixed Passive Core (12/31/89)	(0.29%)	2.27%	2.67%	3.78%
NTGI BC Agg. Index (01/31/90)	(0.29%)	2.27%	2.67%	3.78%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
NTGI BC Agg. Index - Net (12/31/04)	(0.29%)	2.27%	2.66%	3.77%

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 June 30, 2011

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Dom. Fixed Active Core (03/31/01)	7.11%	6.43%	5.23%	5.16%
EARNEST Partners (04/30/05)	6.98%	6.62%	-	5.64%
BC Aggregate Index	6.46%	6.52%	5.74%	5.55%
EARNEST Partners - Net (04/30/05)	6.76%	6.41%	-	5.43%
Piedmont (05/31/05)	6.94%	6.41%	-	5.22%
BC Aggregate Index	6.46%	6.52%	5.74%	5.40%
Piedmont - Net (05/31/05)	6.75%	6.19%	-	5.01%
Dom. Fixed Enhanced Core (03/31/00)	6.47%	6.37%	5.79%	6.27%
BlackRock Enhanced (04/30/00)	6.47%	6.37%	5.79%	6.31%
BC Aggregate Index	6.46%	6.52%	5.74%	6.25%
BlackRock Enhanced - Net (12/31/04)	6.39%	6.30%	-	5.09%
Dom. Fixed Passive Core (12/31/89)	6.19%	6.39%	5.70%	6.93%
NTGI BC Agg. Index (01/31/90)	6.19%	6.39%	5.70%	6.95%
BC Aggregate Index	6.46%	6.52%	5.74%	6.95%
NTGI BC Agg. Index - Net (12/31/04)	6.18%	6.38%	-	5.09%



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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Domestic Fixed Core Plus (12/31/81)	(0.42%)	2.26%	3.46%	6.40%
BlackRock Core Plus (03/31/07)	(0.35%)	2.15%	3.24%	5.54%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
BlackRock Core Plus - Net (03/31/07)	(0.35%)	2.15%	3.23%	5.50%
LM Capital (04/30/05)	(0.17%)	2.45%	3.58%	6.45%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
LM Capital - Net (04/30/05)	(0.17%)	2.41%	3.50%	6.28%
Progress Fixed Income (12/31/05)	(0.67%)	1.93%	2.81%	4.82%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
Progress Fixed Inc. - Net (12/31/05)	(0.67%)	1.84%	2.63%	4.46%
Taplin, Canida, Habacht (04/30/05)	(0.60%)	2.34%	3.83%	6.26%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
Taplin, Canida, Hab. - Net (04/30/05)	(0.60%)	2.31%	3.76%	6.12%
Western (10/31/01)	(0.44%)	2.27%	3.48%	7.21%
BC Aggregate Index	(0.29%)	2.29%	2.72%	3.90%
Western - Net (12/31/04)	(0.44%)	2.24%	3.41%	7.06%
High Yield (03/31/86)	(0.90%)	1.01%	5.33%	15.78%
MacKay Shields (10/31/00)	(0.53%)	1.25%	4.84%	13.72%
ML High Yield Cash Pay Index	(0.98%)	1.01%	4.89%	15.31%
MacKay Shields - Net (12/31/04)	(0.53%)	1.17%	4.66%	13.33%
Pyramis (07/31/86)	(1.24%)	0.79%	5.79%	17.75%
ML High Yield Cash Pay Index	(0.98%)	1.01%	4.89%	15.31%
Pyramis - Net (12/31/04)	(1.32%)	0.71%	5.46%	17.05%



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 June 30, 2011

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Fixed Core Plus (12/31/81)	7.95%	6.71%	6.15%	9.14%
BlackRock Core Plus (03/31/07)	7.19%	-	-	6.28%
BC Aggregate Index	6.46%	6.52%	5.74%	5.97%
BlackRock Core Plus - Net (03/31/07)	7.15%	-	-	6.23%
LM Capital (04/30/05)	7.81%	7.42%	-	6.27%
BC Aggregate Index	6.46%	6.52%	5.74%	5.55%
LM Capital - Net (04/30/05)	7.64%	7.25%	-	6.10%
Progress Fixed Income (12/31/05)	7.31%	7.08%	-	6.45%
BC Aggregate Index	6.46%	6.52%	5.74%	5.86%
Progress Fixed Inc. - Net (12/31/05)	6.94%	6.73%	-	6.12%
Taplin, Canida, Habacht (04/30/05)	7.61%	6.58%	-	5.60%
BC Aggregate Index	6.46%	6.52%	5.74%	5.55%
Taplin, Canida, Hab. - Net (04/30/05)	7.48%	6.44%	-	5.52%
Western (10/31/01)	8.92%	6.58%	-	6.46%
BC Aggregate Index	6.46%	6.52%	5.74%	5.41%
Western - Net (12/31/04)	8.77%	6.41%	-	5.39%
High Yield (03/31/86)	12.47%	9.40%	10.51%	10.42%
MacKay Shields (10/31/00)	10.28%	8.19%	10.47%	10.02%
ML High Yield Cash Pay Index	12.17%	9.07%	8.72%	8.16%
MacKay Shields - Net (12/31/04)	9.90%	7.85%	-	7.04%
Pyramis (07/31/86)	14.72%	10.63%	10.58%	10.25%
ML High Yield Cash Pay Index	12.17%	9.07%	8.72%	8.88%
Pyramis - Net (12/31/04)	14.29%	10.17%	-	8.77%

Real Estate Returns

The table below details the rates of return for the fund's real estate opportunistic, real estate core, and real estate value added 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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Real Estate Opportunistic (03/31/99)	3.37%	5.85%	7.81%	25.19%
Lazard Freres (07/31/98)	9.17%	11.92%	13.09%	43.04%
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%
Olympus RE Fund II (05/31/98)	0.00%	(2.74%)	(3.85%)	(4.72%)
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%
Security (10/31/97)	0.00%	3.19%	5.30%	18.40%
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%
Dune Real Estate Fund II (01/31/09)	3.60%	3.60%	8.21%	11.60%
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%
Real Estate Core (03/31/99)	0.08%	3.56%	5.53%	12.94%
BlackRock Granite Fund (07/31/07)	0.00%	0.00%	3.80%	15.37%
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%
Buckhead (07/31/95)	0.00%	2.90%	6.45%	13.36%
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%
Sentinel (09/30/85)	0.00%	13.68%	4.45%	12.35%
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%
TA - Fund IX (04/30/10)	0.76%	2.17%	7.09%	2.74%
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%
Real Estate Value Added (09/30/08)	(0.13%)	2.91%	1.25%	13.34%
Rockwood (03/31/09)	(0.29%)	3.47%	3.76%	12.34%
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%
Rothschild (09/30/08)	(0.00%)	2.42%	(1.04%)	13.69%
Blended Benchmark*	1.19%	3.61%	7.33%	17.08%

Returns are reported net of fee for all real estate managers. Returns are derived from incomplete data.

* 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.

Real Estate Returns

The table below details the rates of return for the fund's real estate opportunistic, real estate core, and real estate value added 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 June 30, 2011

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Real Estate Opportunistic (03/31/99)	3.47%	2.79%	9.43%	9.13%
Lazard Freres (07/31/98)	6.67%	8.79%	7.49%	1.11%
Blended Benchmark*	(1.75%)	2.97%	5.29%	5.91%
Olympus RE Fund II (05/31/98)	(18.36%)	(14.63%)	(10.59%)	(7.87%)
Blended Benchmark*	(1.75%)	2.97%	5.29%	5.93%
Security (10/31/97)	7.36%	4.04%	14.47%	14.15%
Blended Benchmark*	(1.75%)	2.97%	5.29%	5.93%
Dune Real Estate Fund II (01/31/09)	-	-	-	(16.25%)
Blended Benchmark*	(1.75%)	2.97%	5.29%	1.19%
Real Estate Core (03/31/99)	(8.88%)	(0.62%)	3.67%	5.11%
BlackRock Granite Fund (07/31/07)	(18.16%)	-	-	(12.66%)
Blended Benchmark*	(1.75%)	2.97%	5.29%	1.11%
Buckhead (07/31/95)	(2.67%)	4.14%	7.65%	10.01%
Blended Benchmark*	(1.75%)	2.97%	5.29%	6.14%
Sentinel (09/30/85)	(11.87%)	(4.92%)	1.81%	3.87%
Blended Benchmark*	(1.75%)	2.97%	5.29%	7.02%
TA - Fund IX (04/30/10)	-	-	-	2.19%
Blended Benchmark*	(1.75%)	2.97%	5.29%	16.65%
Real Estate Value Added (09/30/08)	-	-	-	(10.59%)
Rockwood (03/31/09)	-	-	-	(74.43%)
Blended Benchmark*	(1.75%)	2.97%	5.29%	3.40%
Rothschild (09/30/08)	-	-	-	(3.68%)
Blended Benchmark*	(1.75%)	2.97%	5.29%	(1.87%)

Returns are reported net of fee for all real estate managers. Returns are derived from incomplete data.

* 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.

Alternative Investments Return

The table below details the rates of return for the fund's absolute return, private equity, agriculture, and timberland 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 June 30, 2011

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Absolute Return (12/31/01)	(0.86%)	(0.16%)	2.21%	7.85%
Aurora (10/31/01)	(1.38%)	(1.01%)	0.20%	6.97%
Alternatives Custom Benchmark*	0.72%	2.18%	4.40%	9.00%
HFR Fund-of-Funds Index	(1.50%)	(1.32%)	(0.45%)	6.52%
Grosvenor (01/31/02)	(1.07%)	(0.30%)	1.82%	7.94%
Alternatives Custom Benchmark*	0.72%	2.18%	4.40%	9.00%
HFR Fund-of-Funds Index	(1.50%)	(1.32%)	(0.45%)	6.52%
Mesirow (01/31/02)	(0.05%)	0.95%	4.99%	8.76%
Alternatives Custom Benchmark*	0.72%	2.18%	4.40%	9.00%
HFR Fund-of-Funds Index	(1.50%)	(1.32%)	(0.45%)	6.52%
Private Equity (01/31/86)	0.83%	5.43%	11.12%	18.22%
Abbott (06/30/87)	0.01%	5.22%	11.48%	17.34%
Alternatives Custom Benchmark*	0.72%	2.18%	4.40%	9.00%
Abbott - Net (12/31/04)	0.01%	5.10%	11.22%	16.78%
Muller & Monroe ILPEFF (06/30/05)	1.79%	2.39%	2.16%	21.75%
Alternatives Custom Benchmark*	0.72%	2.18%	4.40%	9.00%
Muller & Monroe MPEFF (04/30/08)	5.11%	17.99%	17.27%	21.46%
Alternatives Custom Benchmark*	0.72%	2.18%	4.40%	9.00%
Pantheon (10/31/00)	1.82%	4.96%	10.64%	19.24%
Alternatives Custom Benchmark*	0.72%	2.18%	4.40%	9.00%
Pantheon - Net (12/31/04)	1.82%	4.96%	10.50%	18.64%
Agriculture (09/30/97)	0.00%	(0.35%)	(0.06%)	7.58%
Cozad/Westchester (09/30/97)	0.00%	(0.35%)	(0.06%)	7.58%
Blended Benchmark**	1.19%	3.61%	7.33%	17.08%
Timberland (09/30/92)	1.49%	1.92%	1.66%	4.52%
Forest Investment Assoc. (09/30/92)	1.49%	1.92%	1.66%	4.52%
Blended Benchmark**	1.19%	3.61%	7.33%	17.08%

Returns are reported net of fee ex Abbott and Pantheon. Returns are derived from incomplete data.

