

ILLINOIS MUNICIPAL RETIREMENT FUND  
MINUTES OF  
REGULAR MEETING NO. 12-08  
AUGUST 24, 2012



ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 12-08

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m., August 24, 2012, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Ms. Henry presided as Chair and called the meeting to order.

Ms. Enright called the roll:

Present: Thompson, Faklis, Henry, Nannini, Piechocinski, Stulir

Ms. Copper was present via telephone.

Absent: Stafford

Ms. Becker-Wold and Mr. Ball from Callan Associates, Mr. Moss from Seyfarth Shaw LLP., and representatives from Cabrera Capital Markets, Cheevers & Company and the Service Employees International Union (SEIU) were also present.

(12-08-01)(2nd Quarter Investment Performance Report) Ms. Becker-Wold of Callan and Associates gave an evaluation of IMRF's investment performance for the quarter ending June 30, 2012.

The report was followed by discussion from Board Members.

(12-08-02) (Investment Manager Activities - Callan and Associates) Mr. Ball gave the following report to the Board on the activities of IMRF's investment managers:

July 31, 2012



**Illinois Municipal  
Retirement Fund  
Monthly Performance Report**

**Investment Measurement Service  
Monthly Review**

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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 2012 by Callan Associates Inc.

**Major Market Returns**

**Returns**

**for Periods Ended July 31, 2012**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	1.01	10.51	7.44	14.43	1.49	7.13
Russell:1000 Index	1.19	10.68	7.96	14.26	1.26	6.66
Russell:Midcap Index	0.23	8.22	2.28	16.20	1.87	9.60
Russell:2000 Index	(1.38)	7.03	0.19	13.71	1.69	8.62
MSCI:ACWI ex US	1.44	4.62	(11.73)	4.63	(3.85)	8.46
MSCI:EAFE US\$	1.13	4.13	(11.45)	3.31	(5.61)	6.36
MSCI:Emer Markets	2.02	6.22	(13.64)	6.94	(0.43)	15.56
Barclays Aggregate Index	1.38	3.78	7.25	6.85	6.91	5.65
NCREIF:Total Index	0.89	6.27	11.81	9.55	2.45	8.32
NAREIT Equity Index	1.95	17.15	13.38	28.92	4.68	11.13

The markets continued to move forward in July. In fact, all major segments, except small cap domestic equity, provided investors with positive returns. Even though 2012 has been another roller coaster year, year-to-date returns look very solid across the capital markets.

Similar to June, July was a relatively uneventful month as the major economic indicators painted a mixed picture. GDP slowed in the second quarter to 1.5%, from 2.0% in the first quarter and inflation remains very low, registering 1.7%. The economy managed to add 163,000 jobs in July. However, this remains below the number needed to bring the unemployment rate down. On top of this, another 150,000 people left the workforce, driving the unemployment rate up slightly to 8.3%. The Federal Reserve, while not overtly signaling "QE3," is dedicated to maintaining low interest rates at least through 2014.

Even though the European debt crisis has not been front and center during the summer the underlying problems remain unresolved. The focus of the debt crisis has been on the PIIGS (Portugal, Italy, Ireland, Greece, and Spain), and rightfully so as their weighted debt-to-GDP ratio is now over 110%. However, even the "strong" countries in Europe are not in great shape. According to the IMF, Germany's debt-to-GDP ratio is 82% and France's is above 86%. The United Kingdom is now officially in a recession, Germany's GDP only grew 0.3% in the second quarter, and the Eurozone as a whole shrank 0.2%.

\*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 July 31, 2012**

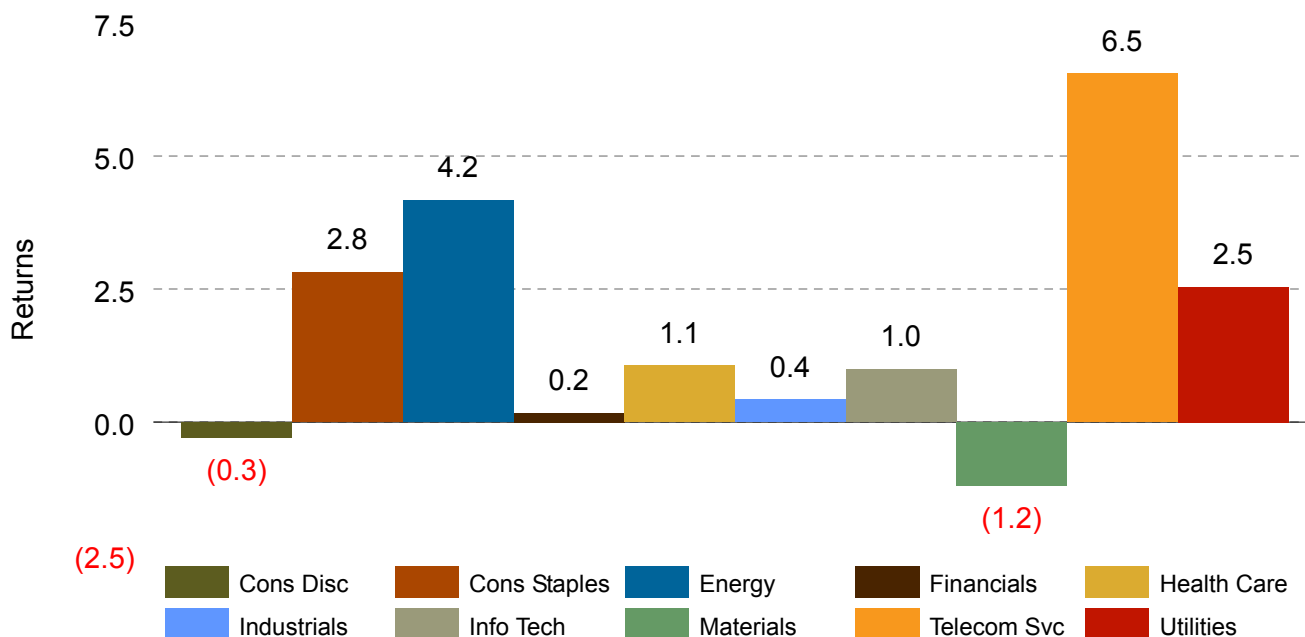
Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	1.01	10.51	7.44	14.43	1.49	7.13
Russell:1000 Index	1.19	10.68	7.96	14.26	1.26	6.66
Russell:1000 Growth	1.34	11.55	8.26	15.36	3.46	6.77
Russell:1000 Value	1.03	9.80	7.64	13.19	(1.06)	6.42
Russell:Midcap Index	0.23	8.22	2.28	16.20	1.87	9.60
Russell:2000 Index	(1.38)	7.03	0.19	13.71	1.69	8.62
Russell:2000 Growth	(1.74)	6.92	(0.51)	14.51	2.72	9.01
Russell:2000 Value	(1.02)	7.13	0.89	12.83	0.52	8.11

Overall, domestic equities enjoyed a good month as large and mid cap stocks advanced. The DJ U.S. Total Stock Market Index gained 1.0% and the Russell Mid Cap Index returned 0.2%. Small cap stocks, as measured by the Russell 2000 Index, fell 1.4%.

Growth stocks outperformed value stocks in the large cap segment (Russell 1000 Growth: 1.3%; Russell 1000 Value: 1.0%). The small cap segment returned opposite results with value outperforming growth (Russell 2000 Value: -1.0%; Russell 2000 Growth: -1.7%).

Telecom and Energy were the strongest performers with returns of 6.5% and 4.2%, respectively. Materials (-1.2%) and Consumer Discretionary (-0.3%) were the only sectors to lose value during the month.

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



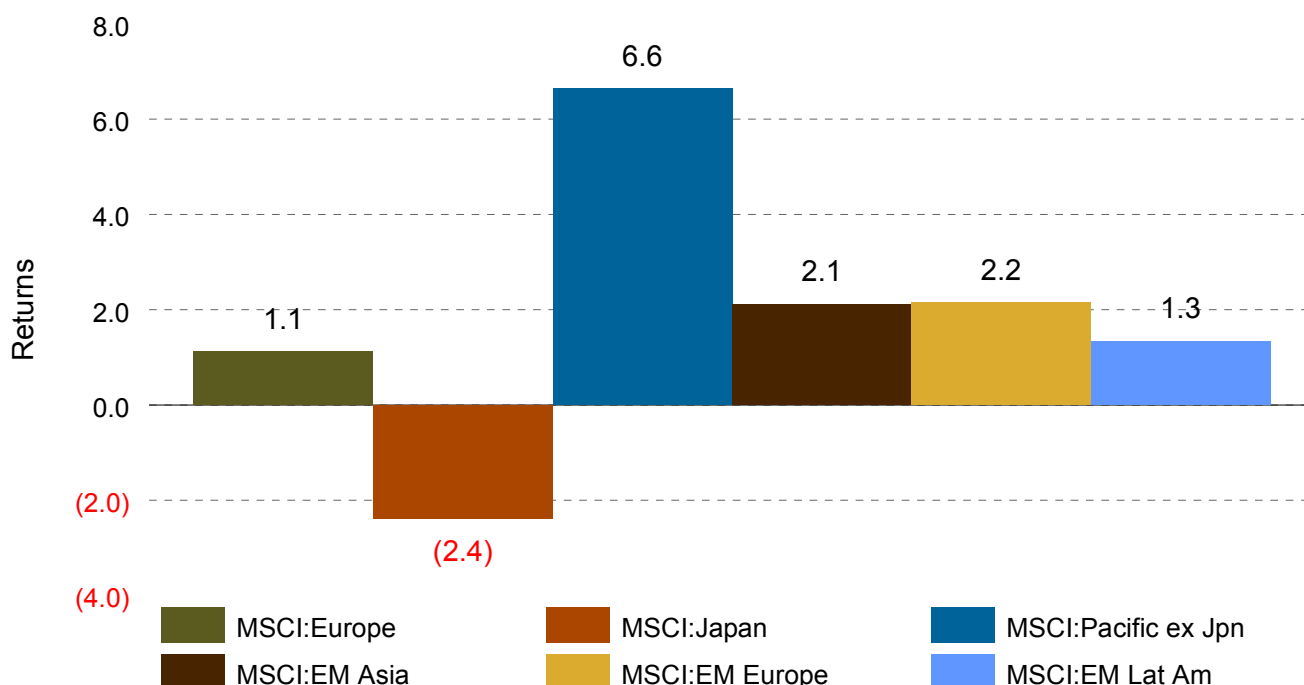
**Returns**  
**for Periods Ended July 31, 2012**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI ex US	1.44	4.62	(11.73)	4.63	(3.85)	8.46
MSCI:ACWI ex US Gr	1.86	5.62	(11.61)	5.75	(3.26)	7.90
MSCI:ACW ex US Val	1.03	3.59	(11.87)	3.49	(4.49)	8.96
MSCI:EAFE US\$	1.13	4.13	(11.45)	3.31	(5.61)	6.36
MSCI:EAFE Hedged	1.38	3.75	(6.44)	(0.33)	(8.80)	1.13
MSCI:Emer Markets	2.02	6.22	(13.64)	6.94	(0.43)	15.56
S&P:Dev x US Sm Cap	0.63	4.38	(14.93)	7.44	(4.71)	10.05

International equity markets had a respectable month in July. Developed country stocks, as measured by the MSCI EAFE Index, gained 1.1%, bringing its year to date return back to +4.1%. As compared to a basket of EAF E currencies, the dollar strengthened; the MSCI EAFE Hedged Index (1.4%) outperformed MSCI EAFE Index (1.1%). The MSCI Emerging Markets Index posted a slightly stronger gain (+2.0%) than developed markets.

