

ILLINOIS MUNICIPAL RETIREMENT FUND  
MINUTES OF  
REGULAR MEETING NO. 13-02  
FEBRUARY 22, 2013



ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 13-02

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m., February 22, 2013, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

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

Ms. Enright called the roll:

Present: Henry, Kuehne, Nannini, Piechocinski, Stafford, Stulir, Thompson  
Absent: Copper

Ms. Becker-Wold, Ms. Harris and Mr. Ball from Callan Associates, Ms. Widlus from Seyfarth Shaw LLP, and Ms. Frazier from M.R. Beal & Co. were also present.

(13-02-01)(4th Quarter Investment Performance Report) Ms. Becker-Wold of Callan Associates presented an evaluation of IMRF's investment performance for the period ending December 31, 2012.

The report was followed by discussion from Board Members.

(13-02-02) (Investment Manager Activities - Callan Associates) Mr. Ball of Callan Associates presented the following report to the Board on the activities of IMRF's investment managers:

January 31, 2013



**Illinois Municipal  
Retirement Fund  
Monthly Performance Report**

**Investment Measurement Service  
Monthly Review**

**Major Market Returns**

**Returns**

**for Periods Ended January 31, 2013**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	5.51	5.51	16.88	14.70	4.61	8.80
Russell:1000 Index	5.42	5.42	17.03	14.48	4.28	8.36
Russell:Midcap Index	6.84	6.84	18.14	16.99	6.37	11.61
Russell:2000 Index	6.26	6.26	15.47	15.98	6.31	10.70
MSCI:ACWI ex US	4.09	4.09	14.40	7.51	0.37	11.06
MSCI:EAFE US\$	5.27	5.27	17.25	6.94	(0.79)	9.24
MSCI:Emer Markets	1.39	1.39	8.01	7.50	2.35	17.10
Barclays Aggregate Index	(0.70)	(0.70)	2.59	5.41	5.45	5.10
NCREIF ODCE Index	0.58	0.58	10.13	14.38	(1.15)	6.67
NAREIT Equity Index	3.74	3.74	15.00	21.43	6.45	12.37

In a repeat of December's performance, January saw all asset classes rise except fixed income. January's strong performance comes on the heels of a year that saw all major equity markets provide investors with returns in the mid-teens. Fixed income continued its modest slide by losing 0.7% in January. Real estate returns have also been very healthy, returning approximately 10.1% over the last year.

While official estimates of fourth quarter GDP came in at -0.1%, the domestic economy appears to be healthy. In fact, this contraction of the economy appears to be a one-time blip. Economists expect first quarter 2013 GDP to rise approximately 1.6% to 1.7%. Non-farm payrolls increased by 157,000 and the unemployment rate was essentially unchanged at 7.9%, where it has been since September. Inflation remained subdued, rising 1.7% over the prior year.

The recession in Europe is expected to continue as consensus estimates for fourth quarter GDP have come in around -0.4%. If the consensus estimate is accurate, this would mark the third consecutive quarter of falling output for the Eurozone. Weakness in the U.S. has contributed to Europe's problems as well as their own severe debt crisis. Both economic regions are struggling with mounting government debt and offer no hints of possible long-term solutions to the problem.

\*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.

**U.S. Equity Overview**

**Returns**

**for Periods Ended January 31, 2013**

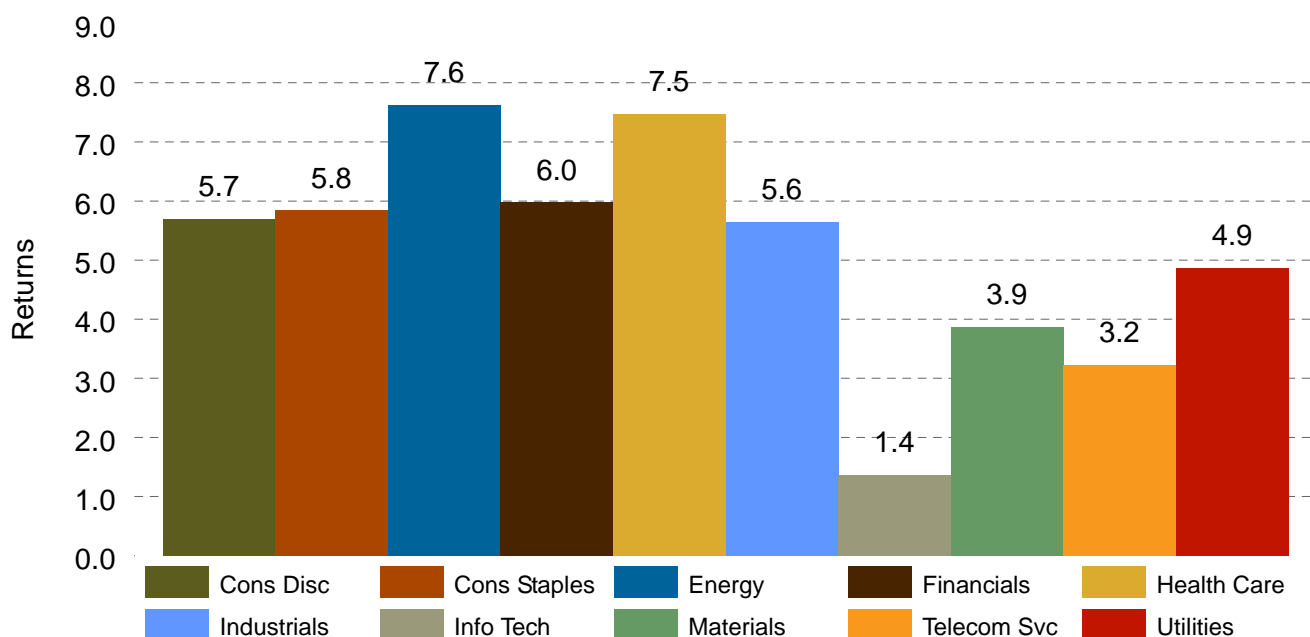
Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	5.51	5.51	16.88	14.70	4.61	8.80
Russell:1000 Index	5.42	5.42	17.03	14.48	4.28	8.36
Russell:1000 Growth	4.29	4.29	13.43	14.61	5.70	8.24
Russell:1000 Value	6.50	6.50	20.58	14.30	2.70	8.32
Russell:Midcap Index	6.84	6.84	18.14	16.99	6.37	11.61
Russell:2000 Index	6.26	6.26	15.47	15.98	6.31	10.70
Russell:2000 Growth	6.58	6.58	13.63	17.02	6.85	10.81
Russell:2000 Value	5.96	5.96	17.29	14.88	5.63	10.45

Domestic equities started the new year with a bang. Each market cap segment returned more than 5% in January. Mid caps, the best performing segment, gained 6.8% (Russell Mid Cap), followed by small caps (Russell 2000: 6.3%), and then large caps (Russell 1000: 5.4%).

Value stocks outperformed growth stocks in large caps (Russell 1000 Value: 6.5%; Russell 1000 Growth: 4.3%), while the opposite was true for small cap stocks (Russell 2000 Growth: 6.6%; Russell 2000 Value: 6.0%).

All ten sectors of the S&P 500 Index rose in January. Energy and Health Care led the way, returning 7.6% and 7.5%, respectively. Information Technology was far below other sectors for the month, gaining only 1.4%.

**S&P 500 Sector Returns for Month Ended January 31, 2013**



**Returns**

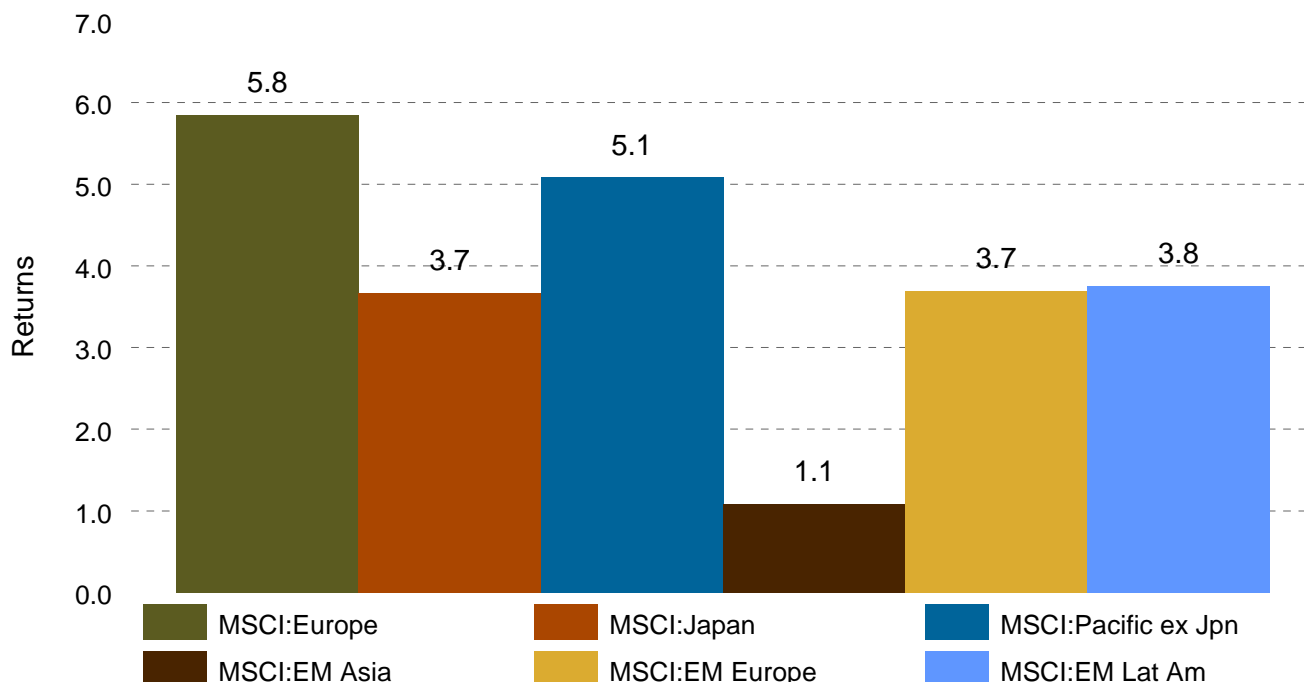
**for Periods Ended January 31, 2013**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI ex US	4.09	4.09	14.40	7.51	0.37	11.06
MSCI:ACWI ex US Gr	3.57	3.57	13.91	8.02	0.26	10.23
MSCI:ACWI ex US Val	4.60	4.60	14.87	6.96	0.44	11.83
MSCI:EAFE US\$	5.27	5.27	17.25	6.94	(0.79)	9.24
MSCI:EAFE Hedged	5.76	5.76	15.89	3.00	(3.37)	4.39
MSCI:Emer Markets	1.39	1.39	8.01	7.50	2.35	17.10
MSCI:ACWI ex-US Small Cap	4.33	4.33	13.64	8.75	2.69	13.77