* 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%.

** 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 quarterly, an estimate is used during the first two months of each quarter.

Alternative Investments Return

The table below details the rates of return for the fund's absolute return, private equity, agriculture, and timberland 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 June 30, 2011

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Absolute Return (12/31/01)	0.59%	3.64%	-	5.26%
Aurora (10/31/01)	1.02%	4.55%	-	6.68%
Alternatives Custom Benchmark*	10.99%	11.39%	12.24%	12.17%
HFR Fund-of-Funds Index	(1.87%)	1.50%	3.86%	4.16%
Grosvenor (01/31/02)	0.16%	3.11%	-	5.03%
Alternatives Custom Benchmark*	10.99%	11.39%	12.24%	12.10%
HFR Fund-of-Funds Index	(1.87%)	1.50%	3.86%	4.02%
Mesirow (01/31/02)	0.52%	3.17%	-	5.35%
Alternatives Custom Benchmark*	10.99%	11.39%	12.24%	12.10%
HFR Fund-of-Funds Index	(1.87%)	1.50%	3.86%	4.02%
Private Equity (01/31/86)	1.95%	8.98%	6.23%	13.50%
Abbott (06/30/87)	0.88%	8.36%	6.14%	14.60%
Alternatives Custom Benchmark*	10.99%	11.39%	12.24%	13.85%
Abbott - Net (12/31/04)	0.40%	7.87%	-	11.37%
Muller & Monroe ILPEFF (06/30/05)	(1.30%)	(3.63%)	-	(12.29%)
Alternatives Custom Benchmark*	10.99%	11.39%	12.24%	11.50%
Muller & Monroe MPEFF (04/30/08)	2.53%	-	-	(1.35%)
Alternatives Custom Benchmark*	10.99%	11.39%	12.24%	11.07%
Pantheon (10/31/00)	4.12%	10.59%	9.88%	8.69%
Alternatives Custom Benchmark*	10.99%	11.39%	12.24%	12.43%
Pantheon - Net (12/31/04)	3.68%	10.09%	-	14.63%
Agriculture (09/30/97)	2.88%	4.04%	5.91%	5.59%
Cozad/Westchester (09/30/97)	2.88%	4.04%	5.91%	5.59%
Blended Benchmark**	(1.75%)	2.97%	5.29%	5.94%
Timberland (09/30/92)	4.51%	6.18%	4.28%	9.58%
Forest Investment Assoc. (09/30/92)	4.51%	6.18%	4.28%	9.58%
Blended Benchmark**	(1.75%)	2.97%	5.29%	6.38%

Returns are reported net of fee ex Abbott and Pantheon. Returns are derived from incomplete data.

* 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%.

** 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 quarterly, an estimate is used during the first two months of each quarter.



Illinois Municipal Retirement Fund Manager Summary For Month Ending June 30, 2011

Five Best Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Outperformance (in % points)
Muller and Monroe MPEFF	12.87
Abbot	7.08
Pantheon Ventures	6.23
Lazard Freres	5.76
William Blair Intl SC	4.67

Five Worst Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Underperformance (in % points)
Rothschild	-8.37
Cozad/Westchester	-7.39
Ariel	-6.22
Ativo	-5.98
Forest Investment	-5.67

Five Highest Returning Portfolios

Manager	Year-to-Date Return (in % points)
Muller and Monroe MPEFF	17.27
Lazard Freres	13.09
Abbot	11.48
Fortaleza	11.43
Pantheon	10.63

Five Lowest Returning Portfolios

Manager	Year-to-Date Return (in % points)
Rothschild Realty	-1.04
Cozad	-0.06
Aurora	0.20
Genesis	1.36
Forest Investment	1.66

Returns are shown gross of investment management fees with the exception of Real Estate and Alternative Investments (ex Abbott and Pantheon)

Staff and consultant also reviewed the Regional Manager Meeting held June 13 through 17 in California.

They reported on meetings held with LM Capital Group; Brandes Investment Partners; Globeflex; Wall Street Associates; Pantheon; Dodge & Cox; and, Progress Investment Management.

It was also reported that some attendees participated in an agricultural tour lead by Cozad/Westchester.

(11-07-02) (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 #11-06-24

Schedules - Dated July 22, 2011

- 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.

Administration - Master Trustee Report

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

Bids (5)

Addition of Clean Agent Fire Suppression Equipment and Ongoing Maintenance
Approved Bidder: Reliable Fire Equipment
Approved Bid: \$81,619.00

IMRF Pre-Retirement Binders
Approved Bidder: Marquardt Printing
Approved Bid: \$8,200.00

VMWare Licenses and Annual Maintenance
Approved Bidder: Sayers
Approved Bid: \$6,480.10

Microsoft Windows 7 Professional 64 Bit Licenses
Approved Bidder: CDW-G
Approved Bid: \$9,325.60

Incoming 800 & Outbound Long Distance T1 Circuit
Approved Bidder: Paetec
Approved Bid: \$59,613.12

Participation of New Unit of Government (1)

Colona District Public Library
Henry County
2011 Rate: 8.08%
Effective Participation Date: August 1, 2011
Number of Employees: 4

Participation of Township (1)

Rushville Township
Schuyler County
2011 Rate: 6.72%
Number of Employees: 1

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

Vote: Unanimous Voice Vote
Absent: Rademacher

(11-07-03) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of July Financial Reporting Package
- May Interim Financial Statements
- Impact of 2011 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 Ms. Faklis, to approve the Financial Reports as presented.

Vote: Unanimous Voice Vote
Absent: Rademacher

(11-07-04) (Report of the Benefit Review Committee) Trustee Faklis reported on the meeting held on July 21, 2011.

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

- To terminate the temporary disability benefits of Milanki Popovic as of February 21, 2011.
- That Joseph Prazen violated section 141 (g) of the ERI Statute and recommends that Mr. Prazen's pension be recomputed without the ERI enhancement and that the prepayment of \$307,100.50 be recovered by withholding a percentage of Mr. Prazen's annuity over a reasonable period of time not to exceed eight years.
- That IMRF file an interpleader action regarding the distribution of death proceeds for Robert Eastern.

Vote: Unanimous Voice Vote
Absent: Rademacher

(11-07-05) (Report of the Investment Committee) The Chair of the Investment Committee reported on the meeting held on July 21, 2011.

Staff and Consultant presented a review of the IMRF Real Estate Pacing Study that included an overview of current real estate markets; core and non-core strategies and return expectations; and, the portfolio's existing diversification by manager and investment strategy. A review of the real estate portfolio's funding status, long-term recapitalization plans for the portfolio's core and noncore strategies and the investment goals for 2011 and 2012 was also presented.

Staff and Consultant also presented their evaluations of two value-added real estate fund investment managers, Cornerstone and TA Associates Realty. It was noted IMRF has existing relationships with both firms.

Representatives from Cornerstone and TA Associates Realty each presented a review of their firm's organization structure, performance history, investment strategy and fees to the Committee.

It was reported that the decision of the Committee was to recommend to the Board:

- That \$50 million be allocated each to Cornerstone and TA Associates Realty;
- That these allocations be made using funds withdrawn from the NTGI Index funds; and,
- That Staff be authorized to execute all documentation necessary to complete these transactions.

It was moved by Mr. Stafford, seconded by Ms. Henry to approve the recommendations of the Investment Committee.

Vote: Unanimous Voice Vote
Absent: Rademacher

(11-07-06) (Phasing Out of the Phase-In Plan) The Chief Financial Officer discussed the phase-in plan that the Board adopted in February 2009 to soften the rate impact employers would experience in 2010 due to the investments losses suffered in 2008. He stated the Board agreed that the plan would be in effect for no more than five years (2014 would be the last year of the phase-in plan).

The Chief Financial Officer reported while staff was developing the phase-in rates for 2012, they noticed by limiting annual increases in employer contribution rates to ten percent per year would result in stretching the phase-in period out to more than ten years for a small group of employers.

To address this risk and return all employers to the actuarial required contribution by 2015, staff proposes the Board approve the following modifications to the phase-in plan effective with calendar year 2013:

- For 2013, employers who were on the phase-in plan in 2012, their 2013 rate would increase by 10% from their 2012 rate or by one-third of the difference between their 2012 rate and their actuarial required contributions for 2013 whichever is greater. In all cases the total increase would not exceed the actuarial required contribution for 2013.
- For 2014, employers who were on the phase-in plan in 2013, their 2014 rate would increase by 10% from their 2013 rate or by one-half of the difference between their 2013 rate and their actuarial required contribution for 2014 whichever is greater. In all cases the total increase would not exceed the actuarial required contribution for 2014.
- For 2015, all employers would be on the actuarial required contribution.

After questions and discussion, it was moved by Ms. Henry, seconded by Mr. Piechocinski, to adopt the proposed outline above.

Vote: Unanimous Voice Vote
Absent: Rademacher

(11-07-07) (Staff Deferred Compensation Plan) General Counsel presented a Resolution for Board approval that amends and restates the IMRF staff Deferred Compensation Plan.

She stated there have been several changes to the US Internal Revenue Code section 457 (under which the IMRF plan is established) since IMRF last amended the Plan in 2006.

After questions and discussion, it was moved by Ms. Faklis, seconded by Ms. Thompson, to adopt the following resolution:

* *

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules necessary or desirable for the efficient administration of the Fund; and

WHEREAS, under sections 7-121, 7-186, 7-189, and 7-190 of the Pension Code, the Board of Trustees is the governing body of IMRF and the employer of the IMRF staff; and

WHEREAS, the Board of Trustees has previously established a Deferred Compensation Plan for the IMRF staff; and

WHEREAS, it is appropriate that this Plan be amended to conform with recent statutory and related regulatory changes to the US Internal Revenue Code provisions governing public sector Deferred Compensation Plans.

NOW THEREFORE BE IT RESOLVED that the Deferred Compensation Plan for the employees of the Board of Trustees of the Illinois Municipal Retirement Fund is hereby amended and restated in the form attached hereto and identified as Appendix A.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed to take such further action as may be necessary or advisable to effectuate this Resolution.

Vote: Unanimous Voice Vote

Absent: Rademacher

APPENDIX A
457 GOVERNMENTAL PLAN AND TRUST

As Amended and Restated Effective June 1, 2011

The Employer adopts this 457 Governmental Plan and Trust. The Plan is intended to be an "eligible deferred compensation plan" as defined in Code §457(b) of the Internal Revenue Code of 1986 ("Eligible 457 Plan"). The Plan consists of the provisions set forth in this plan document and is applicable to the Employer and each Employee who elects to participate in the Plan. The Plan is effective as to each Employee upon the date he/she becomes a Participant by entering into and filing with the Employer or the Administrative Services Provider a Participation Agreement.