All regions were up for the month, except for Japan, which sank 2.4%. The Pacific ex-Japan region led all others, rising 6.6%.

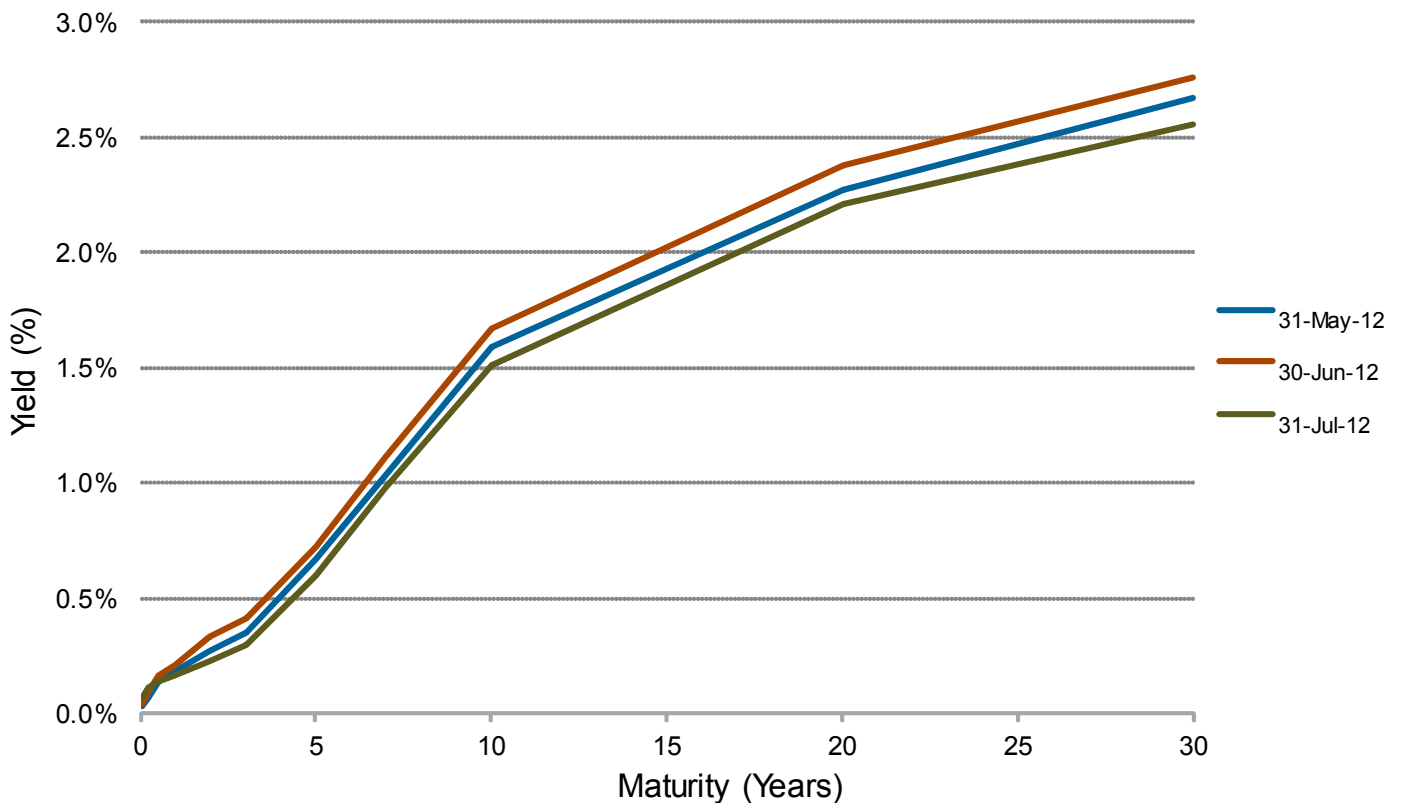
**Regional Returns for Month Ended July 31, 2012**



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

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Barclays Aggregate Index	1.38	3.78	7.25	6.85	6.91	5.65
Barclays:Govt Index	0.95	2.45	7.56	5.81	6.54	5.23
Barclays:Credit	2.71	7.38	9.87	9.70	8.09	6.83
Barclays:Mortgage Idx	0.80	2.47	4.84	5.39	6.69	5.36
Barclays:US TIPS Index	1.90	6.01	9.49	10.29	8.36	7.26
ML:High Yield CP Idx	1.93	9.09	7.36	14.51	9.18	10.42
3 Month T-Bill	0.01	0.05	0.07	0.12	0.90	1.85

**Treasury Yield Curve**



The fixed income market rose during the month with the Barclays Aggregate Bond Index gaining 1.4%. Interest rates declined across the curve.

At the end of July the 10-year Treasury yielded only 1.51%. Credit was the best performing sector as the Barclays Credit Index rose 2.7%. US TIPS and high yield bonds also performed well, each gaining about 1.9%.



## Executive Summary

### ***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 July 31st, all allocations were within the allowable range.

The Total Fund returned 1.05% during July trailing the Total Fund Benchmark by 0.12%. Over the trailing year, the Fund was up 2.56%, lagging the benchmark by -1.53%. Both domestic and international equity lagged their indices during the month, while fixed outperformed during the period.

### ***US Equity***

Large Cap: The Fund's Large Cap Growth managers returned 0.91%, trailing the Russell 1000 Growth Index by 0.43%. BlackRock's performance led all active Large Cap Growth managers during the month. The Large Cap Value managers returned 1.23%, beating the Russell 1000 Value Index return by 0.20%. Dodge & Cox posted the best relative returns for July.

Small Cap: The Small Cap portfolio returned -1.16% during the month. Small Cap Growth managers were down -1.15%. Small Cap Value managers fell -0.74%. The Micro Cap segment was also down, losing -2.00% during the month.

### ***International Equity***

Large Cap: International Large Cap managers returned 1.29% trailing the MSCI ACW ex-US Index by 0.12%. William Blair turned in the best International Growth performance with a return of 2.34%. Lazard led all International Value managers with a return of 3.31%.

International Small Cap: International Small Cap managers returned 1.45% exceeding the ACW Small-cap ex US Index return of 0.55%

Emerging Markets: The emerging markets portfolio managed by Genesis returned 1.98% during July, lagging the MSCI Emerging Markets Index by 0.04%.

## Executive Summary

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

Active Core: The active core fixed income component returned 1.21%, trailing the BC Aggregate Index by 17 basis points. The enhanced core portfolio returned 1.47% beating its index by 9 basis points.

Core Plus: The core plus managers posted a gain of 1.82%, outperforming the BC Aggregate index return. Taplin had the best monthly performance at 2.15%.

High Yield: MacKay Shields and Pyramis collectively returned 1.93%, matching the ML High Yield index return.

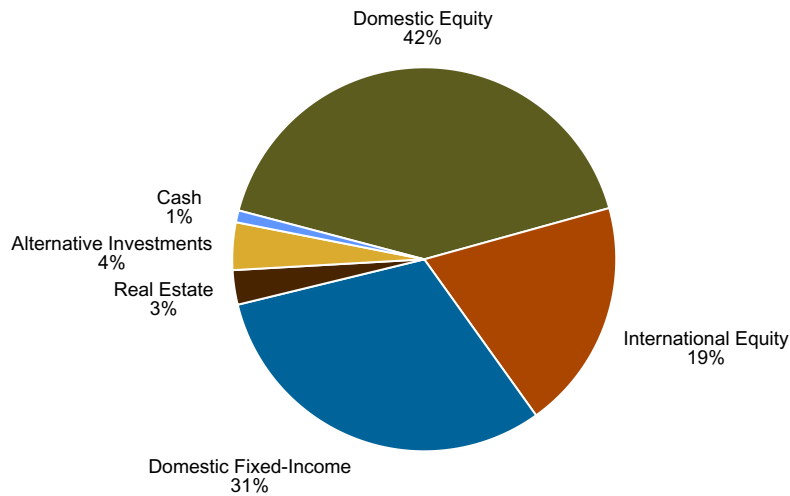
### ***Alternatives***

Performance for real estate, absolute return, private equity, agriculture and timberland are incomplete and/or lagged in the monthly reports so are not representative of current returns.

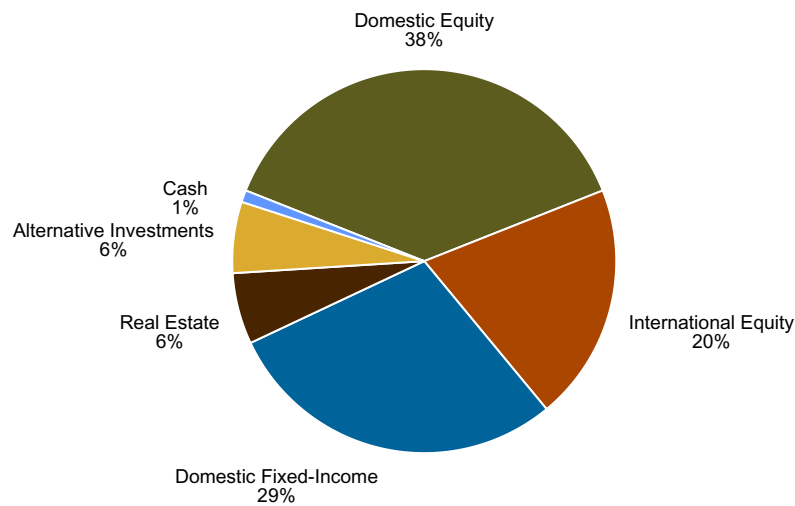
## Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of July 31, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

### Actual Asset Allocation



### Target Asset Allocation



Asset Class	\$Millions Actual	Percent Actual	Percent Target	Percent Difference	\$Millions Difference
Domestic Equity	11,005	41.6%	38.0%	3.6%	956
International Equity	5,126	19.4%	20.0%	(0.6%)	(163)
Domestic Fixed-Income	8,236	31.1%	29.0%	2.1%	567
Real Estate	755	2.9%	6.0%	(3.1%)	(831)
Alternative Investments	1,050	4.0%	6.0%	(2.0%)	(537)
Cash	272	1.0%	1.0%	0.0%	7
<b>Total</b>	<b>26,444</b>	<b>100.0%</b>	<b>100.0%</b>		

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of July 31, 2012, with the distribution as of June 30, 2012.