Although international equity markets underperformed U.S. markets in January they still provided investors with strong returns. Developed country stocks, as measured by the MSCI EAFE Index, gained 5.3%. Compared to a basket of EAFE currencies, the dollar slightly strengthened; the MSCI EAFE Index (+5.3%) underperformed the MSCI EAFE Hedged Index (+5.8%). The MSCI Emerging Markets Index posted a small, yet positive gain of 1.4% for the month.

All international regions performed well during the month, with the exception of emerging markets in Asia, which only gained 1.1%. European markets, despite their economic troubles, led all other major regions with a return of 5.8%.

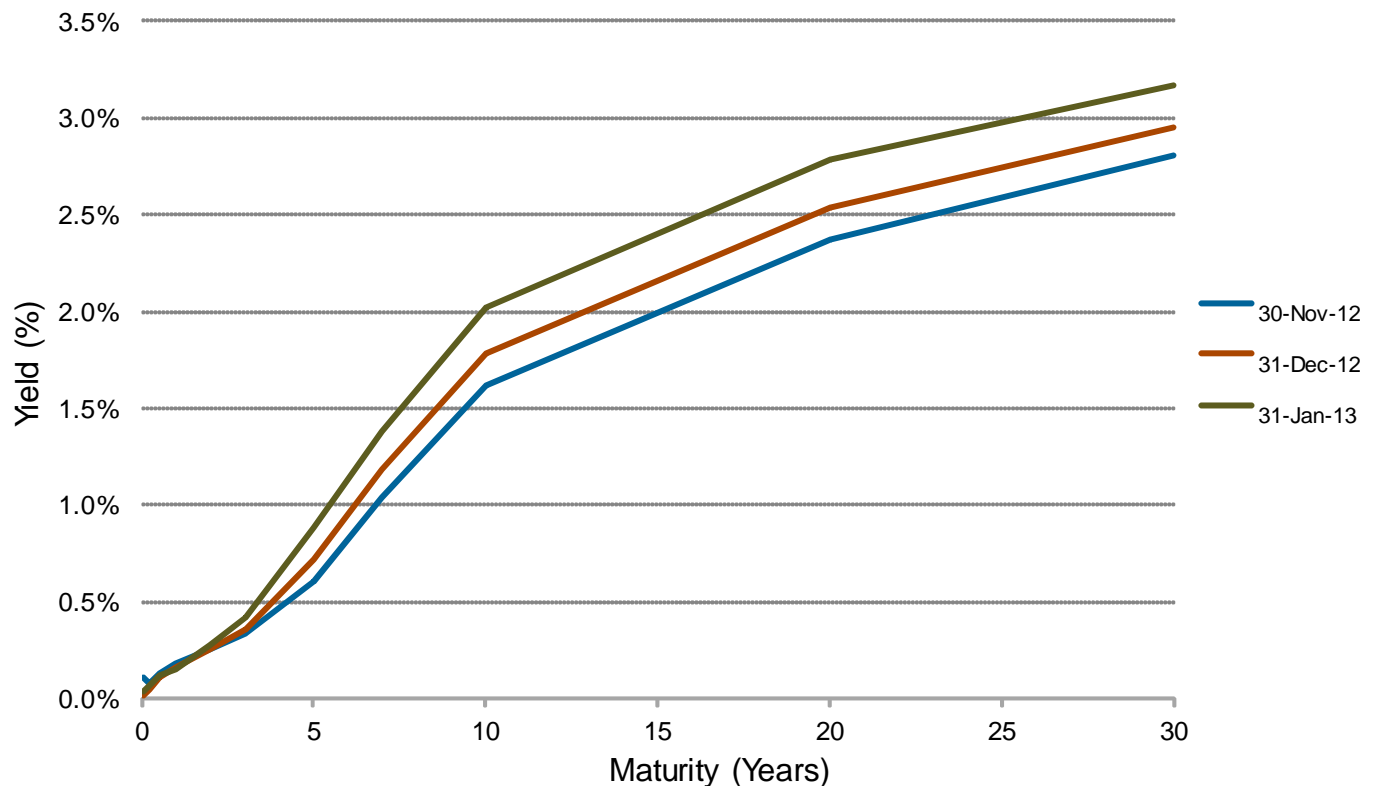
**Regional Returns for Month Ended January 31, 2013**



**Returns**  
**for Periods Ended January 31, 2013**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Barclays Aggregate Index	(0.70)	(0.70)	2.59	5.41	5.45	5.10
Barclays:Govt Index	(0.76)	(0.76)	0.81	4.71	4.57	4.61
Barclays:Credit	(0.87)	(0.87)	6.20	7.86	7.20	6.11
Barclays:Mortgage Idx	(0.50)	(0.50)	1.66	4.09	5.18	5.00
Barclays:US TIPS Index	(0.68)	(0.68)	3.87	8.08	6.07	6.50
ML:High Yield CP Idx	1.35	1.35	13.77	11.54	10.49	10.07
3 Month T-Bill	0.00	0.00	0.11	0.11	0.42	1.77

**Treasury Yield Curve**



The fixed income market fell again in January (Barclays Aggregate Bond Index: -0.7%) as yields rose across most of the curve. The yield on the 10-year Treasury rose from 1.78% to 2.02%.

High yield bonds were the best performing sector and the only one to provide investors with a positive return (+1.4%). In fact, high yield fixed income returns have been positive for eight months in a row. The Credit sector was hardest hit in the first month of the year, falling 0.9%.



***Total Fund***

Total Fund assets at the end of January were \$28.9 billion, up from \$27.9 billion at the end of December. The Fund gained 3.27% for the month, outperforming the benchmark by 0.48%. Domestic equity, international equity, and fixed income beat their respective benchmarks. Over the last year, the fund is up 12.89% exceeding the benchmark by 1.62%.

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 January 31, domestic equity exceeded its target allocation by 4.3%. All other asset classes were within the allowable range.

***US Equity***

Large Cap: In aggregate, the Fund's large cap managers gained 5.49%, outpacing the Russell 1000 Index by 0.07%. Growth portfolios collectively outperformed their benchmark by 39 basis points for the month while value portfolios underperformed by 23 basis points. Growth managers returned 4.68%. Sands was the best performing manager with a return of 5.32%. The Large Cap Value managers returned 6.27%, lagging the Russell 1000 Value Index return of 6.50%. LSV was the best performing active manager in the group with a return of 6.61%. The Large Cap Active Core segment rose 5.51%, slightly outperforming the Russell 1000 Index return of 5.42%.

Small Cap: The Small Cap portfolio rose 6.38%, beating the Russell 2000 Index by 0.12%. Small Cap Growth and Value gained 6.63% and 6.09%, respectively. Pyramis was the best performing small cap growth manager and DFA was the best in value. The Micro Cap segment returned 6.49% in January. Ativo was the best performing micro-cap manager, posting a gain of 7.86% for the month.

***International Equity***

Large Cap: International fared worse than the U.S. with the IMRF International Large Cap managers rising 4.88%. This return was 81 points ahead of the MSCI ACWI ex-U.S. Index. International Large Cap Growth gained 4.06% with EARNEST Partners as the best performing manager. International Large Cap Value gained 4.95% with Brandes as the top performer. The Large Cap Active Core Group returned 4.86% during January with strong performance from Brown.

International Small Cap and Emerging Markets: The International Small Cap managers rose 4.02%, underperforming the ACWI Small Cap ex-U.S. Index return by 0.31%. The emerging markets portfolio, managed by Genesis, returned 3.27% during January, outperforming the MSCI Emerging Markets Index by 188 basis points.