ARTICLE I
DEFINITIONS

1.01 "Account" means the separate Account(s) which the Administrative Services Provider or the Trustee maintains under the Plan for a Participant's Deferred Compensation. The Administrative Services Provider or Trustee may establish separate Accounts for multiple Beneficiaries of a Participant to facilitate required minimum distributions under Section 4.03 based on each Beneficiary's life expectancy.

1.02 "Accounting Date" means the last day of the Plan Year.

1.04 "Administrative Services Provider" means the person or persons appointed by the employer to act as the third party administrative services provider and carry out nondiscretionary administrative functions for the Plan. The employer may remove any person as Administrative Services Provider upon 60 days advance notice in writing to such person, in which case the Employer may name another person or persons to act as the Administrative Services Provider. An Administrative Services Provider may resign upon 60 days advance notice in writing to the Employer, in which case the Employer may name another person or persons to act as the administrative services provider.

1.05 "Beneficiary" means a person who the Plan or a Participant designates and who is or may become entitled to a Participant's Account upon the Participant's death. A Beneficiary who becomes entitled to a benefit under the Plan remains a Beneficiary under the Plan until the Beneficiary has received full distribution of his/her Plan benefit. A Beneficiary's right to (and the Administrative Services Provider's or a Trustee's duty to provide to the Beneficiary) information or data concerning the Plan does -not /arise until the Beneficiary first becomes entitled to receive a benefit under the Plan.

1.06 "Code" means the Internal Revenue Code of 1986, as amended.

1.07 "Compensation" for purposes of allocating Deferral Contributions means the employee's wages, salaries, fees for professional services, and other amounts received without regard to whether or not an amount is paid in cash for personal services actually rendered in the course of employment with the Employer, to the extent that the amounts are includible in gross income (or to the extent amount would have been received and includible in gross income but for an election under Code §§ 125(a), 132(f)(4), 402(e)(3), 402(h)(I)(B), 402(k), and 457(b), including an election to defer Compensation under Article III. Compensation also includes any amount that the Internal Revenue Service in published guidance declares to constitute compensation for purposes of an Eligible 457 Plan.

(A) Elective Contributions. Compensation under Section 1.07 includes Elective Contributions. "Elective Contributions" are amounts excludible from the Employee's gross income under Code §§125, 132(f)(4), 402(e)(3), 402(h)(I)(B), 403(b), 408(P) or 457, and contributed by the Employer, at the Employee's election, to a cafeteria plan, a qualified transportation fringe benefit plan, a 401 (k) arrangement, a SARSEP, a tax-sheltered annuity, a SIMPLE plan or a Code § 457 plan.

(B) Differential wage payments. For years beginning after December 31, 2008, (i) an individual receiving a differential wage payment, as defined by Code § 3401 (h)(2), shall be treated as an employee of the employer making the payment; (ii) the differential wage payment shall be treated as compensation; and (iii) the plan will not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

1.08 "Deferral Contributions" means Salary Reduction Contributions. The Employer or the Administrative Services Provider (if applicable) in applying the Code § 457(b) limit will take into account Deferral Contributions in the Taxable Year in which deferred. The Employer or Administrative Services Provider (if applicable) in determining the amount of a Participant's Deferral Contributions disregards the net income, gain and loss attributable to Deferral Contributions.

1.09 "Deferred Compensation" means as to a Participant the amount of Deferral Contributions, Rollover Contributions and Transfers adjusted for allocable net income, gain or loss, in the Participant's Account.

1.10 "Effective Date" of this Plan is the date indicated on the execution line unless the Code, Treasury regulations, or other applicable guidance provides otherwise.

1.11 "Employee" means an individual who provides services for the Employer, as a common law employee of the Employer.

1.12 "Employer" means the Illinois Municipal Retirement Fund, which is a political subdivision, agency, or instrumentality of the State of Illinois as described in Section 457(e)(1)(A) of the Code.

1.14 "Excess Deferrals" means Deferral Contributions to an Eligible 457 Plan for a Participant that exceed the Taxable Year maximum limitation of Code §§457(b) and (e)(18).

1.15 "Includible Compensation" means, for the Employee's Taxable Year, the Employee's total Compensation within the meaning of Code §415(c)(3) paid to an Employee for services rendered to the Employer. Includible Compensation includes Deferral Contributions under the Plan, compensation deferred under any other plan described in Code §457, and any amount excludible from the Employee's gross income under Code §§401(k), 403(b), 125 or 132(f)(4) or any other amount excludible from the Employee's gross income for Federal income tax purposes. The Employer will determine Includible Compensation without regard to community property laws.

1.20 "Normal Retirement Age" means Age 60, unless the Participant has elected an alternate Normal Retirement Age by written instrument delivered to the Administrative Services Provider prior to a Severance from Employment. The Normal Retirement Age also shall not exceed age 70 1/2. A Participant's alternate Normal Retirement Age may not be earlier than the earliest date that the Participant will become eligible to retire and receive immediate, unreduced retirement benefits under the Employer's basic defined benefit retirement plan covering the Participant, and may not be later than the date the Participant will attain age 70-1/2. If a Participant continues employment after attaining age 70-1/2, not having previously elected an alternate Normal Retirement Age, the Participant's alternate Normal Retirement Age shall not be later than the age at which the Participant actually has a Severance from Employment. If the Participant will not become eligible to receive benefits under a basic defined benefit retirement plan (or money purchase pension plan, if applicable) maintained by the Employer, the Participant's alternate Normal Retirement Age may not be earlier than 60 and may not be later than age 70-1/2.

1.21 "Participant" is an Employee who elects to participate in the Plan in accordance with the provisions of Section 2.01 or an individual who has previously deferred Compensation under the Plan by a Participation Agreement and has not received a complete distribution of his/her Account.

1.22 "Participation Agreement" means the agreement to enroll and participate in the Plan that is completed by the Participant and provided to the Administrative Services Provider. The Participation Agreement is the agreement, by which the Employer reduces the Participant's Compensation for contribution to the Participant's Account.

1.23 "Plan" means the 457 plan established or continued by the Employer in the form of this Plan and (if applicable) Trust Agreement. All section references within the Plan are Plan section references unless the context clearly indicates otherwise.

1.24 "Plan Entry Date" means the date on which an Employee completes and files a Participation Agreement with the Administrative Services Provider.

1.25 "Plan Year" means the calendar year.

1.26 "Rollover Contribution" means the amount of cash or property which an eligible retirement plan described in Code §402(c)(8)(B) distributes to an eligible Employee or to a Participant in an eligible rollover distribution under Code §402(c)(4) and which the eligible Employee or Participant transfers directly or indirectly to an Eligible 457 Plan. A Rollover Contribution includes net income, gain or loss attributable to the Rollover Contribution. A Rollover Contribution excludes after-tax Employee contributions, as adjusted for net income, gain or loss.

1.27 "Salary Reduction Contribution" means a contribution the Employer makes to the Plan pursuant to a Participation Agreement.

1.28 "Service" means any period of time the Employee is in the employ of the Employer. An Employee terminates Service upon incurring a Severance from Employment.

(A) Qualified Military Service. Service includes any qualified military service the Plan must credit for contributions and benefits in order to satisfy the crediting of Service requirements of Code §414(u). A Participant whose employment is interrupted by qualified military service under Code §414(u) or who is on a leave of absence for qualified military service under Code §414(u) may elect to make additional Salary Reduction Contributions upon resumption of employment with the Employer equal to the maximum Deferral Contributions that the Participant could have elected during that period if the Participant's employment with the Employer had continued (at the same level of Compensation) without the interruption of leave, reduced by the Deferral Contributions, if any, actually made for the Participant during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave). The Employer shall make appropriate make-up Nonelective Contributions and Matching Contributions (if any are made under the Plan) for such a Participant as required under Code §414(u). The Plan shall apply limitations of Article III to all Deferral Contributions under this paragraph with respect to the year to which the Deferral Contribution relates.

(B) "Continuous Service" means Service with the Employer during which the Employee does not incur a Severance from Employment.

(C) "Severance from Employment."

(1) Employee. An Employee has a Severance from Employment when the Employee ceases to be an Employee of the Employer. A Participant does not incur a Severance from Employment if, in connection with a change in employment, the Participant's new employer continues or assumes sponsorship of the Plan or accepts a Transfer of Plan assets as to the Participant.

(2) Uniformed Services. For purposes of distributions to an individual in the uniformed services, such individual will be treated as incurring a Severance from Employment during any period the individual is performing service in the uniformed services described in Code § 3401 (h)(2)(A). However, the plan will not distribute the benefit to such an individual without that individual's consent, so long as the individual is receiving differential wage payments. If an individual elects to receive a distribution under this provision, the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

1.29 "State" means (a) one of the 50 states of the United States or the District of Columbia or (b) a political subdivision of a State, or any agency or instrumentality of a State or its political subdivision. A State does not include the federal government or any agency or instrumentality thereof.

1.30 "Taxable Year" means the calendar year or other taxable year of a Participant.

1.31 "Transfer" means a transfer of Eligible 457 Plan assets to another Eligible 457 Plan which is not a Rollover Contribution and which is made in accordance with Section 9.03.

1.32 "Trust" means the Trust created under the adopting Employer's Plan. The Trust created and established under the adopting Employer's Plan is a separate Trust, independent of the trust of any other Employer adopting this Eligible 457 Plan and is subject to Article VIII.

1.33 "Trustee" means the person or persons designated by the Employer to serve in the position of Trustee.

ARTICLE II PARTICIPATION IN PLAN

2.01 ELIGIBILITY. Each Employee becomes a Participant in the Plan as soon as he/she completes and files a Participation Agreement. If this Plan is a restated Plan, each Employee who was a Participant in the Plan on the day before the Effective Date continues as a Participant in the Plan.

ARTICLE III DEFERRAL CONTRIBUTIONS/LIMITATIONS

3.01 AMOUNT.

(A) Contribution Formula. For each Plan Year, the Employer will contribute to the Plan the amount of Deferral Contributions the Employee elects to defer under the Plan.

(B) Return of Contributions. The Employer contributes to this Plan on the condition its contribution is not due to a mistake of fact. If any Participant Salary Reduction Contribution is due to a mistake of fact, the Employer or the Trustee upon written request from the Employer will return the Participant's contribution, within one year after payment of the contribution. The Trustee may require the Employer to furnish it whatever evidence the Trustee deems necessary to enable the Trustee to confirm the amount the Employer has requested be returned is properly returnable.

(C) Time of Payment of Contribution. An Employer will deposit Salary Reduction Contributions to the Trust within a period that is not longer than is reasonable for the administration of Participant Accounts. Neither the Administrative Services Provider nor the Trustee is responsible for the delay of deposits of Salary Reduction Contributions caused by the Employer.

3.02 SALARY REDUCTION CONTRIBUTIONS. The Plan does not apply any limitations on Salary Reduction Contributions other than the limitations applicable under the Code.

(A) Deferral from Sick, Vacation and Back Pay. Participants may make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

(B) Application to Leave of Absence and Disability. The Participation Agreement will continue to apply during the Participant's leave of absence or the Participant's disability (as the Employer shall establish), if the Participant has Compensation other than imputed compensation or disability benefits.