### Asset Distribution Across Investment Managers

	July 31, 2012		June 30, 2012	
	Market Value	Percent	Market Value	Percent
<b>Domestic Equity</b>	<b>\$11,004,979,977</b>	<b>41.62%</b>	<b>\$10,946,929,874</b>	<b>41.90%</b>
<b>Large Cap Growth</b>				
BlackRock LCG	570,520,633	2.16%	564,597,117	2.16%
Holland	738,036,043	2.79%	736,206,563	2.82%
NTGI S&P 500 Growth Idx	842,590,836	3.19%	827,552,974	3.17%
Sands	777,486,709	2.94%	773,988,347	2.96%
Vision	55,271,368	0.21%	54,750,403	0.21%
<b>Large Cap Value</b>				
Dodge & Cox	677,377,767	2.56%	662,975,574	2.54%
BMO	724,380,507	2.74%	719,063,859	2.75%
LSV	697,051,585	2.64%	688,606,579	2.64%
NTGI S&P 500 Value Idx	752,273,327	2.84%	745,798,167	2.85%
<b>Large Cap Core</b>				
Piedmont	135,284,404	0.51%	133,041,818	0.51%
Progress	427,762,912	1.62%	422,962,063	1.62%
NTGI MarketCap Index	2,004,038,108	7.58%	1,983,808,129	7.59%
<b>Small Cap Growth</b>				
Fortaleza	31,983,996	0.12%	32,605,549	0.12%
Frontier	471,025,696	1.78%	482,867,462	1.85%
Pyramis	501,128,303	1.90%	500,367,300	1.92%
<b>Small Cap Value</b>				
Channing	47,839,391	0.18%	48,827,023	0.19%
Dimensional Small Cap Value	416,106,208	1.57%	417,408,580	1.60%
Inv. Counselors of Maryland	484,830,828	1.83%	490,991,676	1.88%
Lombardia	105,153,087	0.40%	104,536,833	0.40%
<b>Micro Cap</b>				
Ariel	61,808,560	0.23%	63,462,646	0.24%
Ativo	28,331,991	0.11%	29,208,001	0.11%
Dimensional Micro Cap	184,879,179	0.70%	186,697,119	0.71%
Wall Street	269,818,541	1.02%	276,606,090	1.06%
<b>International Equity</b>	<b>\$5,126,237,014</b>	<b>19.38%</b>	<b>\$5,057,744,534</b>	<b>19.36%</b>
<b>International Large Cap Growth</b>				
EARNEST Partners	407,617,500	1.54%	401,816,511	1.54%
McKinley	202,325	0.00%	292,087	0.00%
William Blair	439,455,409	1.66%	429,392,677	1.64%
<b>International Large Cap Value</b>				
Brandes	364,339,490	1.38%	365,728,613	1.40%
Lombardia	4,624,644	0.02%	4,529,481	0.02%
Mondrian	377,414,582	1.43%	376,835,703	1.44%
Lazard	72,074,182	0.27%	69,765,832	0.27%
<b>International Large Cap Core</b>				
Arrowstreet	367,126,110	1.39%	358,000,210	1.37%
Brown	178,587,532	0.68%	175,749,497	0.67%
GlobeFlex	378,070,015	1.43%	371,753,265	1.42%
NTGI MSCI EAFE Index	1,803,525,215	6.82%	1,783,375,096	6.83%
<b>International Small Cap</b>				
AXA Rosenberg	10,604	0.00%	55,486	0.00%
Franklin Templeton	132,218,608	0.50%	131,425,111	0.50%
William Blair	156,361,877	0.59%	153,039,189	0.59%

Mondrian and Lombardia were funded 3/20/2012, Lazard was funded 3/21/2012.

Franklin Templeton Intl SC was funded 07/27/2011. BlackRock LCG was funded 07/12/2011. Vision was funded 06/17/2011.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of July 31, 2012, with the distribution as of June 30, 2012.

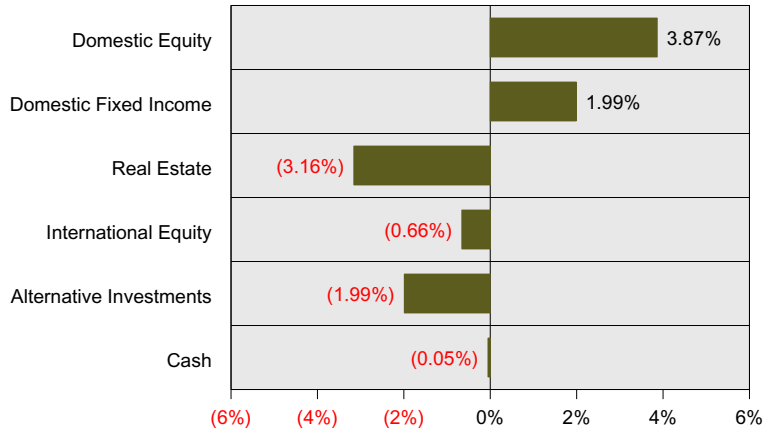
### Asset Distribution Across Investment Managers

	July 31, 2012		June 30, 2012	
	Market Value	Percent	Market Value	Percent
<b>Emerging Markets</b>				
Genesis	444,608,921	1.68%	435,985,776	1.67%
<b>Domestic Fixed-Income</b>	<b>\$8,236,059,293</b>	<b>31.14%</b>	<b>\$8,103,447,249</b>	<b>31.02%</b>
<b>Domestic Fixed Core</b>				
EARNEST Partners	531,924,902	2.01%	526,541,060	2.02%
Piedmont	523,699,509	1.98%	516,468,377	1.98%
BlackRock Enhanced	955,423,624	3.61%	941,582,394	3.60%
NTGI BC Aggregate Index	1,401,279,029	5.30%	1,382,174,024	5.29%
<b>Domestic Fixed Core Plus</b>				
BlackRock Core Plus	709,609,908	2.68%	698,870,007	2.68%
LM Capital	820,342,693	3.10%	806,212,331	3.09%
Progress Fixed Income	423,409,076	1.60%	416,826,349	1.60%
Taplin, Canida, & Habacht	805,760,501	3.05%	788,836,260	3.02%
Western	1,083,753,401	4.10%	1,063,622,055	4.07%
<b>High Yield</b>				
MackKay Shields	480,230,818	1.82%	471,601,689	1.81%
Pyramis High Yield	500,625,832	1.89%	490,712,702	1.88%
<b>Real Estate</b>	<b>\$755,478,338</b>	<b>2.86%</b>	<b>\$741,980,586</b>	<b>2.84%</b>
<b>Real Estate Opportunistic</b>				
Franklin Templeton EMREFF	16,327,313	0.06%	15,043,454	0.06%
Lazard Freres	6,257,181	0.02%	6,345,359	0.02%
Olympus Real Estate Fund II	1,135,965	0.00%	1,139,957	0.00%
Security	52,996,892	0.20%	51,553,540	0.20%
Dune Real Estate Fund II	33,719,519	0.13%	33,719,519	0.13%
<b>Real Estate Core</b>				
BlackRock Granite Fund	69,565,769	0.26%	68,737,713	0.26%
Buckhead	229,098,637	0.87%	232,274,368	0.89%
Cornerstone	84,511,800	0.32%	81,735,173	0.31%
INVESCO	82,800,320	0.31%	80,992,606	0.31%
Sentinel	33,361,314	0.13%	27,284,440	0.10%
<b>Real Estate Value Added</b>				
Cornerstone Fund VIII	21,024,978	0.08%	20,385,754	0.08%
Rockwood	34,743,815	0.13%	34,743,815	0.13%
Almanac Realty	37,885,634	0.14%	37,268,826	0.14%
TA Fund IX	52,049,201	0.20%	50,756,062	0.19%
<b>Alternative Investments</b>	<b>\$1,049,804,990</b>	<b>3.97%</b>	<b>\$1,050,968,279</b>	<b>4.02%</b>
<b>Absolute Return</b>				
Aurora	136,377,481	0.52%	134,808,955	0.52%
Grosvenor	119,319,005	0.45%	118,482,504	0.45%
Mesirov	119,580,681	0.45%	118,158,211	0.45%
<b>Private Equity</b>				
Abbott	297,513,563	1.13%	299,749,177	1.15%
Muller & Monroe ILPEFF	12,740,692	0.05%	12,750,690	0.05%
Muller & Monroe MPEFF	18,585,270	0.07%	18,553,544	0.07%
Pantheon	173,594,876	0.66%	175,235,617	0.67%
Private Equity Fund - Domestic	2,081,092	0.01%	1,391,498	0.01%
<b>Agriculture</b>				
Cozad/Westchester	106,294,952	0.40%	106,414,624	0.41%
<b>Timberland</b>				
Forest Investment Assoc.	63,691,894	0.24%	65,397,973	0.25%
<b>Cash</b>	<b>\$271,834,893</b>	<b>1.03%</b>	<b>\$224,599,546</b>	<b>0.86%</b>
<b>Total Fund</b>	<b>\$26,444,394,505</b>	<b>100.0%</b>	<b>\$26,125,670,066</b>	<b>100.0%</b>

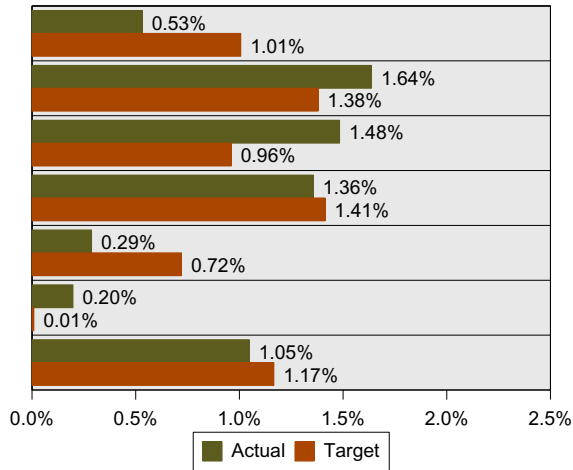
## Monthly Total Fund Relative Attribution - July 31, 2012

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

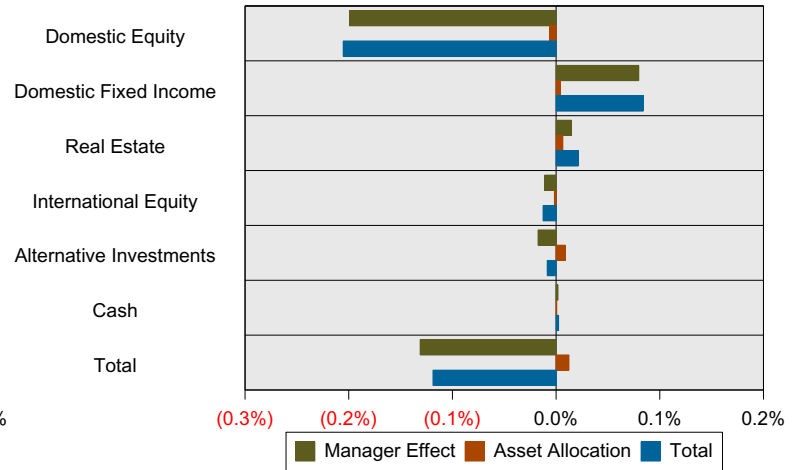
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Month ended July 31, 2012