***Domestic Fixed Income***

The total fixed income portfolio fell 0.28%. High yield bonds were the best performing segment during the month, gaining 1.24%.

Active Core: The active core fixed income component returned -0.43%, outperforming the BC Aggregate Index by 27 basis points. The enhanced core portfolio fell 0.68%.

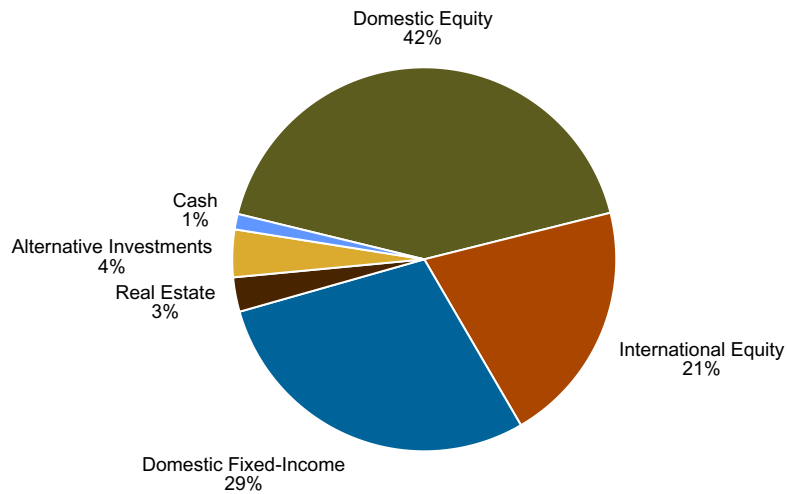
Core Plus: The core plus managers lost 0.40%, but outpaced the BC Aggregate by 30 basis points. Western had the best monthly performance, declining 0.27%.

High Yield: The high yield component gained 1.24%, underperforming the ML High Yield Cash Pay Index (+1.35%). Pyramis and McKay both returned 1.24% in January.

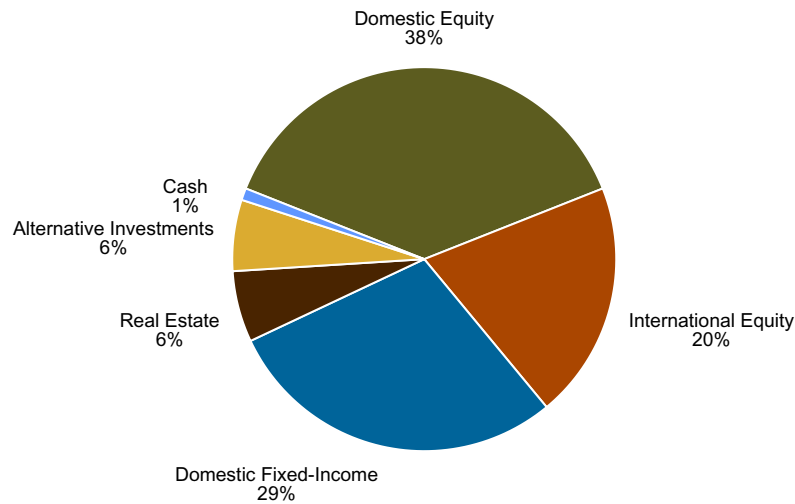
## Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of January 31, 2013. 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	12,208	42.3%	38.0%	4.3%	1,228
International Equity	5,936	20.5%	20.0%	0.5%	158
Domestic Fixed-Income	8,368	29.0%	29.0%	0.0%	(11)
Real Estate	835	2.9%	6.0%	(3.1%)	(899)
Alternative Investments	1,163	4.0%	6.0%	(2.0%)	(571)
Cash	383	1.3%	1.0%	0.3%	94
<b>Total</b>	<b>28,893</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% NFI-ODCE Value Weight Gr+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 January 31, 2013, with the distribution as of December 31, 2012.

### Asset Distribution Across Investment Managers

	January 31, 2013		December 31, 2012	
	Market Value	Percent	Market Value	Percent
<b>Domestic Equity</b>	<b>\$12,207,861,391</b>	<b>42.25%</b>	<b>\$11,548,117,366</b>	<b>41.40%</b>
<b>Large Cap Growth</b>				
BlackRock LCG	625,598,606	2.17%	602,167,534	2.16%
Holland	804,886,819	2.79%	764,656,410	2.74%
NTGI S&P 500 Growth Idx	740,893,638	2.56%	712,713,835	2.55%
Sands	877,171,102	3.04%	832,864,416	2.99%
Vision	60,611,450	0.21%	57,681,923	0.21%
<b>Large Cap Value</b>				
Dodge & Cox	783,560,820	2.71%	737,347,350	2.64%
BMO	831,824,186	2.88%	784,274,126	2.81%
LSV	815,763,663	2.82%	765,161,362	2.74%
NTGI S&P 500 Value Idx	778,232,951	2.69%	733,218,500	2.63%
<b>Large Cap Core</b>				
Piedmont	145,598,207	0.50%	139,557,639	0.50%
Progress	481,195,425	1.67%	454,515,373	1.63%
NTGI MarketCap Index	2,227,924,397	7.71%	2,111,305,928	7.57%
<b>Small Cap Growth</b>				
Fortaleza	36,439,199	0.13%	33,956,135	0.12%
Frontier	549,417,742	1.90%	519,090,375	1.86%
Pyramis	584,450,377	2.02%	544,474,418	1.95%
<b>Small Cap Value</b>				
Channing	60,990,927	0.21%	57,579,323	0.21%
Dimensional Small Cap Value	500,789,614	1.73%	470,636,943	1.69%
Inv. Counselors of Maryland	566,592,880	1.96%	535,038,506	1.92%
Lombardia	119,111,558	0.41%	112,612,434	0.40%
<b>Micro Cap</b>				
Ariel	70,272,980	0.24%	65,553,928	0.24%
Ativo	32,834,499	0.11%	30,446,083	0.11%
Dimensional Micro Cap	214,445,865	0.74%	202,917,337	0.73%
Wall Street	299,254,486	1.04%	280,347,488	1.01%
<b>International Equity</b>	<b>\$5,936,376,196</b>	<b>20.55%</b>	<b>\$5,670,501,944</b>	<b>20.33%</b>
<b>International Large Cap Growth</b>				
EARNEST Partners	501,618,390	1.74%	480,130,223	1.72%
McKinley	193,607	0.00%	192,565	0.00%
William Blair	510,617,966	1.77%	492,597,950	1.77%
<b>International Large Cap Value</b>				
Brandes	425,149,443	1.47%	401,864,779	1.44%
Lombardia	26,334,240	0.09%	25,587,475	0.09%
Mondrian	435,673,951	1.51%	417,297,559	1.50%
Lazard	83,810,158	0.29%	80,381,641	0.29%
<b>International Large Cap Core</b>				
Arrowstreet	438,944,757	1.52%	415,882,299	1.49%
Brown	214,944,323	0.74%	201,337,769	0.72%
GlobeFlex	435,354,646	1.51%	421,587,654	1.51%
NTGI MSCI EAFE Index	2,010,335,329	6.96%	1,909,599,431	6.85%
<b>International Small Cap</b>				
AXA Rosenberg	10,337	0.00%	10,543	0.00%
Franklin Templeton	157,987,984	0.55%	149,901,848	0.54%
William Blair	179,186,476	0.62%	174,243,823	0.62%

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

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### Asset Distribution Across Investment Managers