(C) Post-severance deferrals limited to Post-Severance Compensation. Deferral Contributions are permitted from an amount received following Severance from Employment only if the amount is Post-Severance Compensation.

Post-Severance Compensation defined. Post-Severance Compensation includes the amounts described in (1) and (2) below, paid after a Participant's Severance from Employment with the Employer, but only to the extent such amounts are paid by the later of 2 1/2 months after Severance from Employment or the end of the calendar year that includes the date of such Severance from Employment.

(1) Regular pay. Post-Severance Compensation *includes* regular pay after Severance of Employment if: (i) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and (ii) the payment would have been paid to the Participant prior to a Severance from Employment if the Participant had continued in employment with the Employer.

(2) Leave cashouts. Post-Severance Compensation *includes* leave cashouts if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's Severance from Employment,

and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

(3) Salary continuation payments for military Service participants. Post-Severance Compensation includes payments to an individual who does not currently perform services for the Employer by reason of Qualified Military Service (as described in Code §414(u)(1) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering Qualified Military Service.

Limitation on Post-Severance Compensation. Any payment of Compensation paid after Severance of Employment that is not described in Section 3.02(C)(1) or 3.02(C)(2) is not Post-Severance Compensation, even if payment is made by the later of 2 1/2 months after Severance from Employment or by the end of the calendar year that includes the date of such Severance of Employment.

3.03 NORMAL LIMITATION. Except as provided in Sections 3.04 and 3.05, a Participant's maximum Deferral Contributions (excluding Rollover Contributions and Transfers) under this Plan for a Taxable Year may not exceed the lesser of: (a) The applicable dollar amount as specified under Code §457(e)(15) (or, beginning January 1, 2006) such larger amount as the Commissioner of the Internal Revenue may prescribe), or (b) 100% of the Participant's Includible Compensation for the Taxable Year.

3.04 NORMAL RETIREMENT AGE CATCH-UP CONTRIBUTION. For one or more of the Participant's last three Taxable Years ending before the Taxable Year in which the Participant attains Normal Retirement Age, the Participant's maximum Deferral Contributions may not exceed the lesser of: (a) Twice the dollar amount under Section 3.03 normal limitation, or (b) the underutilized limitation.

(A) Underutilized Limitation. A participant's underutilized limitation is equal to the sum of: (i) the normal limitation for the Taxable Year, and (ii) the normal limitation for each of the prior Taxable Years of the Participant commencing after 1978 during which the Participant was eligible to participate in the Plan and the Participant's Deferral Contributions were subject to the normal limitation or any other Code § 457(b) limit, *less* the amount of Deferral Contributions for each such prior Taxable Year, excluding age 50 catch-up contributions.

(B) Multiple 457 Plans. If the Employer maintains more than one Eligible 457 Plan, the Plans may not permit any Participant to have more than one Normal Retirement Age under the Plans.

(C) Pre-2002 Coordination. In determining a underutilized limitation, the coordination rule in effect under now repealed Code§457(c)(2) applies. Additionally, the normal limitation for pre-2002 Taxable Years is applied in accordance with Code § 457(b)(2) as then in effect.

3.05 AGE 50 CATCH-UP CONTRIBUTION. All Employees who are eligible to make Salary Reduction Contributions under this Plan and who have attained age 50 before the close of the Taxable Year are eligible to make age 50 catch-up contributions for that Taxable Year in accordance with, and subject to the limitations of Code § 414(v). Such catch-up contributions are not taken into account for purposes of the provisions of the plan implementing the required limitations of Code § 457. If, for a Taxable Year, an Employee makes a catch-up contribution under Section 3.04, the Employee is not eligible to make age 50 catch-up contributions under this Section 3.05. A catch-up eligible Participant in each Taxable Year is entitled to the greater of the amount determined under Section 3.04 or Section 3.05 catch-up amount plus the Section 3.03 normal limitation.

3.06 CONTRIBUTION ALLOCATION. The Administrative Services Provider will allocate to each Participant's Account his/her Deferral Contributions.

3.07 ALLOCATION CONDITIONS. The Plan does not impose any allocation conditions.

3.08 ROLLOVER CONTRIBUTIONS. The Plan permits Rollover Contributions.

(A) Operational Administration. The Employer, operationally and on a nondiscriminatory basis, elects to permit Rollover Contributions to this Plan. If the Employer permits Rollover Contributions, any Participant (or as applicable, any eligible Employee), with the Employer's written consent and after filing with the Trustee the form prescribed by the Administrative Services Provider, may make a Rollover Contribution to the Trust. Before accepting a Rollover

Contribution, the Trustee may require a Participant (or eligible Employee) to furnish satisfactory evidence the proposed transfer is in fact a "Rollover Contribution" which the Code permits an employee to make to an eligible retirement plan. The Trustee, in its sole discretion, may decline to accept a Rollover Contribution of property which could: (1) generate unrelated business taxable income; (2) create difficulty or undue expense in storage, safekeeping or valuation; or (3) create other practical problems for the Trust.

(B) Pre-Participation Rollover. If an eligible Employee makes a Rollover Contribution to the Trust prior to satisfying the Plan's eligibility conditions, the Administrative Services Provider and Trustee must treat the Employee as a limited Participant (as described in Rev. Rul. 96-48 or in any successor ruling). If a limited Participant has a Severance from Employment prior to becoming a Participant in the Plan, the Trustee will distribute his/her Rollover Contributions Account to the limited Participant in accordance with Article IV.

(C) Separate Accounting. If an Employer permits Rollover Contributions, the Administrative Services Provider must account separately for: (1) amounts rolled into this Plan from an eligible retirement plan (other than from another Eligible 457 plan); and (2) amounts rolled into this Plan from another Eligible 457 Plan. The Administrative Services Provider for purposes of ordering any subsequent distribution from this Plan may designate a distribution from a Participant's Rollover Contributions as coming first from either of (1) or (2) above if the Participant has both types of Rollover Contribution Accounts.

3.09 DISTRIBUTION OF EXCESS DEFERRALS. In the event that a Participant has Excess Deferrals, the Plan will distribute to the Participant the Excess Deferrals and allocable net income, gain or loss, in accordance with this Section 3.09. The Administrative Services Provider will distribute Excess Deferrals from an Eligible 457 Plan as soon as is reasonably practicable following the Administrative Services Provider's or Employer's determination of the amount of the Excess Deferral.

(A) Plan Aggregation. If the Employer maintains more than one Eligible 457 Plan, the Employer must aggregate all such Plans in determining whether any Participant has Excess Deferrals.

(B) Individual Limitation. If a Participant participates in another Eligible 457 Plan maintained by a different employer, and the Participant has Excess Deferrals, the Administrative Services Provider may, but is not required, to correct the Excess Deferrals by making a corrective distribution from this Plan.

3.10 DOLLAR LIMITS. The applicable dollar limits described in paragraph 3.03 (a) and limitations on age 50 catch-up contributions described in Section 3.05 are adjusted after 2006 for changes in the cost-of-living to the extent permitted in Code § 415(d).

ARTICLE IV

TIME AND METHOD OF PAYMENT OF BENEFITS

4.01 DISTRIBUTION RESTRICTIONS. Except as the Plan provides otherwise, the Administrative Services Provider or Trustee may not distribute to a Participant his/her Account prior to the Participant's Severance from Employment, the calendar year in which the Participant attains age 70 1/2, or such other event for which federal legislation is enacted or regulatory relief granted permitting the Plan to make distributions to qualifying Participants.

(A) Distribution of Rollover Contributions. To the extent the Employer permits Rollover Contributions (but not Transfers) to this Plan, a Participant may receive a distribution of such Rollover Contributions without regard to the restrictions found in this Section 4.01.

4.02 TIME AND METHOD OF PAYMENT OF ACCOUNT. The Administrative Services Provider, or Trustee at the direction of the Administrative Services Provider, will distribute to a Participant who has incurred a Severance from Employment the Participant's Account under one or any combination of payment methods elected by the Participant. The Participant may elect one of the following methods of payment: (1) lump sum payment, (2) partial lump sum payment, (3) installment, or (4) an annuity. In no event will the Administrative Services Provider direct (or direct the Trustee to commence) distribution, nor will the Participant elect to have distribution commence, later than the Participant's required beginning date, or under a method that does not satisfy Section 4.03. Subject to any restrictions imposed by the Participant's investment providers and the Administrative Services Provider, the Participant: (1) may elect to commence distribution no earlier than is administratively practical following Severance from Employment; (2) may elect to postpone distribution of his/her Account to any fixed or determinable date including, but not beyond, the Participant's required

beginning date; and (3) may elect the method of payment. A Participant may elect the timing and method of payment of his/her Account no later than 30 days before the date the Participant first would be eligible to commence payment of the Participant's Account. The Administrative Services Provider must furnish to the Participant a form for the Participant to elect the time and a method of payment.

4.03 REQUIRED MINIMUM DISTRIBUTIONS. The Administrative Services Provider may not distribute nor direct the Trustee to distribute the Participant's Account, nor may the Participant elect any distribution his/her Account, under a method of payment which, as of the required beginning date, does not satisfy the minimum distribution requirements of Code § 401(a)(9) or which is not consistent with applicable Treasury regulations.

(A) General Rules.

(1) Precedence. The requirements of this Section 4.03 will take precedence over any inconsistent provisions of the Plan.

(2) Requirements of Treasury Regulations Incorporated. All distributions required under this Section 4.03 will be determined and made in accordance with the Treasury regulations under Code § 401 (a)(9).

(B) Time and Manner of Distribution

(1) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) Death of Participant Before Distribution Begins. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) Spouse Designated Beneficiary. If the Participant's surviving spouse is the Participant's sole designated Beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant dies, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(b) Non-Spouse Designated Beneficiary. If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) No Designated Beneficiary. If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) Death of Spouse. If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 4.03(B)(2) other than Section 4.03(B)(2)(a), will apply as if the surviving spouse were the Participant. For purposes of this Section 4.03(B) and Section 4.03(D), unless Section 4.03(B)(2)(d) applies, distributions are considered to begin on the Participant's required beginning date. If Section 4.03(B)(2)(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), the date distributions are considered to begin is the date distributions actually commence.

(3) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 4.03(C) and 4.03(D). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 4.01(a)(9) of the Code and the Treasury regulations.

(C) Required Minimum Distributions during Participant's Lifetime.

(1) Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) ULT. The quotient obtained by dividing the Participant's account balance by the number in the Uniform Life Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's attained age as of the Participant's birthday in the distribution calendar year; or

(b) Younger Spouse. If the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(2) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section 4.03(C) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(D) Required Minimum Distributions after Participant's Death.

(1) Death On or After Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for the distribution calendar year of the Participant's death is obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant. The Participant's remaining life expectancy is calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death. For each distribution calendar year after the year of the Participant's death, the minimum amount that will be distributed is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the calendar year after the calendar year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the calendar year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death, reduced by one for each subsequent calendar year.

(2) Death before Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 4.03(D)(1).

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), this Section 4.03(D)(2) will apply as if the surviving spouse were the Participant.