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	42%	38%	0.53%	1.01%	(0.20%)	(0.01%)	(0.21%)
Domestic Fixed Income	31%	29%	1.64%	1.38%	0.08%	0.00%	0.08%
Real Estate	3%	6%	1.48%	0.96%	0.01%	0.01%	0.02%
International Equity	19%	20%	1.36%	1.41%	(0.01%)	(0.00%)	(0.01%)
Alternative Investments	4%	6%	0.29%	0.72%	(0.02%)	0.01%	(0.01%)
Cash	1%	1%	0.20%	0.01%	0.00%	0.00%	0.00%
<b>Total</b>			<b>1.05%</b>	<b>1.17%</b>	<b>(0.13%)</b>	<b>0.01%</b>	<b>(0.12%)</b>

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

## Asset Class Returns

The table below details the rates of return for the fund's asset class composites over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended July 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Domestic Equity (12/31/81)	0.53%	(3.11%)	9.69%	4.81%
DJ U.S. Total Stock Market Index	1.01%	(1.50%)	10.51%	7.44%
Domestic Equity - Net (12/31/04)	0.50%	(3.19%)	9.51%	4.53%
International Equity (08/31/86)	1.36%	(4.30%)	5.67%	(10.23%)
MSCI ACWI x US (Net)	1.41%	(4.80%)	4.22%	(12.16%)
International Equity - Net (12/31/04)	1.34%	(4.36%)	5.49%	(10.50%)
Domestic Fixed-Income (12/31/81)	1.64%	2.74%	5.43%	8.04%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
Domestic Fixed-Inc. - Net (12/31/04)	1.61%	2.68%	5.31%	7.87%
Real Estate (04/30/85)	1.48%	2.17%	7.47%	12.59%
Blended Benchmark**	0.96%	2.91%	6.83%	12.81%
Real Estate - Net (12/31/04)	1.48%	2.17%	7.47%	12.59%
Alternative Investments (01/31/86)	0.29%	0.22%	3.81%	2.66%
Alternatives Custom Benchmark***	0.72%	2.18%	5.16%	9.00%
Alternative Investments - Net (12/31/04)	0.26%	0.26%	3.58%	2.32%
Absolute Return (12/31/01)	1.03%	(0.89%)	3.84%	(2.35%)
HFR Fund-of-Funds Index	0.70%	(1.31%)	1.75%	(4.15%)
Private Equity (01/31/86)	0.22%	1.45%	4.87%	5.01%
Alternatives Custom Benchmark***	0.72%	2.18%	5.16%	9.00%
Agriculture (09/30/97)	(0.22%)	0.18%	2.20%	12.31%
Blended Benchmark**	0.96%	2.91%	6.83%	12.81%
Timberland (09/30/92)	(2.62%)	(2.62%)	(1.92%)	(0.19%)
Blended Benchmark**	0.96%	2.91%	6.83%	12.81%
<b>Total Fund (12/31/81)</b>	<b>1.05%</b>	<b>(1.31%)</b>	<b>7.17%</b>	<b>2.56%</b>
Total Fund Benchmark	1.17%	(0.44%)	6.85%	4.09%
Total Fund - Net (12/31/04)	1.02%	(1.38%)	7.01%	2.32%

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

\*\* The Blended Benchmark is currently NPI + 1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%. As the returns of the NPI are updated quarterly, an approximation of the Index is used during the first two months of each quarter.

\*\*\* The Alternatives Custom Benchmark is based on an annualized rate of return of 9.0%. Prior to July 1, 2010 the Benchmark was based on an annual return of 12.0%. Prior to 2004, the Benchmark was based on an annual return of 13.0%. Prior to 2003, it was based on an annual return of 15.0%.

## Asset Class Returns

The table below details the rates of return for the fund's asset class composites over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended July 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Equity (12/31/81)	14.05%	1.38%	7.45%	11.07%
DJ U.S. Total Stock Market Index	14.43%	1.49%	7.13%	10.73%
Domestic Equity - Net (12/31/04)	13.77%	1.12%	-	4.12%
International Equity (08/31/86)	5.73%	(4.34%)	8.56%	7.69%
MSCI ACWI x US (Net)	4.18%	(4.29%)	7.99%	-
International Equity - Net (12/31/04)	5.43%	(4.64%)	-	3.73%
Domestic Fixed-Income (12/31/81)	9.05%	7.78%	6.77%	9.34%
BC Aggregate Index	6.85%	6.91%	5.65%	8.77%
Domestic Fixed-Inc. - Net (12/31/04)	8.90%	7.64%	-	6.17%
Real Estate (04/30/85)	5.87%	(0.88%)	5.21%	4.22%
Blended Benchmark**	10.55%	3.46%	6.08%	7.28%
Real Estate - Net (12/31/04)	5.87%	(0.88%)	-	4.57%
Alternative Investments (01/31/86)	8.16%	2.95%	7.34%	10.97%
Alternatives Custom Benchmark***	9.91%	10.74%	11.59%	13.71%
Alternative Investments - Net (12/31/04)	7.83%	2.68%	-	7.38%
Absolute Return (12/31/01)	3.95%	(0.19%)	4.70%	4.44%
HFR Fund-of-Funds Index	1.91%	(1.96%)	3.45%	3.31%
Private Equity (01/31/86)	13.09%	5.34%	9.31%	13.17%
Alternatives Custom Benchmark***	9.91%	10.74%	11.59%	13.71%
Agriculture (09/30/97)	4.81%	3.81%	7.08%	5.99%
Blended Benchmark**	10.55%	3.46%	6.08%	6.47%
Timberland (09/30/92)	2.07%	4.98%	3.40%	9.01%
Blended Benchmark**	10.55%	3.46%	6.08%	6.75%
<b>Total Fund (12/31/81)</b>	<b>10.16%</b>	<b>3.26%</b>	<b>7.75%</b>	<b>9.97%</b>
Total Fund Benchmark	9.92%	3.64%	7.34%	-
Total Fund - Net (12/31/04)	9.92%	3.04%	-	5.45%

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

\*\* The Blended Benchmark is currently NPI + 1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%. As the returns of the NPI are updated quarterly, an approximation of the Index is used during the first two months of each quarter.

\*\*\* The Alternatives Custom Benchmark is based on an annualized rate of return of 9.0%. Prior to July 1, 2010 the Benchmark was based on an annual return of 12.0%. Prior to 2004, the Benchmark was based on an annual return of 13.0%. Prior to 2003, it was based on an annual return of 15.0%.



## Large Cap Equity Returns

The table below details the rates of return for the fund's large cap growth and large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended July 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Large Cap Equity (12/31/81)</b>	<b>1.07%</b>	<b>(2.49%)</b>	<b>10.57%</b>	<b>6.66%</b>
Russell 1000 Index	1.19%	(1.40%)	10.68%	7.96%
<b>Large Cap Growth (12/31/81)</b>	<b>0.91%</b>	<b>(4.10%)</b>	<b>11.81%</b>	<b>6.70%</b>
BlackRock LCG (07/31/11)	1.05%	(5.45%)	8.60%	(1.67%)
LCG Blended Benchmark*	1.34%	(2.58%)	11.55%	8.26%
Russell 1000 Growth Index	1.34%	(2.58%)	11.55%	8.26%
BlackRock LCG - Net (07/31/11)	1.05%	(5.54%)	8.31%	(1.94%)
Holland (10/31/94)	0.25%	(4.52%)	9.64%	7.11%
LCG Blended Benchmark*	1.34%	(2.58%)	11.55%	8.26%
Russell 1000 Growth Index	1.34%	(2.58%)	11.55%	8.26%
Holland - Net (12/31/04)	0.25%	(4.57%)	9.53%	6.94%
NTGI S&P 500 Growth Idx (07/31/01)	1.82%	(0.23%)	11.97%	10.37%
S&P/Citi 500 Growth Index	1.83%	(0.22%)	11.97%	10.38%
NTGI S&P 500 Growth Idx - Net (12/31/04)	1.82%	(0.23%)	11.96%	10.36%
Sands (10/31/03)	0.45%	(6.81%)	16.27%	9.03%
LCG Blended Benchmark*	1.34%	(2.58%)	11.55%	8.26%
Russell 1000 Growth Index	1.34%	(2.58%)	11.55%	8.26%
Sands - Net (12/31/04)	0.45%	(6.86%)	16.14%	8.83%
Vision (06/30/11)	0.95%	(2.01%)	12.87%	8.97%
LCG Blended Benchmark*	1.34%	(2.58%)	11.55%	8.26%
Russell 1000 Growth Index	1.34%	(2.58%)	11.55%	8.26%
Vision - Net (06/30/11)	0.80%	(2.29%)	12.38%	8.32%
<b>Large Cap Value (09/30/82)</b>	<b>1.23%</b>	<b>(1.35%)</b>	<b>9.55%</b>	<b>6.44%</b>
Dodge & Cox (08/31/03)	2.18%	0.60%	12.51%	6.44%
LCV Blended Benchmark**	1.03%	(0.17%)	9.80%	7.64%
Russell 1000 Value Index	1.03%	(0.17%)	9.80%	7.64%
Dodge & Cox - Net (12/31/04)	2.18%	0.55%	12.39%	6.27%
BMO (01/31/01)	0.74%	(2.09%)	7.62%	6.56%
LCV Blended Benchmark**	1.03%	(0.17%)	9.80%	7.64%
Russell 1000 Value Index	1.03%	(0.17%)	9.80%	7.64%
BMO - Net (12/31/04)	0.74%	(2.15%)	7.49%	6.30%
LSV (01/31/03)	1.23%	(2.33%)	8.43%	4.97%
LCV Blended Benchmark**	1.03%	(0.17%)	9.80%	7.64%
Russell 1000 Value Index	1.03%	(0.17%)	9.80%	7.64%
LSV - Net (12/31/04)	1.16%	(2.39%)	8.21%	4.60%
NTGI S&P 500 Value Idx (07/31/99)	0.87%	(1.43%)	9.88%	7.73%
S&P/Citi 500 Value Index	0.86%	(1.44%)	9.86%	7.73%
NTGI S&P 500 Value Idx - Net (12/31/04)	0.87%	(1.43%)	9.88%	7.72%