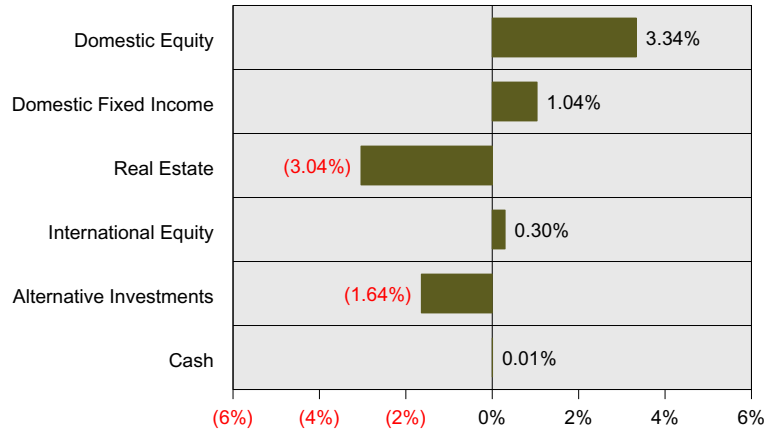
	January 31, 2013		December 31, 2012	
	Market Value	Percent	Market Value	Percent
<b>Emerging Markets</b>				
Genesis	516,214,590	1.79%	499,886,385	1.79%
<b>Domestic Fixed-Income</b>	<b>\$8,368,458,063</b>	<b>28.96%</b>	<b>\$8,391,158,022</b>	<b>30.08%</b>
<b>Domestic Fixed Core</b>				
EARNEST Partners	536,924,454	1.86%	538,678,197	1.93%
Piedmont	528,927,016	1.83%	531,955,931	1.91%
BlackRock Enhanced	957,141,281	3.31%	963,677,075	3.45%
NTGI BC Aggregate Index	1,397,929,979	4.84%	1,407,470,842	5.05%
<b>Domestic Fixed Core Plus</b>				
BlackRock Core Plus	711,313,504	2.46%	715,762,087	2.57%
LM Capital	832,374,881	2.88%	836,544,271	3.00%
Progress Fixed Income	428,248,879	1.48%	429,839,284	1.54%
Taplin, Canida, & Habacht	825,440,205	2.86%	827,899,247	2.97%
Western	1,101,275,603	3.81%	1,103,327,399	3.96%
<b>High Yield</b>				
MacKay Shields	511,954,963	1.77%	505,688,203	1.81%
Pyramis High Yield	536,927,299	1.86%	530,315,485	1.90%
<b>Real Estate</b>	<b>\$834,784,890</b>	<b>2.89%</b>	<b>\$821,119,993</b>	<b>2.94%</b>
<b>Real Estate Core</b>				
BlackRock Granite	72,896,875	0.25%	72,896,875	0.26%
TA Buckhead Ind. Prop.	234,430,399	0.81%	238,920,207	0.86%
Cornerstone Patriot	88,245,275	0.31%	86,762,335	0.31%
INVESCO Core RE	86,537,366	0.30%	84,931,264	0.30%
Sentinel Apartment Fund	25,744,118	0.09%	24,193,014	0.09%
<b>Real Estate Non-Core</b>				
Franklin Templeton EMREFF	21,373,878	0.07%	25,262,551	0.09%
Lazard Freres Strategic Fund II	5,679,968	0.02%	5,680,104	0.02%
Olympus Real Estate Fund II	1,118,305	0.00%	1,118,305	0.00%
Security Capital	52,834,014	0.18%	52,834,014	0.19%
Dune II	39,431,347	0.14%	39,431,347	0.14%
Non-Core Real Estate Funds*	74,861,604	0.26%	59,129,113	0.21%
Rockwood Fund VIII	38,262,761	0.13%	38,262,761	0.14%
Almanac ARS V	45,454,682	0.16%	43,114,407	0.15%
TA Fund IX	47,914,298	0.17%	48,583,697	0.17%
<b>Alternative Investments</b>	<b>\$1,162,672,966</b>	<b>4.02%</b>	<b>\$1,283,022,089</b>	<b>4.60%</b>
<b>Absolute Return</b>				
Aurora	437,224,469	1.51%	415,670,405	1.49%
Grosvenor	6,215,657	0.02%	124,771,461	0.45%
Mesirov	42,691,033	0.15%	70,010,077	0.25%
<b>Private Equity</b>				
Abbott	289,628,634	1.00%	294,290,533	1.05%
Muller & Monroe ILPEFF	12,331,510	0.04%	12,305,793	0.04%
Muller & Monroe MPEFF	19,876,302	0.07%	21,014,685	0.08%
Pantheon	164,315,142	0.57%	169,322,859	0.61%
Private Equity Fund - Domestic	7,952,601	0.03%	3,874,277	0.01%
<b>Agriculture</b>				
Cozad/Westchester	118,837,670	0.41%	108,162,050	0.39%
<b>Timberland</b>				
Forest Investment Assoc.	63,599,219	0.22%	63,599,219	0.23%
<b>Cash</b>	<b>\$382,996,315</b>	<b>1.33%</b>	<b>\$181,295,950</b>	<b>0.65%</b>
<b>Total Fund</b>	<b>\$28,893,149,821</b>	<b>100.0%</b>	<b>\$27,895,215,364</b>	<b>100.0%</b>

\*Non-Core Real Estate Funds funded since September 2011.

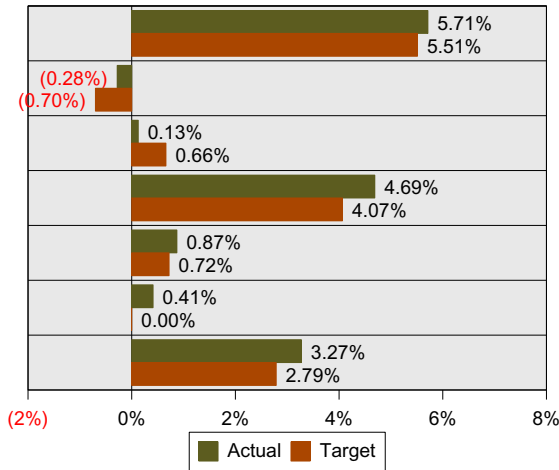
## Monthly Total Fund Relative Attribution - January 31, 2013

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.

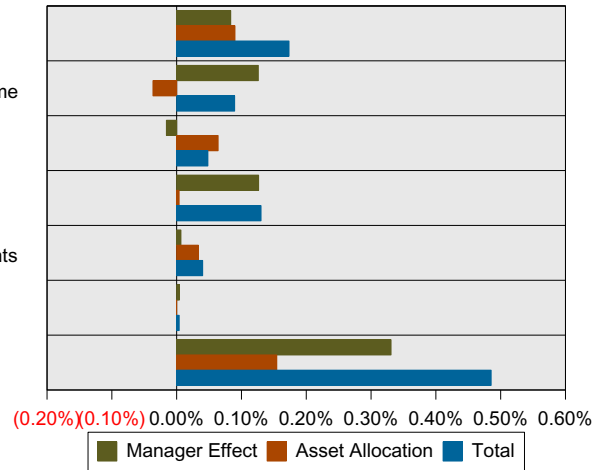
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Month ended January 31, 2013

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	41%	38%	5.71%	5.51%	0.08%	0.09%	0.17%
Domestic Fixed Income	30%	29%	(0.28%)	(0.70%)	0.13%	(0.04%)	0.09%
Real Estate	3%	6%	0.13%	0.66%	(0.02%)	0.06%	0.05%
International Equity	20%	20%	4.69%	4.07%	0.13%	0.00%	0.13%
Alternative Investments	4%	6%	0.87%	0.72%	0.01%	0.03%	0.04%
Cash	1%	1%	0.41%	0.00%	0.00%	(0.00%)	0.00%
<b>Total</b>			<b>3.27%</b>	<b>2.79%</b>	<b>+ 0.33%</b>	<b>+ 0.15%</b>	<b>0.49%</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% NFI-ODCE Value Weight Gr+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 January 31, 2013

	Last Month	Last 3 Months	Last 12 Months
Domestic Equity (12/31/81)	5.71%	9.13%	17.29%
DJ U.S. Total Stock Market Index	5.51%	7.59%	16.88%
Domestic Equity - Net (12/31/04)	5.67%	9.07%	16.99%
International Equity (08/31/86)	4.69%	10.39%	17.54%
MSCI ACWI x US (Net)	4.07%	9.72%	13.86%
International Equity - Net (12/31/04)	4.64%	10.29%	17.15%
Domestic Fixed-Income (12/31/81)	(0.28%)	0.18%	5.67%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
Domestic Fixed-Inc. - Net (12/31/04)	(0.32%)	0.14%	5.46%
Real Estate (04/30/85)	0.13%	1.83%	11.05%
Blended Benchmark**	0.66%	2.51%	11.24%
Real Estate - Net (12/31/04)	0.13%	1.83%	10.67%
Alternative Investments (01/31/86)	0.87%	1.15%	4.53%
Alternatives Custom Benchmark***	0.72%	2.18%	9.00%
Alternative Investments - Net (12/31/04)	0.87%	1.13%	4.23%
Absolute Return (12/31/01)	0.00%	0.91%	4.55%
HFR Fund-of-Funds Index	2.54%	4.09%	5.48%
Private Equity (01/31/86)	(0.52%)	(0.67%)	3.73%
Alternatives Custom Benchmark***	0.72%	2.18%	9.00%
Agriculture (09/30/97)	11.74%	12.12%	13.11%
Blended Benchmark**	0.66%	2.51%	11.24%
Timberland (09/30/92)	(0.24%)	(0.24%)	(2.54%)
Blended Benchmark**	0.66%	2.51%	11.24%
<b>Total Fund (12/31/81)</b>	<b>3.27%</b>	<b>6.00%</b>	<b>12.89%</b>
Total Fund Benchmark	2.79%	4.88%	11.27%
Total Fund - Net (12/31/04)	3.24%	5.94%	12.63%

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

\*\* The Blended Benchmark is currently ODCE Value Weigh Index+1%. Returns between January 1, 2007 and December 31, 2012 reflect NPI+1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%.

Given that ODCE returns are updated quarterly, an approximation of the Index is used in the monthly reports.