(E) Definitions

(1) Designated Beneficiary. The individual who is designated as the Beneficiary under the Plan and is the designated beneficiary under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-1, Q&A-4.

(2) Distribution calendar year. A distribution calendar year means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which the

distributions are required to begin under Section 4.03(B)(2). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(3) Life expectancy. Life expectancy as computed by use of the Single Life Table in Treas. Reg. §1.401(a)(9)-9.

(4) Participant's account balance. The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any Rollover Contributions or Transfers to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(5) Required beginning date. A Participant's required beginning date is the April 1 of the calendar year following the later of: (1) the calendar year in which the Participant attains age 70 1/2, or (2) the calendar year in which the Participant retires or such other date under Code § 401(a)(9) by which required minimum distributions must commence.

(F) General 2009 waiver. The requirements of Code § 401(a)(9) and the provisions of the Plan relating thereto, will not apply for the distribution calendar year 2009.

(1) Special rule regarding waiver period. For purposes of Code § 401(a)(9) and the provisions of the Plan relating thereto: (a) the required beginning date with respect to any individual will be determined without regard to this Article IV for purposes of applying Code § 401(a)(9) for distribution calendar years other than 2009; and (b) if the 5-year rule of Code § 401(a)(9)(B)(ii) applies, the 5-year period described therein shall be determined without regard to calendar year 2009.

(2) Eligible rollover distributions. If all or any portion of a distribution during 2009 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under Code § 401(a)(9) had applied during 2009, then the Plan will not treat such distribution as an eligible rollover distribution for purposes of the direct rollover rules of Code § 401 (a)(31), the notice requirements of Code §402(f), or the 20% withholding requirement of Code §3405(c).

(3) Participant may elect. The Plan will permit an affected Participant to elect whether to receive his/her RMD distribution for 2009. If the Participant fails to notify the Administrative Services Provider of his/her waiver, the Plan will distribute the 2009 RMD to the Participant.

4.04 DEATH BENEFITS. Upon the death of the Participant, the Administrative Services Provider must pay or direct the Trustee to pay the Participant's Account in accordance with Section 4.03. Subject to Section 4.03, a Beneficiary may elect the timing and method of payment in the same manner as a Participant may elect under Section 4.02, if such elections apply. In the case of a death occurring on or after January 1, 2007, if a participant dies while performing qualified military service (as defined in Code § 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the participant had resumed and then terminated employment on account of death.

4.05 DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT. Notwithstanding the Section 4.01 distribution restrictions, the Plan permits the following in-service distributions in accordance with this Section.

(A) De minimis distribution. A Participant may elect to receive a distribution of his/her Account where: (1) the Participant's Account (disregarding Rollover Contributions) does not exceed \$5,000 (or such other amount as does not exceed the Code § 41 I (a)(11)(A) dollar amount); (2) the Participant has not made or received an allocation of any Deferral Contributions under the Plan during the two-year period ending on the date of distribution; and (3) the Participant has not received a prior distribution under this Section 4.05(B).

(C) Distribution of Rollover Contributions. A Participant may request and receive distribution of his/her Account attributable to Rollover Contributions (but not to Transfers) before the Participant has a distributable event under Section

4.01.

4.06 DISTRIBUTIONS UNDER QUALIFIED DOMESTIC RELATIONS ORDERS (QDROs). Notwithstanding any other provision of this Plan, the QDRO provisions will apply. The Administrative Services Provider (and any Trustee) must comply with the terms of a QDRO, as defined in Code §414(P), which is issued with respect to the Plan.

(A) Time and Method of Payment. This Plan specifically permits distribution to an alternate payee under a QDRO at any time, notwithstanding any contrary Plan provision and irrespective of whether the Participant has attained his/her earliest retirement age (as defined under Code § 414(p) under the Plan. Nothing in this Section 4.06 gives a Participant a right to receive distribution at a time the Plan otherwise does not permit nor authorizes the alternate payee to receive a form of payment the Plan does not permit.

(B) QDRO Procedures. Upon receiving a domestic relations order, the Administrative Services Provider promptly will notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Administrative Services Provider must determine the qualified status of the order and must notify the Participant and each alternate payee, in writing, of the Administrative Services Provider's determination. The Administrative Services Provider must provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order.

(C) Accounting. If any portion of the Participant's Account Balance is payable under the domestic relations order during the period the Administrative Services Provider is making its determination of the qualified status of the domestic relations order, the Administrative Services Provider may maintain a separate accounting of the amounts payable. If the Administrative Services Provider determines the order is a QDRO within 18 months of the date amounts first are payable following receipt of the domestic relations order, the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in accordance with the QDRO. If the Administrative Services Provider does not make its determination of the qualified status of the order within the 18-month determination period, the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in the manner the Plan would distribute if the order did not exist and will apply the order prospectively if the Administrative Services Provider later determines the order is a QDRO. To the extent it is not inconsistent with the provisions of the QDRO, the Administrative Services Provider may segregate or may direct the Trustee to segregate the QDRO amount in a segregated investment account. The Administrative Services Provider or Trustee will make any payments or distributions required under this Section 4.06 by separate benefit checks or other separate distribution to the alternate payee(s).

(D) Permissible QDROs. A domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order ("QDRO") will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the participant's death.

4.07 DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS GOVERNMENTAL PLAN.

(A) Participant Election. A Participant (including for this purpose, a former Employee) may elect, at the time and in the manner the Administrative Services Provider prescribes, to have any portion of his/her eligible rollover distribution from the Plan paid directly to an eligible retirement plan specified by the Participant in a direct rollover election. For purposes of this election, a "Participant" includes as to their respective interests, a Participant's surviving spouse and the Participant's spouse or former spouse who is an alternate payee under a QDRO.

(B) Rollover and Withholding Notice. At least 30 days and not more than 180 days prior to the Trustee's distribution of an eligible rollover distribution, the Administrative Services Provider must provide a written notice (including a summary notice as permitted under applicable Treasury regulations) explaining to the distributee the rollover option, the applicability of mandatory 20% federal withholding to any amount not directly rolled over, and the recipient's right to roll over within 60 days after the date of receipt of the distribution ("rollover notice").

(C) Non-spouse Beneficiary rollover right. A nonspouse Beneficiary who is a "designated beneficiary" under Code § 401 (a)(9)(E) and the regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his/her distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

(1) Certain requirements not applicable. Although a non-spouse Beneficiary may roll over directly a distribution, commencing with distributions after December 31, 2009, the distribution will be subject to the direct rollover requirements of Code §401 (a)(31) (including the automatic rollover provisions of Code § 401 (a)(31)(B), the notice requirements of Code § 402(f) and the mandatory withholding requirements of Code § 3405(c). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

(2) Trust Beneficiary. If the participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code § 401 (a)(9)(E).

(3) Required minimum distributions not eligible for rollover. A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Revenue Service guidance. If the participant dies before his/her required beginning date and the non-spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. §1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary's distribution.

(D) Definitions. The following definitions apply to this Section:

(1) Eligible rollover distribution. An eligible rollover distribution is any distribution of all or any portion of a Participant's Account, except an eligible rollover distribution does not include: (a) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's designated Beneficiary, or for a specified period of ten years or more; (b) any Code § 401(a)(9) required minimum distribution; (c) any unforeseeable emergency distribution; and (d) any distribution which otherwise would be an eligible rollover distribution, but where the total distributions to the Participant during that calendar year are reasonably expected to be less than \$200.

(2) Eligible retirement plan. An eligible retirement plan is an individual retirement account described in Code § 408(a), an individual retirement annuity described in Code § 408(b), an annuity plan described in Code § 403(a), a qualified plan described in Code § 401(a), an annuity contract (or custodial agreement) described in Code § 403(b), or an eligible deferred compensation plan described in Code § 457(b) and maintained by an Employer described in Code § 457(e)(1)(A), which accepts the Participant's, the Participant's spouse or alternate payee's eligible rollover distribution. For distributions made after December 31, 2007, a Participant or Beneficiary may elect to roll over directly an eligible rollover distribution to a Roth IRA described in Code § 408A(b).

(3) Direct rollover. A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

(4) Mandatory distribution. The Administrative Services Provider is directed to make a mandatory distribution, which is an eligible rollover distribution, without the Participant's consent provided that the Participant's Account is less than \$1,000. A distribution to a Beneficiary is not a mandatory distribution.

(5) 401(a)(31)(B) Effective Date. The §401(a)(31)(B) Effective Date is the date of the close of the first regular legislative session of the legislative body with the authority to amend the Plan that begins on or after January 1, 2006.

4.08 ELECTION TO DEDUCT FROM DISTRIBUTION. For distributions in taxable years beginning after December 31, 2006, an Eligible Retired Public Safety Officer may elect annually for that taxable year to have the Plan deduct an amount from a distribution which the Eligible Retired Public Safety Officer otherwise would receive and include in income. The plan will pay such deducted amounts directly to the provider as described in Section 4.08(A).

(A) Direct payment. The Plan will pay directly to the provider of the accident or health insurance plan or qualified long-term care insurance contract the amounts the Eligible Retired Public Safety Officer has elected to have deducted from the distribution. Such amounts may not exceed the lesser of \$3,000 or the amount the Participant paid for such taxable year for qualified healthcare premiums, and which otherwise complies with Code § 402(1).

(B) Definitions.

(1) Eligible retired public safety officer. An "Eligible Retired Public Safety Officer" is an individual who, by reason of disability or attainment of normal retirement age, has experienced a Severance from Employment as a Public Safety Officer with the Employer.

(2) Public safety officer. A "Public Safety Officer" has the same meaning as in § 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. § 3796b(9)(A)).

(3) Qualified health insurance premiums. The term "qualified health insurance premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his/her spouse, and dependents, by an accident or health plan or qualified long-term care insurance contract (as defined in Code § 7702B(b)).

ARTICLE V

ADMINISTRATIVE SERVICES PROVIDER DUTIES

5.01 TERM / VACANCY. The Administrative Services Provider will serve until his/her successor is appointed. In case the Employer has not appointed a successor Administrative Services Provider, the Employer will exercise any and all duties of the Administrative Services Provider pending the filling of the vacancy.

5.02 DUTIES. The Administrative Services Provider will have the following duties:

(A) To create administrative forms necessary for the proper and efficient administration of the Plan provided the forms are not inconsistent with the terms of the Plan;

(B) To enforce the terms of the Plan and its procedures, including this document and such other documents related to the Plan's operation;

(C) To make, at the direction of the Participant or Beneficiary or pursuant to Section 4.07(D)(4), distributions of an Account;

(D) To review in accordance with the Plan's procedures respecting a claim for (or denial of a claim for) a benefit under the Plan;

(E) To furnish the Employer with information which the Employer may require for tax or other purposes;

(F) To accept Deferral Contributions, Employer Contributions, and Rollover Contributions;

(G) To accept Transfers;

(H) To accept Participant or, in the case of a deceased Participant, Beneficiary direction of investment;

(I) To comply with any reporting and disclosure rules applicable to the Plan;

(J) To make loans to Participants if elected by the Employer;

(K) To appoint agents to act for and in performing its third party administrative services to the Plan; and

(L) To undertake any other action the Administrative Services Provider deems reasonable or necessary to provide third party administrative services to the Plan.