\* 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 July 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Large Cap Equity (12/31/81)</b>	<b>14.00%</b>	<b>1.27%</b>	<b>6.77%</b>	<b>10.57%</b>
Russell 1000 Index	14.26%	1.26%	6.66%	10.93%
<b>Large Cap Growth (12/31/81)</b>	<b>15.58%</b>	<b>4.13%</b>	<b>6.89%</b>	<b>11.15%</b>
BlackRock LCG (07/31/11)	-	-	-	(1.67%)
LCG Blended Benchmark*	15.36%	3.46%	6.32%	8.26%
Russell 1000 Growth Index	15.36%	3.46%	6.77%	8.26%
BlackRock LCG - Net (07/31/11)	-	-	-	(1.94%)
Holland (10/31/94)	15.57%	5.38%	7.28%	9.34%
LCG Blended Benchmark*	15.36%	3.46%	6.32%	8.46%
Russell 1000 Growth Index	15.36%	3.46%	6.77%	7.53%
Holland - Net (12/31/04)	15.21%	5.08%	-	4.77%
LCG Blended Benchmark*	15.36%	3.46%	6.32%	5.27%
Russell 1000 Growth Index	15.36%	3.46%	6.77%	5.49%
NTGI S&P 500 Growth Idx (07/31/01)	15.63%	3.89%	6.49%	3.48%
S&P/Citi 500 Growth Index	15.59%	3.88%	6.48%	3.44%
NTGI S&P 500 Growth Idx - Net (12/31/04)	15.61%	3.88%	-	5.02%
S&P/Citi 500 Growth Index	15.59%	3.88%	6.48%	5.49%
Sands (10/31/03)	24.01%	8.23%	-	9.35%
LCG Blended Benchmark*	15.36%	3.46%	6.32%	5.98%
Russell 1000 Growth Index	15.36%	3.46%	6.77%	6.20%
Sands - Net (12/31/04)	23.72%	7.95%	-	6.75%
LCG Blended Benchmark*	15.36%	3.46%	6.32%	5.27%
Russell 1000 Growth Index	15.36%	3.46%	6.77%	5.49%
Vision (06/30/11)	-	-	-	6.64%
LCG Blended Benchmark*	15.36%	3.46%	6.32%	6.61%
Russell 1000 Growth Index	15.36%	3.46%	6.77%	6.61%
Vision - Net (06/30/11)	-	-	-	6.05%
<b>Large Cap Value (09/30/82)</b>	<b>12.23%</b>	<b>(1.31%)</b>	<b>6.61%</b>	<b>9.58%</b>
Dodge & Cox (08/31/03)	12.38%	(1.68%)	-	6.27%
LCV Blended Benchmark**	13.19%	(1.06%)	6.39%	5.73%
Russell 1000 Value Index	13.19%	(1.06%)	6.42%	5.95%
Dodge & Cox - Net (12/31/04)	12.15%	(1.89%)	-	2.67%
LCV Blended Benchmark**	13.19%	(1.06%)	6.39%	3.31%
Russell 1000 Value Index	13.19%	(1.06%)	6.42%	3.47%
BMO (01/31/01)	11.96%	(0.24%)	7.29%	5.24%
LCV Blended Benchmark**	13.19%	(1.06%)	6.39%	2.45%
Russell 1000 Value Index	13.19%	(1.06%)	6.42%	3.67%
BMO - Net (12/31/04)	11.69%	(0.49%)	-	4.03%
LCV Blended Benchmark**	13.19%	(1.06%)	6.39%	3.31%
Russell 1000 Value Index	13.19%	(1.06%)	6.42%	3.47%
LSV (01/31/03)	12.12%	(0.95%)	-	8.35%
LCV Blended Benchmark**	13.19%	(1.06%)	6.39%	6.90%
Russell 1000 Value Index	13.19%	(1.06%)	6.42%	6.95%
LSV - Net (12/31/04)	11.79%	(1.24%)	-	3.48%
LCV Blended Benchmark**	13.19%	(1.06%)	6.39%	3.31%
Russell 1000 Value Index	13.19%	(1.06%)	6.42%	3.47%
NTGI S&P 500 Value Idx (07/31/99)	12.60%	(1.69%)	6.11%	2.33%
S&P/Citi 500 Value Index	12.57%	(1.73%)	6.09%	2.33%
NTGI S&P 500 Value Idx - Net (12/31/04)	12.60%	(1.70%)	-	2.54%
S&P/Citi 500 Value Index	12.57%	(1.73%)	6.09%	2.93%

\* The LCG Blended Benchmark is currently the Russell 1000 Growth Index. Returns prior to January 1, 2006, reflect those the S&P 500/Citigroup Growth Index.

\*\* The LCV Blended Benchmark is currently the Russell 1000 Value Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Value Index.

## 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 July 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Large Cap Active Core (12/31/04)</b>	<b>1.27%</b>	<b>(3.02%)</b>	<b>9.71%</b>	<b>4.70%</b>
Piedmont (05/31/11)	1.69%	(0.84%)	12.50%	7.20%
Russell 1000 Index	1.19%	(1.40%)	10.68%	7.96%
Piedmont - Net (05/31/11)	1.58%	(0.94%)	12.16%	6.77%
Progress (01/31/05)	1.14%	(3.69%)	8.85%	3.93%
DJ U.S. Total Stock Market Index	1.01%	(1.50%)	10.51%	7.44%
Progress - Net (01/31/05)	0.98%	(3.99%)	8.35%	3.30%
<b>Large Cap Passive Core (12/31/84)</b>	<b>1.02%</b>	<b>(1.52%)</b>	<b>10.49%</b>	<b>7.47%</b>
NTGI MarketCap Idx (01/31/85)	1.02%	(1.52%)	10.49%	7.47%
DJ U.S. Total Stock Market Index	1.01%	(1.50%)	10.51%	7.44%
NTGI MarketCap Idx - Net (12/31/04)	1.02%	(1.52%)	10.49%	7.46%

## 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 July 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Large Cap Active Core (12/31/04)</b>	<b>13.00%</b>	<b>0.96%</b>	<b>-</b>	<b>4.06%</b>
Piedmont (05/31/11)	-	-	-	2.30%
Russell 1000 Index	14.26%	1.26%	6.66%	3.22%
Piedmont - Net (05/31/11)	-	-	-	1.87%
Progress (01/31/05)	12.65%	0.77%	-	3.97%
DJ U.S. Total Stock Market Index	14.43%	1.49%	7.13%	4.32%
Progress - Net (01/31/05)	11.94%	0.13%	-	3.35%
<b>Large Cap Passive Core (12/31/84)</b>	<b>14.49%</b>	<b>1.27%</b>	<b>6.98%</b>	<b>10.45%</b>
NTGI MarketCap Idx (01/31/85)	14.53%	1.29%	7.00%	10.49%
DJ U.S. Total Stock Market Index	14.43%	1.49%	7.13%	10.45%
NTGI MarketCap Idx - Net (12/31/04)	14.52%	1.28%	-	4.11%
DJ U.S. Total Stock Market Index	14.43%	1.49%	7.13%	4.75%

## 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 July 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Small Cap Equity (06/30/88)</b>	<b>(1.16%)</b>	<b>(5.04%)</b>	<b>6.92%</b>	<b>(0.75%)</b>
Russell 2000 Index	(1.38%)	(3.31%)	7.03%	0.19%
<b>Small Cap Growth (06/30/88)</b>	<b>(1.15%)</b>	<b>(6.51%)</b>	<b>5.52%</b>	<b>(2.82%)</b>
Fortaleza (11/30/06)	(1.91%)	(5.41%)	7.56%	1.81%
Russell 2000 Growth Index	(1.74%)	(4.04%)	6.92%	(0.51%)
Fortaleza - Net (11/30/06)	(2.03%)	(5.65%)	7.16%	1.17%
Frontier (07/31/88)	(2.45%)	(7.84%)	4.05%	(3.79%)
Russell 2000 Growth Index	(1.74%)	(4.04%)	6.92%	(0.51%)
Frontier - Net (12/31/04)	(2.58%)	(8.07%)	3.67%	(4.27%)
Pyramis (07/31/88)	0.15%	(5.30%)	6.77%	(2.31%)
Russell 2000 Growth Index	(1.74%)	(4.04%)	6.92%	(0.51%)
Pyramis - Net (12/31/04)	0.03%	(5.54%)	6.39%	(3.06%)
<b>Small Cap Value (08/31/89)</b>	<b>(0.74%)</b>	<b>(4.00%)</b>	<b>6.75%</b>	<b>0.14%</b>
Channing (06/30/11)	(2.02%)	(5.43%)	2.11%	(5.00%)
Russell 2000 Value Index	(1.02%)	(2.59%)	7.13%	0.89%
Channing - Net (06/30/11)	(2.22%)	(5.82%)	1.50%	(5.85%)
DFA Small Cap Value (01/31/96)	(0.31%)	(3.14%)	8.24%	(1.22%)
Russell 2000 Value Index	(1.02%)	(2.59%)	7.13%	0.89%
DFA Small Cap Value - Net (12/31/04)	(0.31%)	(3.26%)	7.98%	(1.67%)
Inv. Counselors of Maryland (04/30/99)	(1.25%)	(4.87%)	6.50%	1.10%
Russell 2000 Value Index	(1.02%)	(2.59%)	7.13%	0.89%
Inv. Couns. of Maryland - Net (12/31/04)	(1.25%)	(4.97%)	6.30%	0.67%
Lombardia (05/31/11)	0.59%	(2.68%)	4.30%	3.89%
Russell 2000 Value Index	(1.02%)	(2.59%)	7.13%	0.89%
Lombardia - Net (05/31/11)	0.42%	(3.03%)	3.77%	3.08%
<b>Micro Cap (06/30/84)</b>	<b>(2.00%)</b>	<b>(4.27%)</b>	<b>9.92%</b>	<b>1.50%</b>
Ariel (10/31/2010)	(2.61%)	1.93%	15.84%	9.14%
Russell 2000 Value Index	(1.02%)	(2.59%)	7.13%	0.89%
Russell 2000 Index	(1.38%)	(3.31%)	7.03%	0.19%
Russell Microcap Index	(1.53%)	(2.08%)	11.27%	0.85%
Ariel - Net (10/31/10)	(2.81%)	1.71%	15.12%	8.21%
Ativo (09/30/10)	(2.97%)	(3.94%)	6.08%	(2.23%)
Russell 2000 Growth Index	(1.74%)	(4.04%)	6.92%	(0.51%)
Russell 2000 Index	(1.38%)	(3.31%)	7.03%	0.19%
Russell Microcap Index	(1.53%)	(2.08%)	11.27%	0.85%
Ativo - Net (09/30/10)	(3.17%)	(4.13%)	5.46%	(3.00%)
DFA Micro Cap (07/31/87)	(0.97%)	(2.61%)	8.11%	2.12%
Russell 2000 Value Index	(1.02%)	(2.59%)	7.13%	0.89%
Russell 2000 Index	(1.38%)	(3.31%)	7.03%	0.19%
DFA Micro Cap - Net (12/31/04)	(0.97%)	(2.73%)	7.85%	1.65%
Wall Street (07/31/90)	(2.45%)	(6.71%)	10.31%	(0.11%)
Russell 2000 Growth Index	(1.74%)	(4.04%)	6.92%	(0.51%)
Russell 2000 Index	(1.38%)	(3.31%)	7.03%	0.19%
Wall Street - Net (12/31/04)	(2.65%)	(6.89%)	9.70%	(1.11%)