\*\*\* 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 January 31, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Equity (12/31/81)	14.98%	4.89%	9.36%	11.32%
DJ U.S. Total Stock Market Index	14.70%	4.61%	8.80%	10.93%
Domestic Equity - Net (12/31/04)	14.69%	4.63%	-	5.43%
International Equity (08/31/86)	8.73%	0.28%	11.26%	8.21%
MSCI ACWI x US (Net)	7.03%	(0.10%)	10.57%	-
International Equity - Net (12/31/04)	8.40%	(0.03%)	-	5.59%
Domestic Fixed-Income (12/31/81)	7.16%	6.93%	6.28%	9.24%
BC Aggregate Index	5.41%	5.45%	5.10%	8.61%
Domestic Fixed-Inc. - Net (12/31/04)	6.99%	6.78%	-	5.97%
Real Estate (04/30/85)	12.35%	(0.44%)	5.65%	4.32%
Blended Benchmark**	13.75%	3.15%	6.26%	7.34%
Real Estate - Net (12/31/04)	12.22%	(0.51%)	-	4.86%
Alternative Investments (01/31/86)	6.82%	2.09%	7.92%	10.83%
Alternatives Custom Benchmark***	9.41%	10.44%	11.31%	13.62%
Alternative Investments - Net (12/31/04)	6.57%	1.83%	-	7.13%
Absolute Return (12/31/01)	2.49%	0.42%	4.63%	4.50%
HFR Fund-of-Funds Index	2.41%	(0.69%)	3.79%	3.66%
Private Equity (01/31/86)	10.36%	2.67%	10.32%	12.87%
Alternatives Custom Benchmark***	9.41%	10.44%	11.31%	13.62%
Agriculture (09/30/97)	10.84%	4.80%	8.26%	6.63%
Blended Benchmark**	13.75%	3.15%	6.26%	6.59%
Timberland (09/30/92)	1.13%	4.68%	3.52%	8.73%
Blended Benchmark**	13.75%	3.15%	6.26%	6.84%
<b>Total Fund (12/31/81)</b>	<b>10.69%</b>	<b>5.33%</b>	<b>8.84%</b>	<b>10.13%</b>
Total Fund Benchmark	10.33%	5.15%	8.24%	-
Total Fund - Net (12/31/04)	10.45%	5.11%	-	6.28%

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

\*\* The Blended Benchmark is currently ODCE Value Weigh Index+1%. Returns between January 1, 2007 and December 31, 2012 reflect NPI+1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%.

Given that ODCE returns are updated quarterly, an approximation of the Index is used in the monthly reports.

\*\*\* 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 January 31, 2013

	Last Month	Last 3 Months	Last 12 Months
<b>Large Cap Equity (12/31/81)</b>	<b>5.49%</b>	<b>8.47%</b>	<b>17.65%</b>
Russell 1000 Index	5.42%	7.36%	17.03%
<b>Large Cap Growth (12/31/81)</b>	<b>4.68%</b>	<b>8.12%</b>	<b>15.68%</b>
BlackRock LCG (07/31/11)	3.89%	7.17%	12.71%
LCG Blended Benchmark*	4.29%	6.00%	13.43%
Russell 1000 Growth Index	4.29%	6.00%	13.43%
BlackRock LCG - Net (07/31/11)	3.89%	7.17%	12.30%
Holland (10/31/94)	5.26%	9.03%	13.36%
LCG Blended Benchmark*	4.29%	6.00%	13.43%
Russell 1000 Growth Index	4.29%	6.00%	13.43%
Holland - Net (12/31/04)	5.21%	8.98%	13.09%
NTGI S&P 500 Growth Idx (07/31/01)	3.95%	4.84%	14.49%
S&P/Citi 500 Growth Index	3.95%	4.77%	14.42%
NTGI S&P 500 Growth Idx - Net (12/31/04)	3.95%	4.84%	14.48%
Sands (10/31/03)	5.32%	11.02%	20.90%
LCG Blended Benchmark*	4.29%	6.00%	13.43%
Russell 1000 Growth Index	4.29%	6.00%	13.43%
Sands - Net (12/31/04)	5.26%	10.95%	20.61%
Vision (06/30/11)	5.08%	7.47%	16.19%
LCG Blended Benchmark*	4.29%	6.00%	13.43%
Russell 1000 Growth Index	4.29%	6.00%	13.43%
Vision - Net (06/30/11)	4.93%	7.32%	15.53%
<b>Large Cap Value (09/30/82)</b>	<b>6.27%</b>	<b>9.53%</b>	<b>20.64%</b>
Dodge & Cox (08/31/03)	6.27%	9.69%	23.41%
LCV Blended Benchmark**	6.50%	8.65%	20.58%
Russell 1000 Value Index	6.50%	8.65%	20.58%
Dodge & Cox - Net (12/31/04)	6.21%	9.64%	23.17%
BMO (01/31/01)	6.06%	9.28%	18.74%
LCV Blended Benchmark**	6.50%	8.65%	20.58%
Russell 1000 Value Index	6.50%	8.65%	20.58%
BMO - Net (12/31/04)	6.06%	9.22%	18.47%
LSV (01/31/03)	6.61%	10.15%	21.19%
LCV Blended Benchmark**	6.50%	8.65%	20.58%
Russell 1000 Value Index	6.50%	8.65%	20.58%
LSV - Net (12/31/04)	6.61%	10.15%	20.94%
NTGI S&P 500 Value Idx (07/31/99)	6.14%	8.98%	19.48%
S&P/Citi 500 Value Index	6.50%	8.99%	19.47%
NTGI S&P 500 Value Idx - Net (12/31/04)	6.14%	8.98%	19.47%

\* 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 January 31, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Large Cap Equity (12/31/81)</b>	<b>14.59%</b>	<b>4.45%</b>	<b>8.59%</b>	<b>10.80%</b>
Russell 1000 Index	14.48%	4.28%	8.36%	11.11%
<b>Large Cap Growth (12/31/81)</b>	<b>15.26%</b>	<b>6.77%</b>	<b>8.48%</b>	<b>11.28%</b>
BlackRock LCG (07/31/11)	-	-	-	5.15%
LCG Blended Benchmark*	14.61%	5.70%	7.75%	10.81%
Russell 1000 Growth Index	14.61%	5.70%	8.24%	10.81%
BlackRock LCG - Net (07/31/11)	-	-	-	4.89%
Holland (10/31/94)	14.77%	8.11%	8.83%	9.59%
LCG Blended Benchmark*	14.61%	5.70%	7.75%	8.66%
Russell 1000 Growth Index	14.61%	5.70%	8.24%	7.75%
Holland - Net (12/31/04)	14.41%	7.80%	-	5.57%
LCG Blended Benchmark*	14.61%	5.70%	7.75%	5.91%
Russell 1000 Growth Index	14.61%	5.70%	8.24%	6.11%
NTGI S&P 500 Growth Idx (07/31/01)	14.83%	6.07%	7.81%	3.88%
S&P/Citi 500 Growth Index	14.78%	6.04%	7.79%	3.84%
NTGI S&P 500 Growth Idx - Net (12/31/04)	14.82%	6.06%	-	5.51%
S&P/Citi 500 Growth Index	14.78%	6.04%	7.79%	5.95%
Sands (10/31/03)	22.05%	11.40%	-	10.25%
LCG Blended Benchmark*	14.61%	5.70%	7.75%	6.50%
Russell 1000 Growth Index	14.61%	5.70%	8.24%	6.71%
Sands - Net (12/31/04)	21.75%	11.11%	-	7.88%
LCG Blended Benchmark*	14.61%	5.70%	7.75%	5.91%
Russell 1000 Growth Index	14.61%	5.70%	8.24%	6.11%
Vision (06/30/11)	-	-	-	10.76%
LCG Blended Benchmark*	14.61%	5.70%	7.75%	9.52%
Russell 1000 Growth Index	14.61%	5.70%	8.24%	9.52%
Vision - Net (06/30/11)	-	-	-	10.15%
<b>Large Cap Value (09/30/82)</b>	<b>14.06%</b>	<b>2.47%</b>	<b>8.76%</b>	<b>9.93%</b>
Dodge & Cox (08/31/03)	13.48%	2.88%	-	7.57%
LCV Blended Benchmark**	14.30%	2.70%	8.31%	6.88%
Russell 1000 Value Index	14.30%	2.70%	8.32%	7.09%
Dodge & Cox - Net (12/31/04)	13.24%	2.65%	-	4.33%
LCV Blended Benchmark**	14.30%	2.70%	8.31%	4.77%
Russell 1000 Value Index	14.30%	2.70%	8.32%	4.93%
BMO (01/31/01)	15.13%	3.03%	9.67%	6.22%
LCV Blended Benchmark**	14.30%	2.70%	8.31%	3.47%
Russell 1000 Value Index	14.30%	2.70%	8.32%	4.65%
BMO - Net (12/31/04)	14.86%	2.78%	-	5.54%
LCV Blended Benchmark**	14.30%	2.70%	8.31%	4.77%
Russell 1000 Value Index	14.30%	2.70%	8.32%	4.93%
LSV (01/31/03)	14.09%	3.22%	9.97%	9.62%
LCV Blended Benchmark**	14.30%	2.70%	8.31%	7.94%
Russell 1000 Value Index	14.30%	2.70%	8.32%	7.99%
LSV - Net (12/31/04)	13.78%	2.93%	-	5.26%
LCV Blended Benchmark**	14.30%	2.70%	8.31%	4.77%
Russell 1000 Value Index	14.30%	2.70%	8.32%	4.93%
NTGI S&P 500 Value Idx (07/31/99)	13.61%	1.86%	8.05%	3.24%
S&P/Citi 500 Value Index	13.58%	1.84%	8.01%	3.24%
NTGI S&P 500 Value Idx - Net (12/31/04)	13.60%	1.85%	-	4.04%
S&P/Citi 500 Value Index	13.58%	1.84%	8.01%	4.42%

\* 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.