5.03 LOANS TO PARTICIPANTS. The Employer may elect to permit the Administrative Services Provider and/or Trustee to make Plan loans to Participants by executing a participant loan program document with the Administrative Services Provider. Any loan by the Plan to a Participant shall be made in compliance with Code § 72(P). If Plan loans are permitted, the Administrative Services Provider, with the approval and direction of the Employer, may establish, amend or terminate from time to time, nondiscriminatory administrative procedures for administering loans. Such loan procedures must be a written document and must include: (1) the procedure for applying for a loan; (2) the criteria for approving or denying a loan; (3) the limitations, if any, on the types and amounts of loans available; and (4) the events constituting default and the steps the Plan will take to preserve Plan assets in the event of default. Any administrative procedures adopted under this Section 5.03 shall be construed as part of the Plan.

5.04 INDIVIDUAL ACCOUNTS / RECORDS. The Administrative Services Provider will maintain a separate Account in the name of each Participant to reflect the value of the Participant's Deferred Compensation under the Plan.

5.05 VALUE OF PARTICIPANT'S ACCOUNT. The value of each Participant's Account consists of his/her accumulated Deferred Compensation, as of the most recent Accounting Date or any later date as the Administrative Services Provider may determine.

5.06 ALLOCATION OF NET INCOME, GAIN OR LOSS. As of each Accounting Date (and each other valuation date determined under Section 5.04), the Administrative Services Provider will adjust Accounts to reflect net income, gain or loss, if any, since the last Accounting Date or Account valuation. The Administrative Services Provider will continue to allocate net income, gain and loss to a Participant's Account subject to an installment distribution, until the Account is fully distributed.

5.07 ACCOUNT CHARGED. The Administrative Services Provider will charge all distributions made to a Participant or to his/her Beneficiary, or transferred under Section 9.03 from his/her Account, against the Account of the Participant when made.

5.08 PARTICIPANT DIRECTION OF INVESTMENT. Subject to the terms and conditions required by the Administrative Services Provider and the Trustee, if any, a Participant will have the right to direct the investment or re-investment of the assets comprising the Participant's Account. The Administrative Services Provider will account separately for the Participant-directed Accounts. The Participant's right to direct investment does not give the Participant any vested interest or secured or preferred position with respect to assets over which he/she has investment responsibility.

5.09 VESTING / SUBSTANTIAL RISK OF FORFEITURE. Each Participant's Account will be immediately 100% vested.

5.10 PRESERVATION OF ELIGIBLE PLAN STATUS. The Employer may take any such necessary and appropriate action to preserve the status of the Plan as an Eligible 457 Plan.

5.11 LIMITED LIABILITY. The Employer will not be liable to pay plan benefits to a Participant in excess of the value of the Participant's Account as the Administrative Services Provider determines in accordance with the Plan terms. The Employer, the Administrative Services Provider, or the Trustee will not be liable for losses arising from depreciation or shrinkage in the value of any investments acquired under this Plan.

5.12 LOST PARTICIPANTS. If the Administrative Services Provider is unable to locate any Participant or Beneficiary whose Account becomes distributable (a "lost Participant"), the Administrative Services Provider will apply the provisions of this Section 5.12.

(A) Attempt to Locate. The Administrative Services Provider will attempt to locate a lost Participant and may use one or more of the following methods: (1) provide a distribution notice to the lost Participant at his/her last known address by certified or registered mail; (2) use the IRS letter forwarding program under Rev. Proc. 94-22; (3) use a commercial locator service, the internet or other general search method; (4) use the Social Security Administration or PBGC search program; or (5) use such other methods as the Administrative Services Provider believes prudent.

(B) Failure to Locate. If a lost Participant is not located after 6 months following the date the Administrative Services Provider first attempts to locate the lost Participant using one or more of the methods described in Section 5.12(A), the Administrative Services Provider may employ the unclaimed property processes of the state of the lost Participant's last known address. Neither the Administrative Services Provider nor the Trustee shall be responsible for restoring the Account (including potential gains) if a lost Participant whose Account was deposited with a state later makes a claim for his/her Account.

(C) Nonexclusivity and Uniformity. The provisions of this Section 5.12 are intended to provide permissible but not exclusive means for the Administrative Services Provider to administer the Accounts of lost Participants. The administrative Services Provider may utilize any other reasonable method to locate lost Participants and to administer the Accounts of lost Participants, including such methods as the Revenue Service or other regulatory agency may in the future specify. The Administrative Services Provider will apply Section 5.12 in a reasonable manner, but may in determining a specific course of action as to a particular Account, reasonably take into account differing circumstances such as the amount of a lost Participant's Account, the expense in attempting to locate a lost Participant, the Administrative Services Provider's ability to establish and the expense of establishing a rollover IRA, and other factors. The Administrative Services Provider may charge to the Account of a lost Participant the reasonable expenses incurred under this Section 5.12 and which are associated with the lost Participant's Account.

5.13 PLAN CORRECTION. The Administrative Services Provider, as directed by the Employer, may undertake such correction of Plan errors as the Employer deems necessary, including but not limited to correction to maintain the Plan's status as an "eligible deferred compensation plan" under the Code.

ARTICLE VI PARTICIPANT ADMINISTRATIVE PROVISIONS

6.01 BENEFICIARY DESIGNATION. A Participant from time to time may designate, in writing, any person(s) (including a trust or other entity), contingently or successively, to whom the Administrative Services Provider or Trustee will pay the Participant's Account (including any life insurance proceeds payable to the Participant's Account) in the event of death. A Participant also may designate the method of payment of his/her Account. The Administrative Services Provider will prescribe the form for the Participant's written designation of Beneficiary and, upon the Participant's filing the form with the Administrative Services Provider, the form revokes all designations filed prior to that date by the same Participant. Provided the Administrative Services Provider has been provided reasonable notice thereof, a divorce decree, or a decree of legal separation, revokes the Participant's designation, if any, of his/her spouse as his/her Beneficiary under the Plan unless: (a) the decree or a QDRO provides otherwise; or (b) the Participant has re-designated his/her former spouse as Beneficiary following the date of the divorce decree, or other decree of legal separation. The foregoing revocation provision (if applicable) applies only with respect to a Participant whose divorce or legal separation becomes effective on or following the date the Employer executes the Plan.

6.02 NO BENEFICIARY DESIGNATION. If a Participant fails to name a Beneficiary in accordance with Section 6.01, or if the Beneficiary named by a Participant predeceases the Participant, then the Administrative Services Provider will pay the Participant's remaining Account to the Participant's estate. If the Beneficiary survives the Participant, but dies prior to distribution of the Participant's entire Account, the Trustee will pay the remaining Account to the Beneficiary's estate unless: (1) the Participant's Beneficiary designation provides otherwise; or (2) the Beneficiary has properly designated a Beneficiary. A Beneficiary only may designate a Beneficiary for the Participant's Account Balance remaining at the Beneficiary's death, and the Beneficiary's designation otherwise complies with the Plan terms. The Administrative Services Provider will direct a Trustee if applicable as to the method and to whom the Trustee will make payment under this Section 6.02.

6.03 PARTICIPATION AGREEMENT.

(A) General. A Participant must elect to make Salary Reduction Contributions on a Participation Agreement form the Administrative Services Provider provides for this purpose. The Participation Agreement must be consistent with the procedures of the Administrative Services Provider. The Participation Agreement may impose such other terms and limitations as the Employer or Administrative Services Provider may determine.

(B) Election Timing. A Participation Agreement may not take effect earlier than the first day of the calendar month following the date the Participant executes the Participation Agreement and as to Compensation paid or made available in such calendar month. However, if an Employee is eligible to become a Participant during the employee's calendar month of hire, the Employee may execute a Participation Agreement on or before the date he/she becomes an Employee, effective for the month in which he/she becomes an Employee.

(C) Sick, Vacation and Back Pay. If the Employer adopts a policy that permits Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay, or from back pay, a Participant who

will incur a Severance from Employment may execute a Participation Agreement before such amounts are paid or made available provided: (i) such amounts are paid or made available before the Participant incurs the Severance; and (ii) the Participant is an Employee in that month.

(D) **Modification of Participation Agreement.** A Participation Agreement remains in effect until a Participant modifies it or ceases to be eligible to participate in the Plan. A Participant may modify his/her Participation Agreement by executing a new Participation Agreement. Any modification will become effective no earlier than the beginning of the calendar month commencing after the date the Participant executes the new Participation Agreement. Filing a new Participation Agreement will revoke all Participation Agreements filed prior to that date. The Employer or Administrative Services Provider may restrict the Participant's right to modify his/her Participation Agreement in any Taxable Year.

6.04 PERSONAL DATA TO ADMINISTRATIVE SERVICES PROVIDER. Each Participant and each Beneficiary of a deceased Participant must furnish to the Administrative Services Provider such evidence, data or information as the Administrative Services Provider considers necessary or desirable for the purpose of administering the Plan. The provisions of this Plan are effective for the benefit of each Participant upon the condition precedent that each Participant will furnish promptly full, true and complete evidence, data and information when requested by the Administrative Services Provider, provided the Administrative Services Provider advises each Participant of the effect of his failure to comply with its request.

6.05 ADDRESS FOR NOTIFICATION. Each Participant and each Beneficiary of a deceased Participant must file with the Administrative Services Provider from time to time, in writing, his/her address and any change of address. Any communication, statement or notice addressed to a Participant, or Beneficiary, at his/her last address filed with the Administrative Services Provider, or as shown on the records of the Employer, binds the Participant, or Beneficiary, for all purposes of this Plan.

6.06 PARTICIPANT OR BENEFICIARY INCAPACITATED. If evidence is submitted to the Administrative Services Provider which supports an opinion that a Participant or Beneficiary entitled to a Plan distribution is not able to care for his/her affairs because of a mental condition, a physical condition, or by reason of age, the Administrative Services Provider or the Trustee may make the distribution to the Participant's or Beneficiary's guardian, conservator, trustee, custodian (including under a Uniform Transfers or Gifts to Minors Act) or to his/her attorney-in-fact or to other legal representative upon furnishing evidence of such status satisfactory to the Administrative Services Provider and to the Trustee. The Administrative Services Provider and the Trustee do not have any liability with respect to payments so made and neither the Administrative Services Provider nor the Trustee has any duty to make inquiry as to the competence of any person entitled to receive payments under the Plan.

ARTICLE VII MISCELLANEOUS

7.01 NO ASSIGNMENT OR ALIENATION. A Participant or Beneficiary does not have the right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments under the Plan or Trust and the Administrative Services Provider and the Trustee will not recognize any such anticipation, assignment, or alienation. The payments and the rights under this Plan are non-assignable and nontransferable. Subject to Section 8.15, a Participant's or Beneficiary's interest in the Trust is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

7.02 EFFECT ON OTHER PLANS. This Plan does not affect benefits under any other retirement, pension, or benefit plan or system established for the benefit of the Employer's Employees, and participation under this Plan does not affect benefits receivable under any such plan or system, except to the extent provided in such plan or system.