## 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 July 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Small Cap Equity (06/30/88)</b>	<b>15.02%</b>	<b>2.82%</b>	<b>11.02%</b>	<b>11.93%</b>
Russell 2000 Index	13.71%	1.69%	8.62%	8.94%
<b>Small Cap Growth (06/30/88)</b>	<b>14.02%</b>	<b>2.79%</b>	<b>10.87%</b>	<b>12.61%</b>
Fortaleza (11/30/06)	17.34%	1.16%	-	2.94%
Russell 2000 Growth Index	14.51%	2.72%	9.01%	3.39%
Fortaleza - Net (11/30/06)	16.78%	0.64%	-	2.45%
Frontier (07/31/88)	12.59%	3.50%	10.08%	12.62%
Russell 2000 Growth Index	14.51%	2.72%	9.01%	6.73%
Frontier - Net (12/31/04)	11.69%	2.67%	-	5.93%
Russell 2000 Growth Index	14.51%	2.72%	9.01%	4.96%
Pyramis (07/31/88)	15.38%	4.06%	12.27%	13.28%
Russell 2000 Growth Index	14.51%	2.72%	9.01%	6.73%
Pyramis - Net (12/31/04)	14.63%	3.40%	-	7.97%
Russell 2000 Growth Index	14.51%	2.72%	9.01%	4.96%
<b>Small Cap Value (08/31/89)</b>	<b>14.59%</b>	<b>1.84%</b>	<b>10.26%</b>	<b>11.56%</b>
Channing (06/30/11)	-	-	-	(6.56%)
Russell 2000 Value Index	12.83%	0.52%	8.11%	(2.26%)
Channing - Net (06/30/11)	-	-	-	(7.32%)
DFA Small Cap Value (01/31/96)	16.54%	1.31%	10.99%	11.84%
Russell 2000 Value Index	12.83%	0.52%	8.11%	8.90%
DFA Small Cap Value - Net (12/31/04)	15.99%	0.78%	-	4.25%
Russell 2000 Value Index	12.83%	0.52%	8.11%	3.38%
Inv. Counselors of Maryland (04/30/99)	13.84%	2.19%	9.98%	11.22%
Russell 2000 Value Index	12.83%	0.52%	8.11%	8.71%
Inv. Couns. of Maryland - Net (12/31/04)	13.27%	1.65%	-	4.96%
Russell 2000 Value Index	12.83%	0.52%	8.11%	3.38%
Lombardia (05/31/11)	-	-	-	(2.56%)
Russell 2000 Value Index	12.83%	0.52%	8.11%	(4.17%)
Lombardia - Net (05/31/11)	-	-	-	(3.21%)
<b>Micro Cap (06/30/84)</b>	<b>17.27%</b>	<b>0.74%</b>	<b>9.81%</b>	<b>11.71%</b>
Ariel (10/31/10)	-	-	-	9.33%
Russell 2000 Value Index	12.83%	0.52%	8.11%	6.93%
Russell 2000 Index	13.71%	1.69%	8.62%	8.07%
Russell Microcap Index	12.54%	(1.07%)	7.47%	7.84%
Ariel - Net (10/31/10)	-	-	-	8.40%
Ativo (09/30/10)	-	-	-	5.46%
Russell 2000 Growth Index	14.51%	2.72%	9.01%	11.24%
Russell 2000 Index	13.71%	1.69%	8.62%	10.07%
Russell Microcap Index	12.54%	(1.07%)	7.47%	10.73%
Ativo - Net (09/30/10)	-	-	-	4.65%
DFA Micro Cap (07/31/87)	15.26%	1.79%	10.27%	10.69%
Russell 2000 Value Index	12.83%	0.52%	8.11%	9.63%
Russell 2000 Index	13.71%	1.69%	8.62%	8.03%
DFA Micro Cap - Net (12/31/04)	14.73%	1.29%	-	3.75%
Russell 2000 Growth Index	14.51%	2.72%	9.01%	4.96%
Russell 2000 Index	13.71%	1.69%	8.62%	4.23%
Wall Street (07/31/90)	19.21%	0.78%	9.71%	13.75%
Russell 2000 Growth Index	14.51%	2.72%	9.01%	6.48%
Russell 2000 Index	13.71%	1.69%	8.62%	8.75%
Wall Street - Net (12/31/04)	18.24%	(0.06%)	-	4.22%
Russell 2000 Growth Index	14.51%	2.72%	9.01%	4.96%
Russell 2000 Index	13.71%	1.69%	8.62%	4.23%

## 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 July 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Intl Large Cap Equity (08/31/86)</b>	<b>1.29%</b>	<b>(4.08%)</b>	<b>5.18%</b>	<b>(10.43%)</b>
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
<b>Intl Large Cap Growth (08/31/02)</b>	<b>1.91%</b>	<b>(5.17%)</b>	<b>6.07%</b>	<b>(10.22%)</b>
EARNEST Partners (09/30/04)	1.44%	(6.58%)	1.01%	(14.13%)
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
MSCI ACWI ex-US Growth	1.86%	(5.05%)	5.62%	(11.61%)
EARNEST Partners - Net (12/31/04)	1.39%	(6.67%)	0.41%	(14.69%)
William Blair (09/30/02)	2.34%	(3.83%)	10.48%	(4.90%)
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
MSCI ACWI ex-US Growth	1.86%	(5.05%)	5.62%	(11.61%)
William Blair - Net (12/31/04)	2.34%	(3.96%)	10.13%	(5.30%)
<b>Intl Large Cap Value (09/30/95)</b>	<b>0.20%</b>	<b>(3.65%)</b>	<b>1.70%</b>	<b>(10.07%)</b>
Brandes (12/31/95)	(0.38%)	(4.03%)	0.51%	(11.11%)
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
MSCI ACWI ex-US Value	1.03%	(4.19%)	3.59%	(11.87%)
Brandes - Net (12/31/04)	(0.43%)	(4.17%)	0.32%	(11.39%)
Lombardia (3/31/12)	2.10%	(3.35%)	-	-
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
MSCI ACWI ex-US Value	1.03%	(4.19%)	3.59%	(11.87%)
Lombardia - Net (3/31/12)	1.95%	(3.51%)	-	-
Mondrian (3/31/12)	0.15%	(3.58%)	-	-
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
MSCI ACWI ex-US Value	1.03%	(4.19%)	3.59%	(11.87%)
Mondrian - Net (3/31/12)	0.15%	(3.60%)	-	-
Lazard (3/31/12)	3.31%	(2.07%)	-	-
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
MSCI ACWI ex-US Value	1.03%	(4.19%)	3.59%	(11.87%)
Lazard - Net (3/31/12)	3.31%	(2.08%)	-	-

## 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 July 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Equity (08/31/86)</b>	<b>5.16%</b>	<b>(4.91%)</b>	<b>7.62%</b>	<b>7.65%</b>
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	-
<b>Intl Large Cap Growth (08/31/02)</b>	<b>7.42%</b>	<b>(4.24%)</b>	<b>8.78%</b>	<b>8.78%</b>
EARNEST Partners (09/30/04)	8.05%	0.15%	-	11.33%
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	5.95%
MSCI ACWI ex-US Growth	5.75%	(3.26%)	7.90%	6.58%
EARNEST Partners - Net (12/31/04)	7.44%	(0.35%)	-	8.69%
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	4.33%
MSCI ACWI ex-US Growth	5.75%	(3.26%)	7.90%	5.01%
William Blair (09/30/02)	9.73%	(3.30%)	-	9.22%
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	8.06%
MSCI ACWI ex-US Growth	5.75%	(3.26%)	7.90%	8.02%
William Blair - Net (12/31/04)	9.31%	(3.68%)	-	4.73%
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	4.33%
MSCI ACWI ex-US Growth	5.75%	(3.26%)	7.90%	5.01%
<b>Intl Large Cap Value (09/30/95)</b>	<b>1.72%</b>	<b>(5.86%)</b>	<b>7.62%</b>	<b>9.22%</b>
Brandes (12/31/95)	1.33%	(6.08%)	7.50%	9.19%
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	4.83%
MSCI ACWI ex-US Value	3.49%	(4.49%)	8.96%	-
Brandes - Net (12/31/04)	1.08%	(6.33%)	-	1.38%
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	4.33%
MSCI ACWI ex-US Value	3.49%	(4.49%)	8.96%	4.55%
Lombardia (3/31/12)	-	-	-	(7.48%)
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	(6.30%)
MSCI ACWI ex-US Value	3.49%	(4.49%)	8.96%	(6.54%)
Lombardia - Net (3/31/12)	-	-	-	(10.03%)
Mondrian (3/31/12)	-	-	-	(6.19%)
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	(6.30%)
MSCI ACWI ex-US Value	3.49%	(4.49%)	8.96%	(6.54%)
Mondrian - Net (3/31/12)	-	-	-	(7.44%)
Lazard (3/31/12)	-	-	-	(2.45%)
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	(6.30%)
MSCI ACWI ex-US Value	3.49%	(4.49%)	8.96%	(6.54%)
Lazard - Net (3/31/12)	-	-	-	(2.83%)



## 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 July 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>2.02%</b>	<b>(3.51%)</b>	<b>7.97%</b>	<b>(9.43%)</b>
Arrowstreet (02/29/08)	2.55%	(2.46%)	6.21%	(10.09%)
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
Arrowstreet - Net (02/29/08)	2.55%	(2.59%)	5.94%	(10.55%)
Brown (09/30/04)	1.61%	(5.11%)	8.71%	(10.25%)
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
Brown - Net (12/31/04)	1.55%	(5.17%)	8.52%	(10.66%)
GlobeFlex (02/28/06)	1.70%	(3.74%)	9.38%	(8.39%)
MSCI ACWI ex-US Index	1.41%	(4.80%)	4.22%	(12.16%)
GlobeFlex - Net (02/28/06)	1.70%	(3.86%)	9.14%	(8.81%)
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>1.13%</b>	<b>(4.05%)</b>	<b>4.47%</b>	<b>(11.08%)</b>
NTGI MSCI EAFE Idx (01/31/00)	1.13%	(4.05%)	4.47%	(11.08%)
MSCI EAFE Index	1.13%	(4.20%)	4.13%	(11.45%)
NTGI EAFE Idx - Net (12/31/04)	1.13%	(4.05%)	4.46%	(11.08%)
<b>International Small Cap (11/30/05)</b>	<b>1.45%</b>	<b>(4.94%)</b>	<b>9.87%</b>	<b>(9.35%)</b>
Franklin Templeton (07/31/11)	0.60%	(5.61%)	10.61%	(11.39%)
ACWI Small Cap ex US	0.55%	(7.65%)	4.67%	(15.97%)
Franklin Templeton - Net (07/31/11)	0.41%	(5.79%)	9.98%	(12.02%)
William Blair (08/31/10)	2.17%	(4.37%)	9.27%	(7.55%)
ACWI Small Cap ex US	0.55%	(7.65%)	4.67%	(15.97%)
Intl SC Blended Benchmark	0.55%	(7.65%)	4.67%	(15.97%)
William Blair - Net (08/31/10)	2.17%	(4.58%)	8.83%	(8.32%)
<b>Emerging Markets (01/31/92)</b>	<b>1.98%</b>	<b>(6.03%)</b>	<b>8.02%</b>	<b>(8.79%)</b>
Genesis (04/30/04)	1.98%	(6.03%)	8.02%	(8.79%)
MSCI Emerging Markets Index	2.02%	(5.83%)	6.22%	(13.64%)
Genesis - Net (12/31/04)	1.98%	(6.03%)	7.96%	(9.07%)