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## Large Cap Equity Returns

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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 January 31, 2013

	<b>Last Month</b>	<b>Last 3 Months</b>	<b>Last 12 Months</b>
<b>Large Cap Active Core (12/31/04)</b>	<b>5.51%</b>	<b>7.75%</b>	<b>15.49%</b>
Piedmont (05/31/11)	4.33%	5.57%	16.06%
Russell 1000 Index	5.42%	7.36%	17.03%
Piedmont - Net (05/31/11)	4.23%	5.47%	15.60%
Progress (01/31/05)	5.87%	8.42%	15.31%
DJ U.S. Total Stock Market Index	5.51%	7.59%	16.88%
Progress - Net (01/31/05)	5.72%	8.27%	14.61%
<b>Large Cap Passive Core (12/31/84)</b>	<b>5.52%</b>	<b>7.63%</b>	<b>16.93%</b>
NTGI MarketCap Idx (01/31/85)	5.52%	7.63%	16.93%
DJ U.S. Total Stock Market Index	5.51%	7.59%	16.88%
NTGI MarketCap Idx - Net (12/31/04)	5.52%	7.63%	16.92%

## 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 January 31, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Large Cap Active Core (12/31/04)</b>	<b>13.45%</b>	<b>4.11%</b>	<b>-</b>	<b>5.18%</b>
Piedmont (05/31/11)	-	-	-	6.18%
Russell 1000 Index	14.48%	4.28%	8.36%	8.79%
Piedmont - Net (05/31/11)	-	-	-	5.75%
Progress (01/31/05)	13.49%	4.13%	-	5.25%
DJ U.S. Total Stock Market Index	14.70%	4.61%	8.80%	5.41%
Progress - Net (01/31/05)	12.76%	3.47%	-	4.62%
<b>Large Cap Passive Core (12/31/84)</b>	<b>14.68%</b>	<b>4.43%</b>	<b>8.67%</b>	<b>10.67%</b>
NTGI MarketCap Idx (01/31/85)	14.71%	4.45%	8.68%	10.71%
DJ U.S. Total Stock Market Index	14.70%	4.61%	8.80%	10.67%
NTGI MarketCap Idx - Net (12/31/04)	14.70%	4.44%	-	5.21%
DJ U.S. Total Stock Market Index	14.70%	4.61%	8.80%	5.81%

## 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 January 31, 2013

	<b>Last Month</b>	<b>Last 3 Months</b>	<b>Last 12 Months</b>
<b>Small Cap Equity (06/30/88)</b>	<b>6.38%</b>	<b>11.17%</b>	<b>16.11%</b>
Russell 2000 Index	6.26%	10.63%	15.47%
<b>Small Cap Growth (06/30/88)</b>	<b>6.63%</b>	<b>11.45%</b>	<b>14.73%</b>
Fortaleza (11/30/06)	7.31%	9.22%	14.68%
Russell 2000 Growth Index	6.58%	10.49%	13.63%
Fortaleza - Net (11/30/06)	7.19%	8.96%	13.97%
Frontier (07/31/88)	5.84%	11.18%	13.03%
Russell 2000 Growth Index	6.58%	10.49%	13.63%
Frontier - Net (12/31/04)	5.72%	11.05%	12.48%
Pyramis (07/31/88)	7.34%	11.84%	16.20%
Russell 2000 Growth Index	6.58%	10.49%	13.63%
Pyramis - Net (12/31/04)	7.34%	11.84%	15.78%
<b>Small Cap Value (08/31/89)</b>	<b>6.09%</b>	<b>11.90%</b>	<b>17.89%</b>
Channing (06/30/11)	5.92%	13.20%	22.42%
Russell 2000 Value Index	5.96%	10.76%	17.29%
Channing - Net (06/30/11)	5.73%	13.00%	21.47%
DFA Small Cap Value (01/31/96)	6.41%	12.49%	21.17%
Russell 2000 Value Index	5.96%	10.76%	17.29%
DFA Small Cap Value - Net (12/31/04)	6.41%	12.35%	20.58%
Inv. Counselors of Maryland (04/30/99)	5.89%	11.73%	16.05%
Russell 2000 Value Index	5.96%	10.76%	17.29%
Inv. Couns. of Maryland - Net (12/31/04)	5.80%	11.52%	15.49%
Lombardia (05/31/11)	5.78%	9.60%	11.47%
Russell 2000 Value Index	5.96%	10.76%	17.29%
Lombardia - Net (05/31/11)	5.61%	9.42%	10.71%
<b>Micro Cap (06/30/84)</b>	<b>6.49%</b>	<b>9.24%</b>	<b>15.18%</b>
Ariel (10/31/10)	7.27%	11.13%	24.70%
Russell 2000 Value Index	5.96%	10.76%	17.29%
Russell 2000 Index	6.26%	10.63%	15.47%
Russell Microcap Index	5.95%	9.39%	16.91%
Ariel - Net (10/31/10)	7.06%	10.92%	23.73%
Ativo (09/30/10)	7.86%	9.10%	16.85%
Russell 2000 Growth Index	6.58%	10.49%	13.63%
Russell 2000 Index	6.26%	10.63%	15.47%
Russell Microcap Index	5.95%	9.39%	16.91%
Ativo - Net (09/30/10)	7.67%	8.91%	15.93%
DFA Micro Cap (07/31/87)	5.68%	10.54%	17.53%
Russell 2000 Value Index	5.96%	10.76%	17.29%
Russell 2000 Index	6.26%	10.63%	15.47%
DFA Micro Cap - Net (12/31/04)	5.68%	10.40%	16.95%
Wall Street (07/31/90)	6.74%	7.91%	11.40%
Russell 2000 Growth Index	6.58%	10.49%	13.63%
Russell 2000 Index	6.26%	10.63%	15.47%
Wall Street - Net (12/31/04)	6.55%	7.71%	10.39%

## 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 January 31, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Small Cap Equity (06/30/88)</b>	<b>16.81%</b>	<b>7.44%</b>	<b>13.23%</b>	<b>12.37%</b>
Russell 2000 Index	15.98%	6.31%	10.70%	9.39%
<b>Small Cap Growth (06/30/88)</b>	<b>16.15%</b>	<b>7.03%</b>	<b>12.99%</b>	<b>13.04%</b>
Fortaleza (11/30/06)	20.77%	5.76%	-	4.87%
Russell 2000 Growth Index	17.02%	6.85%	10.81%	5.33%
Fortaleza - Net (11/30/06)	20.15%	5.22%	-	4.34%
Frontier (07/31/88)	15.32%	8.42%	12.37%	13.05%
Russell 2000 Growth Index	17.02%	6.85%	10.81%	7.17%
Frontier - Net (12/31/04)	14.65%	7.64%	-	7.53%
Russell 2000 Growth Index	17.02%	6.85%	10.81%	6.37%
Pyramis (07/31/88)	16.64%	7.63%	14.29%	13.70%
Russell 2000 Growth Index	17.02%	6.85%	10.81%	7.17%
Pyramis - Net (12/31/04)	15.99%	7.05%	-	9.51%
Russell 2000 Growth Index	17.02%	6.85%	10.81%	6.37%
<b>Small Cap Value (08/31/89)</b>	<b>16.24%</b>	<b>7.27%</b>	<b>12.46%</b>	<b>12.10%</b>
Channing (06/30/11)	-	-	-	11.29%
Russell 2000 Value Index	14.88%	5.63%	10.45%	8.57%
Channing - Net (06/30/11)	-	-	-	10.41%
DFA Small Cap Value (01/31/96)	18.87%	7.90%	13.72%	12.69%
Russell 2000 Value Index	14.88%	5.63%	10.45%	9.62%
DFA Small Cap Value - Net (12/31/04)	18.30%	7.37%	-	6.34%
Russell 2000 Value Index	14.88%	5.63%	10.45%	5.15%
Inv. Counselors of Maryland (04/30/99)	15.00%	6.95%	11.93%	12.05%
Russell 2000 Value Index	14.88%	5.63%	10.45%	9.60%
Inv. Couns. of Maryland - Net (12/31/04)	14.44%	6.39%	-	6.63%
Russell 2000 Value Index	14.88%	5.63%	10.45%	5.15%
Lombardia (05/31/11)	-	-	-	5.83%
Russell 2000 Value Index	14.88%	5.63%	10.45%	6.52%
Lombardia - Net (05/31/11)	-	-	-	5.13%
<b>Micro Cap (06/30/84)</b>	<b>19.24%</b>	<b>5.17%</b>	<b>12.23%</b>	<b>11.98%</b>
Ariel (10/31/10)	-	-	-	13.51%
Russell 2000 Value Index	14.88%	5.63%	10.45%	12.86%
Russell 2000 Index	15.98%	6.31%	10.70%	13.25%
Russell Microcap Index	15.23%	4.29%	9.17%	12.41%
Ariel - Net (10/31/10)	-	-	-	12.58%
Ativo (09/30/10)	-	-	-	11.06%
Russell 2000 Growth Index	17.02%	6.85%	10.81%	15.11%
Russell 2000 Index	15.98%	6.31%	10.70%	14.70%
Russell Microcap Index	15.23%	4.29%	9.17%	14.60%
Ativo - Net (09/30/10)	-	-	-	10.21%
DFA Micro Cap (07/31/87)	17.94%	7.46%	12.25%	11.11%
Russell 2000 Value Index	14.88%	5.63%	10.45%	10.10%
Russell 2000 Index	15.98%	6.31%	10.70%	8.48%
DFA Micro Cap - Net (12/31/04)	17.38%	6.94%	-	5.38%
Russell 2000 Growth Index	17.02%	6.85%	10.81%	6.37%
Russell 2000 Index	15.98%	6.31%	10.70%	5.82%
Wall Street (07/31/90)	20.50%	4.50%	12.54%	13.95%
Russell 2000 Growth Index	17.02%	6.85%	10.81%	6.96%
Russell 2000 Index	15.98%	6.31%	10.70%	9.24%
Wall Street - Net (12/31/04)	19.61%	3.63%	-	5.23%
Russell 2000 Growth Index	17.02%	6.85%	10.81%	6.37%
Russell 2000 Index	15.98%	6.31%	10.70%	5.82%