7.03 WORD USAGE. Words used the masculine will apply to the feminine where applicable, and wherever the context of the Plan dictates, the plural will be read as the singular and the singular as the plural.

7.04 STATE LAW. The laws of the state of Illinois will determine *all* questions arising with respect to the provisions of this Prototype Plan, except to the extent Federal law supersedes State law.

7.05 EMPLOYMENT NOT GUARANTEED. Nothing contained in this Plan, or any modification or amendment to the Plan, or in the creation of any Account, or the payment of any benefit, gives any Employee, Participant or Beneficiary any right to continue employment, any legal or equitable right against the Employer, the Administrative Services Provider, the Trustee, any other Employee of the Employer, or any agents thereof except as expressly provided by the Plan.

7.06 NOTICE, DESIGNATION, ELECTION, CONSENT AND WAIVER. All notices under the Plan and all Participant or Beneficiary designations, elections, consents or waivers must be in writing and made in a form acceptable to the Administrative Services Provider. To the extent permitted by Treasury regulations or other applicable guidance, any Plan notice, election, consent or waiver may be transmitted electronically. Any person entitled to notice under the Plan may waive the notice or shorten the notice period except as otherwise required by the Code.

7.07 LIMITATIONS ON TRANSFERS AND EXCHANGES. The Employer and the Administrative Services Provider may adopt procedures to govern Participant elections and directions concerning a Participant's, Beneficiary's, or Alternate Payee's investment specifications and may impose limitations on transfers and exchanges from one investment option with the Plan to another. These procedures shall be in addition to any established by investment providers to the Plan. The Employer and the Administrative Services Provider may decline to implement any investment instructions for a Participant, Beneficiary, or Alternate Payee where either deems appropriate.

7.08 EMPLOYER RESPONSIBILITY FOR DISTRIBUTION OF PLAN RELATED INFORMATION. The Employer will distribute all Plan related amendments, restated plan documents, and deferred compensation plan tax related documentation to the Administrative Services Providers when there are multiple Administrative Services Providers of the Plan.

7.09 USE OF PLAN ASSETS THAT ARE NOT ATTRIBUTABLE TO AN ACCOUNT. If the Plan receives money that is not attributable to an Account, then the Employer will direct the Administrative Services Provider as to the use of these amounts. Examples include, but are not limited to, money received by the Plan as part of a settlement, litigation award or fee reimbursement. The Employer may use these amounts to offset Plan expenses or may allocate these amounts to Participants or as it deems appropriate.

ARTICLE VIII TRUST PROVISIONS

8.01 APPLICATION. The provisions of this Article VIII apply only if the Employer has not elected to substitute another trust, custodial accounts or annuity contracts in lieu of the Trust established under this Article VIII.

8.02 ACCEPTANCE / HOLDING. The Trustee accepts the Trust created under the Plan and agrees to perform the duties and obligations imposed. The Trustee must hold in trust under this Article VIII, all Deferred Compensation until paid in accordance with the Plan terms.

8.03 RECEIPT OF CONTRIBUTIONS. The Trustee is accountable to the Employer for the funds contributed to it by the Employer or the Administrative Services Provider, but the Trustee does not have any duty to see that the contributions received comply with the provisions of the Plan.

8.04 FULL INVESTMENT POWERS. The Trustee is authorized and empowered, but not by way of limitation, to exercise and perform the following duties:

(A) To invest any part or all of the Trust in any common or preferred stocks, open-end or closed-end mutual funds, put and call options traded on a national exchange, United States retirement plan bonds, corporate bonds, debentures, convertible debentures, commercial paper, U. S. Treasury bills, U. S. Treasury notes and other direct or indirect obligations of the United States Government or its agencies, improved or unimproved real estate situated in the United States, limited partnerships, insurance contracts of any type, mortgages, notes or other property of any kind, real or personal, and to buy or sell options on common stock on a nationally recognized options exchange with or without holding the underlying common stock, as a prudent person would do under like circumstances. Any investment made or retained by the Trustee in good faith will be proper but must be of a kind constituting a diversification considered by law suitable for trust investments;

(B) To retain in cash so much of the Trust as it may deem advisable to satisfy liquidity needs of the Plan and to deposit any cash held in the Trust in a bank account at reasonable interest;

(C) To invest, if the Trustee is a bank or similar financial institution supervised by the United States or by a State, in any type of deposit of the Trustee (or a bank related to the Trustee within the meaning of Code §414(b)) at

a reasonable rate of interest or in a common trust fund as described in Code §584, or in a collective investment fund, the provisions of which the Trust incorporates by this reference, which the Trustee (or its affiliate, as defined in Code § 1504) maintains exclusively for the collective investment of money contributed by the bank (or its affiliate) in its capacity as Trustee and which conforms to the rules of the Comptroller of the Currency;

(D) To manage, sell, contract to sell, grant options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in such manner, for such considerations and on such terms and conditions as the Trustee decides;

(E) To credit and distribute the Trust as directed by the Administrative Services Provider of the Plan. The Trustee will not be obliged to inquire as to whether any payee or distributee is entitled to any payment or whether the distribution is proper or within the terms of the Plan, or as to the manner of making any payment or distribution. The Trustee will be accountable only to the Administrative Services Provider for any payment or distribution made by it in good faith on the order or direction of the Administrative Services Provider;

(F) To borrow money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge;

(G) To compromise, contest, arbitrate or abandon claims and demands;

(H) To have with respect to the Trust all of the rights of an individual owner, including the power to exercise any and all voting rights associated with Trust assets, to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations, to tender shares and to exercise or sell stock subscriptions or conversion rights;

(I) To lease for oil, gas and other mineral purposes and to create mineral severances by grant or reservation; to pool or unitize interest in oil, gas and other minerals; and to enter into operating agreements and to execute division and transfer orders;

(J) To hold any securities or other property in the name of the Trustee or its nominee, with depositories or agent depositories or in another form as it may deem best, with or without disclosing the trust relationship;

(K) To perform any and all other acts in its judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust;

(L) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes a final adjudication;

(M) To file all tax returns required of the Trustee;

(N) To furnish to the Employer and the Administrative Services Provider an annual statement of account showing the condition of the Trust and all investments, receipts, disbursements and other transactions effected by the Trustee during the Plan Year covered by the statement and also stating the assets of the Trust held at the end of the Plan Year, which accounts will be conclusive on all persons, including the Employer and the Administrative Services Provider, except as to any act or transaction concerning which the Employer or the Administrative Services Provider files with the Trustee written exceptions or objections within 90 days after the receipt of the accounts; and

(O) To begin, maintain or defend any litigation necessary in connection with the administration of the Trust, except that the Trustee will not be obliged or required to do so.

8.05 RECORDS AND STATEMENTS. The records of the Trustee pertaining to the Trust will be open to the inspection of the Employer at all reasonable times and may be audited from time to time by any person or persons as the Employer may specify in writing. The Trustee will furnish the Administrative Services Provider whatever information relating to the Trust the Administrative Services Provider considers necessary.

8.06 FEES AND EXPENSES FROM FUND. The Trustee will receive reasonable annual compensation in accordance with its fee schedule as published from time to time. The Trustee will pay from the Trust all fees and expenses the Trustee reasonably incurs in its administration of the Trust, unless the Employer pays the fees and expenses.

8.07 PROFESSIONAL AGENTS. The Trustee may employ and pay from the Trust reasonable compensation to agents, attorneys, accountants and other persons to advise the Trustee as in its opinion may be necessary. The Trustee may delegate to any agent, attorney, accountant or other person selected by it any non-Trustee power or duty vested in it by the Trust, and the Trustee may act or refrain from acting on the advice or opinion of any agent, attorney, accountant or other person so selected.

8.08 DISTRIBUTION OF CASH OR PROPERTY. The Trustee may make distribution under the Plan in cash or property, or partly in each, at its fair market value as determined by the Trustee.

8.09 RESIGNATION AND REMOVAL. The Trustee or the Custodian may resign its position by giving written notice to the Employer and to the Administrative Services Provider. The Trustee's notice must specify the effective date of the Trustee's resignation, which date must be at least 30 days following the date of the Trustee's notice, unless the Employer consents in writing to shorter notice. The Employer may remove a Trustee or a Custodian by giving written notice to the affected party. The Employer's notice must specify the effective date of removal which date must be at least 30 days following the date of the Employer's notice, except where the Employer reasonably determines a shorter notice period or immediate removal is necessary to protect Plan assets.

8.10 SUCCESSOR TRUSTEE.

(A) Appointment. In the event of the resignation or the removal of a Trustee, where no other Trustee continues to service, the Employer must appoint a successor Trustee if it intends to continue the Plan. If two or more persons hold the position of Trustee, in the event of the removal of one such person, during any period the selection of a replacement is pending, or during any period such person is unable to serve for any reason, the remaining person or persons will act as the Trustee. If the Employer fails to appoint a successor Trustee as of the effective date of the Trustee resignation or removal and no other Trustee remains, the Trustee will treat the Employer as having appointed itself as Trustee and as having filed the Employer's acceptance of appointment as successor Trustee with the former Trustee.

(B) Automatic Successor. Any corporation which succeeds to the trust business of the Trustee, or results from any merger or consolidation to which the Trustee is a party, or is the transferee of substantially all the Trustee's assets, will be the successor to the Trustee under this Trust. The successor Trustee will possess all rights, duties and powers under this Trust as if the successor Trustee were the original Trustee. Neither the Trustee nor the successor Trustee need provide notice to any interested person of any transaction resulting in a successor Trustee. The successor Trustee need not file or execute any additional instrument or perform any additional act to become successor Trustee.

8.11 VALUATION OF TRUST. The Trustee will value the Trust as of each Accounting Date to determine the fair market value of the Trust assets. The Trustee will value the Trust on such other date(s) the Administrative Services Provider may direct.

8.12 PARTICIPANT DIRECTION OF INVESTMENT. Consistent with the Administrative Services Provider's policy adopted under Section 5.02(i), the Trustee may consent in writing to permit Participants in the Plan to direct the investment to the Trust assets. The Administrative Services Provider will advise the Trustee of the portion of the Trust credited to each Participant's Account under the Plan, and subject to such Participant direction. As a condition of Participant direction, the Trustee may impose such conditions, limitations and other provisions as the Trustee may deem appropriate and as are consistent with the Administrative Services Provider's policy. The Trustee will report to

the Administrative Services Provider the net income, gain or losses incurred by each Participant directed Account separately from the net income, gain or losses incurred by the general Trust during the Trust Year.

8.13 **THIRD PARTY RELIANCE.** No person dealing with the Trustee will be obliged to see to the proper application of any money paid or property delivered to the Trustee, or to inquire whether the Trustee has acted pursuant to any of the terms of the Trust. Each person dealing with the Trustee may act upon any notice, request or representation in writing by the Trustee, or by the Trustee's duly authorized agent, and will not be liable to any person whomsoever in so doing. The certificate of the Trustee that it is acting in accordance with the Trust will be conclusive in favor of any person relying on the certificate.