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 July 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>7.05%</b>	-	-	<b>(1.64%)</b>
Arrowstreet (02/29/08)	6.63%	-	-	(1.93%)
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	(3.47%)
Arrowstreet - Net (02/29/08)	6.12%	-	-	(2.37%)
Brown (09/30/04)	4.73%	(3.56%)	-	6.37%
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	5.95%
Brown - Net (12/31/04)	4.31%	(3.90%)	-	3.63%
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	4.33%
GlobeFlex (02/28/06)	8.43%	(4.60%)	-	1.37%
MSCI ACWI ex-US Index	4.18%	(4.29%)	7.99%	0.96%
GlobeFlex - Net (02/28/06)	8.00%	(5.03%)	-	0.92%
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>3.73%</b>	<b>(5.19%)</b>	<b>6.74%</b>	<b>1.19%</b>
NTGI MSCI EAFE Idx (01/31/00)	3.69%	(5.20%)	6.73%	1.19%
MSCI EAFE Index	3.31%	(5.61%)	6.36%	0.82%
NTGI EAFE Idx - Net (12/31/04)	3.69%	(5.21%)	-	2.47%
MSCI EAFE Index	3.31%	(5.61%)	6.36%	2.67%
<b>International Small Cap (11/30/05)</b>	<b>7.77%</b>	<b>(7.57%)</b>	-	<b>0.51%</b>
Franklin Templeton (07/31/11)	-	-	-	(11.39%)
ACWI Small Cap ex US	7.46%	(3.82%)	11.14%	(15.97%)
Franklin Templeton - Net (07/31/11)	-	-	-	(12.02%)
William Blair (08/31/10)	-	-	-	9.69%
ACWI Small Cap ex US	7.46%	(3.82%)	11.14%	3.21%
Intl SC Blended Benchmark	7.02%	(4.94%)	9.92%	4.88%
William Blair - Net (08/31/10)	-	-	-	6.49%
<b>Emerging Markets (01/31/92)</b>	<b>12.17%</b>	<b>3.85%</b>	<b>18.23%</b>	<b>10.11%</b>
Genesis (04/30/04)	12.17%	3.85%	-	14.94%
MSCI Emerging Markets Index	6.94%	(0.43%)	15.56%	11.54%
Genesis - Net (12/31/04)	11.61%	3.28%	-	12.81%
MSCI Emerging Markets Index	6.94%	(0.43%)	15.56%	11.28%

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 July 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>1.21%</b>	<b>2.38%</b>	<b>4.67%</b>	<b>8.19%</b>
EARNEST Partners (04/30/05)	1.02%	2.38%	4.49%	8.86%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
EARNEST Partners - Net (04/30/05)	0.97%	2.28%	4.34%	8.64%
Piedmont (05/31/05)	1.40%	2.37%	4.85%	7.52%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
Piedmont - Net (05/31/05)	1.36%	2.33%	4.72%	7.34%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>1.47%</b>	<b>2.89%</b>	<b>4.18%</b>	<b>7.47%</b>
BlackRock Enhanced (04/30/00)	1.47%	2.89%	4.18%	7.47%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
BlackRock Enhanced - Net (12/31/04)	1.47%	2.87%	4.12%	7.39%
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>1.38%</b>	<b>2.35%</b>	<b>3.86%</b>	<b>7.43%</b>
NTGI BC Agg. Index (01/31/90)	1.38%	2.35%	3.86%	7.43%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
NTGI BC Agg. Index - Net (12/31/04)	1.38%	2.35%	3.86%	7.42%

## 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 July 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>8.24%</b>	<b>7.11%</b>	<b>5.14%</b>	<b>5.54%</b>
EARNEST Partners (04/30/05)	8.10%	7.31%	-	6.24%
BC Aggregate Index	6.85%	6.91%	5.65%	5.94%
EARNEST Partners - Net (04/30/05)	7.86%	7.08%	-	6.03%
Piedmont (05/31/05)	8.12%	6.95%	-	5.73%
BC Aggregate Index	6.85%	6.91%	5.65%	5.82%
Piedmont - Net (05/31/05)	7.94%	6.77%	-	5.52%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>7.54%</b>	<b>6.89%</b>	<b>5.74%</b>	<b>6.44%</b>
BlackRock Enhanced (04/30/00)	7.54%	6.89%	5.74%	6.48%
BC Aggregate Index	6.85%	6.91%	5.65%	6.42%
BlackRock Enhanced - Net (12/31/04)	7.47%	6.82%	-	5.53%
BC Aggregate Index	6.85%	6.91%	5.65%	5.74%
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>7.05%</b>	<b>6.78%</b>	<b>5.62%</b>	<b>6.99%</b>
NTGI BC Agg. Index (01/31/90)	7.05%	6.78%	5.62%	7.02%
BC Aggregate Index	6.85%	6.91%	5.65%	7.01%
NTGI BC Agg. Index - Net (12/31/04)	7.04%	6.77%	-	5.54%
BC Aggregate Index	6.85%	6.91%	5.65%	5.74%

## 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 July 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>1.82%</b>	<b>3.01%</b>	<b>5.68%</b>	<b>8.45%</b>
BlackRock Core Plus (03/31/07)	1.54%	2.98%	4.86%	8.52%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
BlackRock Core Plus - Net (03/31/07)	1.54%	2.97%	4.82%	8.36%
LM Capital (04/30/05)	1.75%	2.73%	5.19%	7.67%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
LM Capital - Net (04/30/05)	1.71%	2.65%	5.06%	7.50%
Progress Fixed Income (12/31/05)	1.58%	2.60%	4.84%	7.74%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
Progress Fixed Inc. - Net (12/31/05)	1.49%	2.42%	4.56%	7.36%
Taplin, Canida, Habacht (04/30/05)	2.15%	3.19%	6.49%	8.29%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
Taplin, Canida, Hab. - Net (04/30/05)	2.11%	3.13%	6.39%	8.15%
Western (10/31/01)	1.89%	3.28%	6.32%	9.39%
BC Aggregate Index	1.38%	2.34%	3.78%	7.25%
Western - Net (12/31/04)	1.89%	3.24%	6.25%	9.24%
<b>High Yield (03/31/86)</b>	<b>1.93%</b>	<b>2.47%</b>	<b>8.92%</b>	<b>7.54%</b>
MackKay Shields (10/31/00)	1.83%	2.73%	8.51%	9.37%
ML High Yield Cash Pay Index	1.93%	2.79%	9.09%	7.36%
MackKay Shields - Net (12/31/04)	1.83%	2.65%	8.24%	9.00%
Pyramis (07/31/86)	2.02%	2.22%	9.31%	5.84%
ML High Yield Cash Pay Index	1.93%	2.79%	9.09%	7.36%
Pyramis - Net (12/31/04)	1.94%	2.05%	8.88%	5.34%

## 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 July 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>9.35%</b>	<b>7.38%</b>	<b>6.48%</b>	<b>9.15%</b>
BlackRock Core Plus (03/31/07)	8.71%	7.49%	-	6.87%
BC Aggregate Index	6.85%	6.91%	5.65%	6.42%
BlackRock Core Plus - Net (03/31/07)	8.62%	7.41%	-	6.79%
LM Capital (04/30/05)	8.42%	7.75%	-	6.64%
BC Aggregate Index	6.85%	6.91%	5.65%	5.94%
LM Capital - Net (04/30/05)	8.25%	7.57%	-	6.46%
Progress Fixed Income (12/31/05)	7.85%	7.41%	-	6.82%
BC Aggregate Index	6.85%	6.91%	5.65%	6.25%
Progress Fixed Inc. - Net (12/31/05)	7.44%	7.01%	-	6.47%
Taplin, Canida, Habacht (04/30/05)	8.92%	7.45%	-	6.21%
BC Aggregate Index	6.85%	6.91%	5.65%	5.94%
Taplin, Canida, Hab. - Net (04/30/05)	8.78%	7.31%	-	6.11%
Western (10/31/01)	10.83%	7.33%	7.10%	6.81%
BC Aggregate Index	6.85%	6.91%	5.65%	5.69%
Western - Net (12/31/04)	10.67%	7.17%	-	6.01%
BC Aggregate Index	6.85%	6.91%	5.65%	5.74%
<b>High Yield (03/31/86)</b>	<b>14.80%</b>	<b>9.45%</b>	<b>11.82%</b>	<b>10.32%</b>
Mackay Shields (10/31/00)	13.62%	8.62%	11.85%	10.02%
ML High Yield Cash Pay Index	14.51%	9.18%	10.42%	8.14%
Mackay Shields - Net (12/31/04)	13.23%	8.24%	-	7.41%
ML High Yield Cash Pay Index	14.51%	9.18%	10.42%	7.99%
Pyramis (07/31/86)	16.02%	10.33%	11.80%	10.07%
ML High Yield Cash Pay Index	14.51%	9.18%	10.42%	8.85%
Pyramis - Net (12/31/04)	15.48%	9.89%	-	8.29%
ML High Yield Cash Pay Index	14.51%	9.18%	10.42%	7.99%

Taplin, Canida, & Habacht moved to Core Plus October 1, 2010.

## Manager Summary

### Five Best Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Outperformance (in % points)	Since Inception Outperformance (in % points)	
Ariel	8.71	2.40	(10/31/10)
William Blair Intl LC	6.21	1.16	(09/30/02)
Franklin Templeton	5.94	4.58	(07/31/11)
GlobeFlex	5.16	0.41	(02/28/06)
Sands	4.72	3.37	(10/31/03)

### Five Worst Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Underperformance (in % points)	Since Inception Underperformance (in % points)	
Channing	-5.02	-4.30	(06/30/11)
Brandes	-3.71	4.36	(12/31/95)
EARNEST International	-3.21	5.38	(09/30/04)
BlackRock LCG	-2.95	-9.93	(07/31/11)
Frontier	-2.87	5.89	(07/31/88)

### Five Highest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Sands	16.27	9.35	(10/31/03)
Ariel	15.84	9.33	(10/31/10)
Vision	12.87	6.64	(06/30/11)
Dodge & Cox	12.51	6.27	(08/31/03)
Piedmont LCC	12.50	2.30	(05/31/11)

### Five Lowest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Brandes	0.51	9.19	(12/31/95)
EARNEST International	1.01	11.33	(09/30/04)
Channing	2.11	-6.56	(06/30/11)
Northern Trust Barclays Agg	3.86	7.02	(01/31/90)
Frontier	4.05	12.62	(07/31/88)

Returns are shown gross of investment management fees.