## 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 January 31, 2013

	<b>Last Month</b>	<b>Last 3 Months</b>	<b>Last 12 Months</b>
<b>Intl Large Cap Equity (08/31/86)</b>	<b>4.88%</b>	<b>10.75%</b>	<b>17.59%</b>
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
<b>Intl Large Cap Growth (08/31/02)</b>	<b>4.06%</b>	<b>10.48%</b>	<b>19.05%</b>
EARNEST Partners (09/30/04)	4.48%	11.84%	17.39%
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
MSCI ACWI ex-US Growth	3.57%	8.92%	13.91%
EARNEST Partners - Net (12/31/04)	4.48%	11.49%	16.81%
William Blair (09/30/02)	3.66%	9.19%	20.99%
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
MSCI ACWI ex-US Growth	3.57%	8.92%	13.91%
William Blair - Net (12/31/04)	3.56%	9.09%	20.47%
<b>Intl Large Cap Value (09/30/95)</b>	<b>4.95%</b>	<b>9.70%</b>	<b>13.37%</b>
Brandes (12/31/95)	5.79%	10.89%	12.66%
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
MSCI ACWI ex-US Value	4.60%	10.67%	14.87%
Brandes - Net (12/31/04)	5.79%	10.89%	12.38%
Lombardia (3/31/12)	2.92%	11.69%	-
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
MSCI ACWI ex-US Value	4.60%	10.67%	14.87%
Lombardia - Net (3/31/12)	2.92%	11.69%	-
Mondrian (3/31/12)	4.40%	8.54%	-
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
MSCI ACWI ex-US Value	4.60%	10.67%	14.87%
Mondrian - Net (3/31/12)	4.28%	8.41%	-
Lazard (3/31/12)	4.27%	10.25%	-
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
MSCI ACWI ex-US Value	4.60%	10.67%	14.87%
Lazard - Net (3/31/12)	4.27%	10.19%	-

## 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 January 31, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Equity (08/31/86)</b>	<b>8.42%</b>	<b>(0.30%)</b>	<b>10.49%</b>	<b>8.19%</b>
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	-
<b>Intl Large Cap Growth (08/31/02)</b>	<b>10.83%</b>	<b>0.52%</b>	<b>11.93%</b>	<b>10.22%</b>
EARNEST Partners (09/30/04)	11.04%	4.54%	-	13.39%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	7.53%
MSCI ACWI ex-US Growth	8.02%	0.26%	10.23%	7.93%
EARNEST Partners - Net (12/31/04)	10.56%	4.05%	-	10.87%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	6.04%
MSCI ACWI ex-US Growth	8.02%	0.26%	10.23%	6.48%
William Blair (09/30/02)	12.36%	1.18%	12.03%	10.41%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	9.27%
MSCI ACWI ex-US Growth	8.02%	0.26%	10.23%	9.06%
William Blair - Net (12/31/04)	11.90%	0.78%	-	6.43%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	6.04%
MSCI ACWI ex-US Growth	8.02%	0.26%	10.23%	6.48%
<b>Intl Large Cap Value (09/30/95)</b>	<b>4.87%</b>	<b>(1.79%)</b>	<b>9.86%</b>	<b>9.88%</b>
Brandes (12/31/95)	4.65%	(1.91%)	9.79%	9.89%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	5.62%
MSCI ACWI ex-US Value	6.96%	0.44%	11.83%	-
Brandes - Net (12/31/04)	4.42%	(2.16%)	-	3.22%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	6.04%
MSCI ACWI ex-US Value	6.96%	0.44%	11.83%	6.50%
Lombardia (3/31/12)	-	-	-	13.47%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	9.30%
MSCI ACWI ex-US Value	6.96%	0.44%	11.83%	11.06%
Lombardia - Net (3/31/12)	-	-	-	13.12%
Mondrian (3/31/12)	-	-	-	8.29%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	9.30%
MSCI ACWI ex-US Value	6.96%	0.44%	11.83%	11.06%
Mondrian - Net (3/31/12)	-	-	-	7.86%
Lazard (3/31/12)	-	-	-	13.44%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	9.30%
MSCI ACWI ex-US Value	6.96%	0.44%	11.83%	11.06%
Lazard - Net (3/31/12)	-	-	-	13.29%



## 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 January 31, 2013

	Last Month	Last 3 Months	Last 12 Months
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>4.86%</b>	<b>10.85%</b>	<b>19.86%</b>
Arrowstreet (02/29/08)	5.55%	12.93%	20.07%
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
Arrowstreet - Net (02/29/08)	5.43%	12.68%	19.37%
Brown (09/30/04)	6.76%	12.74%	23.84%
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
Brown - Net (12/31/04)	6.70%	12.68%	23.24%
GlobeFlex (02/28/06)	3.27%	7.94%	17.77%
MSCI ACWI ex-US Index	4.07%	9.72%	13.86%
GlobeFlex - Net (02/28/06)	3.16%	7.83%	17.26%
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>5.28%</b>	<b>11.29%</b>	<b>17.75%</b>
NTGI MSCI EAFE Idx (01/31/00)	5.28%	11.29%	17.75%
MSCI EAFE Index	5.27%	11.27%	17.25%
NTGI EAFE Idx - Net (12/31/04)	5.27%	11.29%	17.74%
<b>International Small Cap (11/30/05)</b>	<b>4.02%</b>	<b>8.44%</b>	<b>20.87%</b>
Franklin Templeton (07/31/11)	5.39%	10.36%	23.69%
ACWI Small Cap ex US	4.33%	9.40%	13.64%
Franklin Templeton - Net (07/31/11)	5.21%	10.16%	22.77%
William Blair (08/31/10)	2.84%	6.80%	18.51%
ACWI Small Cap ex US	4.33%	9.40%	13.64%
Intl SC Blended Benchmark	4.33%	9.40%	13.64%
William Blair - Net (08/31/10)	2.64%	6.59%	17.34%
<b>Emerging Markets (01/31/92)</b>	<b>3.27%</b>	<b>8.16%</b>	<b>15.06%</b>
Genesis (04/30/04)	3.27%	8.16%	15.06%
MSCI Emerging Markets Index	1.39%	7.72%	8.01%
Genesis - Net (12/31/04)	3.27%	8.05%	14.42%

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 January 31, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>9.83%</b>	<b>1.80%</b>	<b>-</b>	<b>1.77%</b>
Arrowstreet (02/29/08)	9.90%	1.84%	-	1.84%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	(0.10%)
Arrowstreet - Net (02/29/08)	9.33%	1.36%	-	1.36%
Brown (09/30/04)	7.51%	1.77%	-	8.34%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	7.54%
Brown - Net (12/31/04)	7.02%	1.39%	-	5.73%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	6.04%
GlobeFlex (02/28/06)	10.87%	(0.14%)	-	3.33%
MSCI ACWI ex-US Index	7.03%	(0.10%)	10.57%	3.14%
GlobeFlex - Net (02/28/06)	10.35%	(0.60%)	-	2.86%
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>7.36%</b>	<b>(0.38%)</b>	<b>9.63%</b>	<b>2.48%</b>
NTGI MSCI EAFE Idx (01/31/00)	7.36%	(0.40%)	9.62%	2.48%
MSCI EAFE Index	6.94%	(0.79%)	9.24%	2.11%
NTGI EAFE Idx - Net (12/31/04)	7.36%	(0.40%)	-	4.49%
MSCI EAFE Index	6.94%	(0.79%)	9.24%	4.67%
<b>International Small Cap (11/30/05)</b>	<b>10.16%</b>	<b>(0.23%)</b>	<b>-</b>	<b>2.66%</b>
Franklin Templeton (07/31/11)	-	-	-	3.89%
ACWI Small Cap ex US	8.75%	2.69%	13.77%	(0.49%)
Franklin Templeton - Net (07/31/11)	-	-	-	3.14%
William Blair (08/31/10)	-	-	-	13.85%
ACWI Small Cap ex US	8.75%	2.69%	13.77%	9.86%
Intl SC Blended Benchmark	9.06%	1.38%	12.73%	11.27%
William Blair - Net (08/31/10)	-	-	-	10.79%
<b>Emerging Markets (01/31/92)</b>	<b>11.61%</b>	<b>7.57%</b>	<b>20.05%</b>	<b>10.67%</b>
Genesis (04/30/04)	11.61%	7.57%	-	16.05%
MSCI Emerging Markets Index	7.50%	2.35%	17.10%	12.43%
Genesis - Net (12/31/04)	10.95%	6.92%	-	14.04%
MSCI Emerging Markets Index	7.50%	2.35%	17.10%	12.25%