8.14 **INVALIDITY OF ANY TRUST PROVISION.** If any clause or provision of this Article VIII proves to be or is adjudged to be invalid or void for any reason, such void or invalid clause or provision will not affect any of the other provisions of this Article VIII and the balance of the Trust provisions will remain operative.

8.15 **EXCLUSIVE BENEFIT.** The Trustee will hold all the assets of the Trust for the exclusive benefit of the Participants and their Beneficiaries and neither the Employer nor the Trustee will use or divert any part of the corpus or income of the Trust for purposes other than the exclusive benefit of the Participants and Beneficiaries of the Plan. The Employer will not have any right to the assets held by the Trustee and the Trust assets will not be subject to the claims of the Employer's creditors or, except as provided in Section 4.06, of the creditors of any Participant or Beneficiary. No Participant or Beneficiary shall have any right to sell, assign, transfer or otherwise convey his/her Account or any interest in his/her Deferred Compensation. Notwithstanding the foregoing, the Administrative Services Provider may pay from a Participant's or Beneficiary's Account the amount the Administrative Services Provider finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary. The Trust created under the Employer's Plan is irrevocable and its assets will not inure to the benefit of the Employer.

8.16 **SUBSTITUTION OF CUSTODIAL ACCOUNT OR ANNUITY CONTRACT.** The Employer may elect to use one or more custodial accounts or annuity contracts in lieu of or in addition to the Trust established in this Article VIII. Any such custodial account or annuity contract must satisfy the requirements of Code §457(g)(3) and applicable Treasury regulations.

8.17 **GROUP TRUST AUTHORITY.** Notwithstanding any contrary provision in this Plan, the Trustee may, unless restricted in writing by the Administrative Services Provider, transfer assets of the plan to a group trust that is operated or maintained exclusively for the commingling and collective investment of monies provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under Code section 401(a), individual retirement accounts that are exempt under Code section 408(e), and eligible governmental plans that meet the requirements of Code section 457(b). For this purpose, a trust includes a custodial account that is treated as a trust under Code section 401(f) or under Code section 457(g)(3). For purposes of valuation, the value of the interest maintained by the Plan in such group trust shall be the fair market value of the portion of the group trust held for Plan, determined in accordance with generally recognized valuation procedures.

ARTICLE IX

AMENDMENT, TERMINATION, TRANSFERS

9.01 **AMENDMENT BY EMPLOYER /SPONSOR.** The Employer has the right at any time and from time to time: (a) To amend this Plan and Trust Agreement in any manner it deems necessary or advisable in order to continue the status of this Plan as an Eligible 457 Plan; and (b) To amend this Plan and Trust Agreement in any other manner, including deletion, substitution or modification of any Plan or Trust.

The Employer must make all amendments in writing. The Employer may amend the Plan by addenda, by separate amendment, or by restatement of the Plan. Each amendment must state the date to which it is either retroactively or prospectively effective. The Employer also may not make any amendment that affects the rights, duties or responsibilities of the Trustee or the Administrative Services Provider without the written consent of the affected Trustee or the Administrative Services Provider. The Employer will accept amendments from the Administrative Services Provider (including adoption of a substitute Plan and Trust) without being required to re-execute the Plan, provided that the amendments are necessary to continue the Plan as an Eligible 457 Plan.

9.02 TERMINATION /FREEZING OF PLAN. The Employer has the right, at any time, to terminate this Plan or to cease (freeze) further Deferral Contributions to the Plan. Upon termination or freezing of the Plan, the provisions of the Plan (other than provisions permitting continued Deferral Contributions) remain operative until distribution of all Accounts. Upon Plan termination, the Administrative Services Provider or Trustee shall distribute to Participants and Beneficiaries all Deferred Compensation as soon as is reasonably practicable following termination.

9.03 TRANSFERS. The Plan: (a) may accept a Transfer of a Participant's Account in another employer's Eligible 457 Plan; or (b) may Transfer a Participant's (or Beneficiary's) Account in this Plan to the another employer's Eligible 457 Plan. The other plan involved in the Transfer must provide for Transfers. The Participant or Beneficiary, after the Transfer will have Deferred Compensation in the recipient plan at least equal to his/her Deferred Compensation in the transferring plan immediately before the Transfer. Any Transfer also must comply with applicable Treasury regulations, and in particular Treas. Reg. §§1.457-10(b)(2) as to post-severance transfers between Eligible 457 Plans; 1.457-10(b)(3) as to transfers of all assets between Eligible 457 Plans; and 1.457-10(b)(4) as to transfers between Eligible 457 Plans of the same Employer. The Administrative Services Provider will credit any Transfer accepted under this Section 9.03 to the Participant's Account and will treat the transferred amount as a Deferral Contribution for all purposes of this Plan except such Transfer will not be treated as a Deferral Contribution subject to the limitations of Article III. The Plan's Transfer of any Participant's or Beneficiary's Account under this Section 9.03 completely discharges the Employer, the Administrative Services Provider, the Trustee and the Plan from any liability to the Participant or Beneficiary for any Plan benefits.

9.04 PURCHASE OF PERMISSIVE SERVICE CREDIT. A Participant, prior to otherwise incurring a distributable event under Article IV, may direct the Trustee to transfer (as of January 1, 2002, or later) all or a portion of his/her Account to a governmental defined benefit plan (under Code §414(d) for: (a) the purchase of permissive service credit (under Code §415(n)(3)(A)» under such plan, or (b) the repayment of contributions and earnings previously refunded with respect to a forfeiture of service credited under the plan (or under another governmental plan within the same State) to which Code §415 does not apply by reason of Code §415(k)(3).

(11-07-08) (Policy on Electronic Submission of Data/Electronic Signatures) General Counsel presented a Policy on Electronic Submission of Data/Electronic Signatures to the Board for approval.

She reported that Illinois law would allow IMRF to accept any of its required forms or information electronically per the Electronic Commerce Security Act, which was adopted in 1999.

General Counsel stated IMRF has cautiously moved to the internet for data collection and certain transactions with employers and members, and is now ready to accept most required information and applications from its members electronically.

After questions and discussion, it was moved by Ms. Faklis, seconded by Ms. Copper, to adopt the following Policy on Electronic Submission of Data/Electronic Signatures:

* *

WHEREAS, section 7-198 of the Illinois Pension Code authorizes the Board of Trustees of the Illinois Municipal Retirement Fund to establish rules necessary or desirable for the efficient administration of the Fund; and

WHEREAS, the Electronic Commerce Security Act (5 ILCS 175/1-101 *et seq.*) provides that where a rule of law requires information to be "written" or "in writing," an electronic record satisfies that rule of law; and

WHEREAS, the Electronic Commerce Security Act provides that where a rule of law requires a signature, an electronic signature satisfies that rule of law; and

WHEREAS, the Electronic Commerce Security Act authorizes local government agencies to accept signatures, required data, and documents in electronic format; and

WHEREAS, IMRF has established a Secure Employer Access website and a Secure Employee Access website capable of securely receiving and transmitting information and documents; and

WHEREAS, accepting and transmitting data and documents via these Secure Access websites is convenient, efficient, and accurate; and

WHEREAS, the Board of Trustees has determined that administrative efficiencies and cost savings can be achieved if IMRF accepts all required data from its participating employers and members electronically via the Secure Access websites.

NOW THEREFORE BE IT RESOLVED that all data required from IMRF participating members, including but not limited to, applications for benefits and beneficiary designations, may be filed and accepted electronically, via the IMRF Secure Member Access website, in the format and at the time as provided for by IMRF.

BE IT FURTHER RESOLVED that all data required from IMRF participating employers may be filed and accepted electronically, via the IMRF Secure Employer Access website, in the format and at the time as provided for by IMRF.

Vote: Unanimous Voice Vote
Absent: Rademacher

(11-07-09) (Litigation Update) The following is an update of the currently pending litigation:

STEVENS vs. VILLAGE OF OAK BROOK, et al.

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

Status: The case will now proceed to the discovery phase, with a trial in the summer of 2011. IMRF has responded to a subpoena for records from the Village.

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: A pretrial hearing date has been set for August 31, 2011.

WABASH COUNTY, ILLINOIS vs. IMRF, et al.

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

Status: Case is set for status on September 8, 2011. Discussions regarding this matter and the need for an additional BRC hearing are ongoing with all parties.

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

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

Status: Appearance and motion to dismiss filed on behalf of IMRF on July 6, 2011.

(11-07-10) (Report of Executive Director)

Investments

The market value of the Fund's investment portfolio, including short-term investments, but excluding disposition costs, totaled \$26.6 billion on May 31, 2011. This was a decrease of \$81.4 million from the market value as of April 30, 2011.

Fixed income investments of \$1,807.1 million were made in May. The market value of fixed income investment managers totaled \$6,654.7 million.

Domestic equity investments of \$1,184.5 million were made in May. The market value of domestic equity investment managers totaled \$11,270.7 million.

International equity investments of \$654.9 million, net of repurchase transactions of \$137.2 million, were made in May. The market value of international equity investment managers totaled \$6,830.1 million.

The market value of real estate investment managers totaled \$538.3 million.

The market value of alternative investment managers totaled \$1,019.8 million.

The market value of cash equivalents totaled \$312.6 million.

Representation of IMRF

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

Executive Search - CIO

The Executive Director discussed some pending issues with the Board regarding the collaborative group effort required in hiring the new CIO.

After questions and discussion, it was the consensus of the Board that:

1. The CIO will report to the Executive Director.
2. Trustees Stafford and Shoop will represent the Board during the first round of interviews.
3. The Executive Director will make the final decision in selecting the new CIO.

Quarterly Strategic Objectives Report

The Executive Director updated the Board on the second Quarter 2011 Strategic Objectives.

Quarterly Compliance Certification

The Executive Director stated IMRF has been in compliance with the applicable Statutes and Regulations and the IMRF Ethics Code and Travel Policy during the 2nd Quarter 2011.

2011 Board of Trustee Roundtable Update

The Deputy Executive Director reviewed an updated agenda for the Board's September 22, 2011 Roundtable.

(11-07-11) (Trustee Forum) The Chair reported the following Trustees requested authorization from the Board for the following conference(s):

Gwen Henry "57th Annual Employee Benefits Conference"
IFEBP
October 30, 2011 - November 2, 2011
New Orleans, LA

Martha H. Rademacher "57th Annual Employee Benefits Conference"
IFEBP
October 30, 2011 - November 2, 2011
New Orleans, LA

It was moved by Ms. Thompson seconded by Mr. Piechocinski, to approve the above Trustee requests.

Vote: Unanimous Voice Vote
Absent: Rademacher

(11-07-12) (Executive Director Performance Review) The Board met with the Executive Director to conduct his Performance Review.

It was moved by Mr. Stafford, seconded by Ms. Copper, to authorize a 3.5% increase in compensation for the Executive Director for the period July 1, 2011 through June 30, 2012.

The motion carried with a vote of six ayes, one nay, and one absent.

(11-07-13) (Adjournment) It was moved by Ms. Henry, seconded by Ms. Copper, to adjourn the Board Meeting at 11:05 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on August 26, 2011.

Vote: Unanimous Voice Vote
Absent: Rademacher

President

Date

Secretary

Date

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