Excludes Real Estate and Alternative Investments portfolios.

Ms. Copper left the Board Meeting at 10:00 a.m.

(12-08-03) (CEM Benchmarking Presentation) Ms. Hartford from Cost Effective Measurement, Inc. (CEM) presented IMRF's benefit administration benchmarking results for fiscal year 2011.

The Deputy Executive Director also participated in the presentation.

Ms. Hartford stated this report can be used as a management tool to assist IMRF in improving customer service levels; to assist IMRF in understanding how it compares to other retirement systems by identifying areas for service and process improvements, and by sharing ideas and best practices.

Ms. Hartford highlighted the following key takeaways:

- IMRF's total cost was \$78 per active retiree (\$37 below the average cost of \$115), which is excellent given IMRF's higher volumes in key member transactions, higher cost environment, and consistently high service scores.
- IMRF ranks 4<sup>th</sup> in overall service in North America.
- IMRF has steadily increased its online transaction capability.

Next, the Deputy Executive Director stated that in addition to participating in the CEM study, IMRF also participated in the Cobalt Community Research Retirement Fund Benchmarking Program.

This program aligns participants with the American Customer Satisfaction Index (ACSI) to compare with the broader public and private sectors.

He noted that for the 2<sup>nd</sup> quarter 2012, IMRF's ACSI score was 93, the highest among participating groups.

Questions and discussion followed.

(12-08-04) (Consent Agenda) The Chair presented an agenda consisting of a Consent Agenda. The following items remained on the Consent Agenda since no Board member asked for their removal.

Approval of Minutes

Regular Meeting #12-07-27

Schedules - Dated August 24, 2012

- 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 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 June was prepared by The Northern Trust Company.

Bid (1)

Audit Software/Workpapers Management  
Approved Bidder: Thompson Reuters/Auto Audit  
Approved Bid: \$16,100.00

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

Vote: Unanimous Voice Vote  
Absent: Stafford

(12-08-05) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of August Financial Reporting Package
- June Interim Financial Statements
- Impact of 2012 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. Faklis, seconded by Mr. Nannini, to approve the Financial Reports as presented.

Vote: Unanimous Voice Vote  
Absent: Stafford

(12-08-06) (Annual Economic Opportunity Investment Report) The Chief Investment Officer presented an overview of the Annual Illinois Economic Opportunity Investment Report. She reported under Public Act 96-0753, this report must be submitted to the Governor and General Assembly annually by September 1<sup>st</sup>.

It was moved by Ms. Thompson, seconded by Ms. Faklis, to approve submission of the Annual Economic Opportunity Investment Report.

Vote: Unanimous Voice Vote  
Absent: Copper, Stafford

(12-08-07) (Report of the Benefit Review Committee) The Chair of the Benefit Review Committee reported on the meeting held on August 23, 2012.

It was moved by Ms. Faklis, seconded by Ms. Piechocinski, to accept the following recommendations of the Benefit Review Committee:

- To uphold staff's determination that Joe Bisch must participate in IMRF while he is in the position of Mayor of Grayville; that his pension be suspended during such time; and that the amount of the prepayment of pension benefits paid to Mr. Bisch during the time he returned to the office of Mayor of the City of Grayville after 2007 be calculated as only the portion of his pension arising from his wages and service as Mayor, while he held the office of Mayor.
- To uphold staff's determination that the Board does not possess jurisdiction to determine the issue of the constitutionality of the MBEAF transfer legislation (P.A. 95-504).
- To uphold staff's determination to deny the application for total and permanent disability benefits filed by Tammy Akers.
- To uphold staff's determination to deny the application for temporary disability benefits filed by Emma Edwards.
- To uphold staff's determination that Sharon Hyde has forfeited her right to an IMRF pension due to a felony conviction that was related to, arose out of or was connected with her employment with the Village of Island Lake.

Vote: Unanimous Voice Vote  
Absent: Copper, Stafford

(12-08-08) (Report of the Legislative Committee) The Chair of the Legislative Committee reported on the meeting held on August 23, 2012.

She reported that it was the consensus of the Legislative Committee to recommend the Board oppose House Bill 6188 - which would retroactively repeal a provision of Public Act 95-504 that temporarily allowed active IMRF SLEP participants to transfer Chicago Municipal service to SLEP service credit.

It was the consensus of the Legislative Committee to accept the October 28, 2012 Charter as the current Legislative Charter.

Next, it was the consensus of the Legislative Committee that the Board's 2013 Legislative Agenda include the following provisions:

- Require the Board to meet at least quarterly, rather than monthly;
- Correct a typographical error in § 7-146;
- Allow pre-retirement withdrawals of Voluntary Additional Contributions only to the extent permitted by the IRS;
- Change the section requiring IMRF to amortize its unfunded liabilities according to generally accepted accounting practices to be in compliance with the new GASB requirements;
- No longer require the Township Supervisor to be the Authorized Agent for townships;

- Require employers to report their entire payroll, except for employees participating in other pension systems with that employer, including penalties for non-compliance;
- Require police chiefs to pay the full cost of the transfer to SLEP from a downstate police pension fund;
- Change the return-to-work rules for retirees to require re-enrollment at 600/1000 hours (depending on the employer's hourly standard) of actual work, instead of when the position is "normally expected" to remain under the hourly standard.

Lastly, staff was asked to bring a proposal to the next Legislative Committee Meeting allowing the Board to set a permanent policy that it opposes provisions allowing transfers between pension funds that involve IMRF.

After questions and discussion, it was moved by Ms. Thompson, seconded by Ms. Faklis, to approve the recommendations of the Legislative Committee with the exclusion of the proposed legislative agenda item requiring the Board to meet at least quarterly, rather than monthly.

Vote: Unanimous Voice Vote  
Absent: Copper, Stafford

After discussion, it was moved by Ms. Faklis, seconded by Mr. Nannini, to table the exclusion of the 2013 Legislative Agenda Item requiring the Board to meet at least quarterly rather than monthly so further information could be gathered and brought back to the Legislative Committee.

Vote: Unanimous Voice Vote  
Absent: Copper, Stafford

(12-08-09) (Legislative Update) The Legislative Liaison updated the Board on current legislative activity.

She stated that no pension legislation was passed by the General Assembly during their one-day Special Session on August 17, 2012.

Next, she reported that House Bill 4622 (containing the Board's 2012 legislative agenda) was signed by the Governor on August 10, 2012 as Public Act 097-0933.

Questions and discussion followed.

(12-08-10) (Litigation Update) The following is an update of the currently pending litigation:

**STEVENS vs. VILLAGE OF OAK BROOK, et al.**

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

**Status:** Cross appeals filed with the Second District Appellate Court.

**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:** Argument on summary judgment was held. Judge has not issued a ruling. Settlement seems probable. Discussions are ongoing.

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

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

**Status:** Motion to dismiss has been filed and a briefing schedule has been set. Motion will be argued on October 3, 2012.

**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:** Case has settled, agreement to be entered on October 10, 2012.

**IMRF v. DIANE WILLIAMS-EASTERN, et al.**

**Summary:** This is an interpleader action filed by IMRF asking the court to determine to whom and in what amounts the death benefits of Robert Eastern Jr. should be paid.

**Status:** Money has been deposited with the court. Settlement discussions between beneficiaries are ongoing. Case was set for status on August 20, 2012.

**JOSEPH PRAZEN v. IMRF**

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

**Status:** Oral argument occurred on August 7, 2012. Waiting for opinion from Fourth District Appellate Court.

LIARAKOS V. IMRF

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

**Status:** Briefing is ongoing and matter is set for hearing on September 25, 2012.

IN RE TRIBUNE CO, ET AL. , THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
OF TRIBUNE CO, ET AL. VS. FITZSIMONS, ET AL.

**Summary:** The unsecured creditors in the Tribune bankruptcy have sued investors who sold their Tribune stock at the time of the buyout.

**Status:** IMRF has joined with other public plans and is using a shared counsel (Ice Miller LLP).

BURGER v. IMRF (12 MR 127)

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

**Status:** Briefing schedule has been entered.

(12-08-11) (GASB 67 and GASB 68) The Chief Financial Officer discussed the Governmental Accounting Standards Board (GASB) new accounting and reporting standards for pensions provided through state and local governments that were approved on June 25, 2012.

He noted GASB Statement 67 which applies to IMRF, provides guidance for financial reporting by defined benefit pension plans administered through trusts and builds upon existing accounting and financial reporting for pension plans.

Next, he noted GASB Statement 68 which applies to IMRF's sponsoring employers provides guidance for financial reporting for pensions provided through state and local governments.

The Chief Financial Officer reported that IMRF probably would adopt GASB 67 for its 2013 financial statements. He further reported in order to be in a position to provide IMRF employers the information that they will need to meet the requirements of GASB 68, staff will work with our actuaries and employers to develop beginning information as of December 31, 2013. This would allow employers to adopt GASB 68 beginning with fiscal years ending December 31, 2014.

Questions and discussion followed.

(12-08-12) (Moody's Proposed Changes to Pension Data Reporting) The Chief Financial Officer discussed a proposal by Moody's Investors Service from July 2012 that would change certain pension information used by Moody's when it is rating state and local governmental debt.

A discussion was held with Board Members as to whether IMRF should send a letter commenting on these proposed changes.

After questions and discussion, it was moved by Ms. Henry, seconded by Mr. Nannini, to send a letter requesting Moody's Investors Services delay any actions on adjusting reported pension data until it can fully assess the impact of GASB 68 on financial reporting for pensions in the governmental sector.

Vote:

Aye: Thompson, Nannini, Piechocinski, Stulir, Henry  
Nay: Faklis  
Absent: Copper, Stafford

(12-08-13) (Report of the Executive Director) The Executive Director stated that IMRF was notified of a site visit from the Illinois Performance Excellence in response to the application that was filed in May 2012. He also summarized some highlights of the application.

(12-08-14) (Trustee Forum) The Chair reported that the following Trustee is requesting authorization from the Board for the following conference:

William Stafford "8<sup>th</sup> Annual ILPA General Partner Summit"  
ILPA  
November 7-9, 2012  
New York

It was moved by Ms. Faklis seconded by Ms. Thompson, to approve the above Trustee request.

Vote: Unanimous Voice Vote  
Absent: Copper, Stafford

(12-08-15) (Adjournment) It was moved by Ms. Thompson, seconded by Mr. Nannini, to adjourn the Board Meeting at 11:45 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on September 28, 2012.

Vote: Unanimous Voice Vote  
Absent: None

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

Schedules A, B, C, D, 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.