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 January 31, 2013

	Last Month	Last 3 Months	Last 12 Months
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>(0.43%)</b>	<b>(0.23%)</b>	<b>4.41%</b>
EARNEST Partners (04/30/05)	(0.33%)	(0.13%)	4.23%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
EARNEST Partners - Net (04/30/05)	(0.33%)	(0.13%)	4.02%
Piedmont (05/31/05)	(0.53%)	(0.32%)	4.59%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
Piedmont - Net (05/31/05)	(0.61%)	(0.40%)	4.38%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>(0.68%)</b>	<b>(0.54%)</b>	<b>3.57%</b>
BlackRock Enhanced (04/30/00)	(0.68%)	(0.54%)	3.57%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
BlackRock Enhanced - Net (12/31/04)	(0.68%)	(0.56%)	3.49%
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>(0.68%)</b>	<b>(0.66%)</b>	<b>2.71%</b>
NTGI BC Agg. Index (01/31/90)	(0.68%)	(0.66%)	2.71%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
NTGI BC Agg. Index - Net (12/31/04)	(0.68%)	(0.67%)	2.70%

## 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 January 31, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>6.60%</b>	<b>6.33%</b>	<b>4.87%</b>	<b>5.39%</b>
EARNEST Partners (04/30/05)	6.59%	6.21%	-	5.96%
BC Aggregate Index	5.41%	5.45%	5.10%	5.51%
EARNEST Partners - Net (04/30/05)	6.40%	6.00%	-	5.76%
Piedmont (05/31/05)	6.73%	5.99%	-	5.49%
BC Aggregate Index	5.41%	5.45%	5.10%	5.39%
Piedmont - Net (05/31/05)	6.53%	5.79%	-	5.27%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>5.85%</b>	<b>5.56%</b>	<b>5.16%</b>	<b>6.20%</b>
BlackRock Enhanced (04/30/00)	5.85%	5.56%	5.16%	6.24%
BC Aggregate Index	5.41%	5.45%	5.10%	6.14%
BlackRock Enhanced - Net (12/31/04)	5.78%	5.49%	-	5.20%
BC Aggregate Index	5.41%	5.45%	5.10%	5.34%
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>5.44%</b>	<b>5.32%</b>	<b>5.06%</b>	<b>6.83%</b>
NTGI BC Agg. Index (01/31/90)	5.44%	5.32%	5.06%	6.85%
BC Aggregate Index	5.41%	5.45%	5.10%	6.84%
NTGI BC Agg. Index - Net (12/31/04)	5.43%	5.31%	-	5.16%
BC Aggregate Index	5.41%	5.45%	5.10%	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 January 31, 2013

	Last Month	Last 3 Months	Last 12 Months
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>(0.40%)</b>	<b>(0.15%)</b>	<b>5.72%</b>
BlackRock Core Plus (03/31/07)	(0.62%)	(0.41%)	3.94%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
BlackRock Core Plus - Net (03/31/07)	(0.84%)	(0.63%)	3.69%
LM Capital (04/30/05)	(0.50%)	(0.16%)	5.25%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
LM Capital - Net (04/30/05)	(0.54%)	(0.20%)	5.08%
Progress Fixed Income (12/31/05)	(0.37%)	(0.04%)	4.60%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
Progress Fixed Inc. - Net (12/31/05)	(0.46%)	(0.13%)	4.23%
Taplin, Canida, Habacht (04/30/05)	(0.30%)	(0.17%)	7.37%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
Taplin, Canida, Hab. - Net (04/30/05)	(0.33%)	(0.21%)	7.23%
Western (10/31/01)	(0.27%)	0.01%	6.46%
BC Aggregate Index	(0.70%)	(0.68%)	2.59%
Western - Net (12/31/04)	(0.27%)	0.01%	6.32%
<b>High Yield (03/31/86)</b>	<b>1.24%</b>	<b>3.77%</b>	<b>13.32%</b>
MackKay Shields (10/31/00)	1.24%	3.21%	12.84%
ML High Yield Cash Pay Index	1.35%	3.68%	13.77%
MackKay Shields - Net (12/31/04)	1.24%	3.12%	12.37%
Pyramis (07/31/86)	1.24%	4.32%	13.78%
ML High Yield Cash Pay Index	1.35%	3.68%	13.77%
Pyramis - Net (12/31/04)	1.24%	4.32%	13.25%

## 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 January 31, 2013

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>7.39%</b>	<b>6.51%</b>	<b>5.98%</b>	<b>9.05%</b>
BlackRock Core Plus (03/31/07)	6.66%	6.05%	-	6.31%
BC Aggregate Index	5.41%	5.45%	5.10%	5.81%
BlackRock Core Plus - Net (03/31/07)	6.51%	5.94%	-	6.21%
LM Capital (04/30/05)	6.92%	6.76%	-	6.40%
BC Aggregate Index	5.41%	5.45%	5.10%	5.51%
LM Capital - Net (04/30/05)	6.75%	6.58%	-	6.22%
Progress Fixed Income (12/31/05)	6.55%	6.27%	-	6.50%
BC Aggregate Index	5.41%	5.45%	5.10%	5.76%
Progress Fixed Inc. - Net (12/31/05)	6.15%	5.88%	-	6.15%
Taplin, Canida, Habacht (04/30/05)	7.63%	7.16%	-	6.12%
BC Aggregate Index	5.41%	5.45%	5.10%	5.51%
Taplin, Canida, Hab. - Net (04/30/05)	7.49%	7.03%	-	6.03%
Western (10/31/01)	8.09%	6.74%	6.39%	6.64%
BC Aggregate Index	5.41%	5.45%	5.10%	5.40%
Western - Net (12/31/04)	7.94%	6.59%	-	5.82%
BC Aggregate Index	5.41%	5.45%	5.10%	5.34%
<b>High Yield (03/31/86)</b>	<b>11.37%</b>	<b>10.75%</b>	<b>11.14%</b>	<b>10.39%</b>
Mackay Shields (10/31/00)	11.47%	9.81%	11.17%	10.16%
ML High Yield Cash Pay Index	11.54%	10.49%	10.07%	8.42%
Mackay Shields - Net (12/31/04)	11.05%	9.41%	-	7.75%
ML High Yield Cash Pay Index	11.54%	10.49%	10.07%	8.41%
Pyramis (07/31/86)	11.29%	11.73%	11.12%	10.16%
ML High Yield Cash Pay Index	11.54%	10.49%	10.07%	8.96%
Pyramis - Net (12/31/04)	10.77%	11.31%	-	8.68%
ML High Yield Cash Pay Index	11.54%	10.49%	10.07%	8.41%

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)	
Brown	2.69	0.80	(09/30/04)
Genesis	1.88	3.62	(04/30/04)
Brandes	1.72	4.27	(12/31/95)
Arrowstreet	1.48	1.94	(02/29/08)
Ariel	1.31	0.65	(10/31/10)

### Five Worst Performing Portfolios vs. Benchmarks

Manager	Year-to-Date Underperformance (in % points)	Since Inception Underperformance (in % points)	
William Blair Intl SC	-1.49	1.14	(09/30/02)
Lombardia	-1.15	4.17	(03/31/12)
Piedmont LC	-1.09	-2.61	(05/31/05)
GlobeFlex	-0.80	0.19	(02/28/06)
Frontier	-0.74	5.88	(07/31/88)

### Five Highest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Ativo	7.86	11.06	(09/30/10)
Pyramis SC	7.34	13.70	(07/31/88)
Fortaleza	7.31	4.87	(11/30/06)
Ariel	7.27	13.51	(10/31/10)
Brown	6.76	8.34	(09/30/04)

### Five Lowest Returning Portfolios

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
BlackRock Enhanced	-0.68	6.24	(04/30/00)
NT Barclays Agg	-0.68	6.85	(01/31/90)
BlackRock Core Plus	-0.62	6.31	(03/31/07)
Piedmont	-0.53	5.49	(05/31/05)
LM Capital	-0.50	6.40	(04/30/05)

Returns are shown gross of investment management fees.

Excludes Real Estate and Alternative Investments portfolios.

The report was followed by questions and discussion from Board Members.

(13-02-03) (Asset Liability Education Presentation) Ms. Harris of Callan Associates presented an educational session for Trustees on Asset Liability.

The presentation included: what an asset-liability study is; an overview of Callan's asset-liability process; what the key considerations are in setting an asset allocation strategy; and, where we currently are in the process.

Ms. Harris stated that the next step which is a discussion of asset classes for inclusion/special consideration, will be reviewed at the March Board Meeting.

Ms. Thompson left the Board Meeting at 10:50 a.m.

(13-02-04) (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 #13-01-25

Schedules - Dated February 22, 2013

- 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 H - Final Administrative Action (Denial)
- Schedule P - Administrative Denial of Application for Past Service Credit.
- Schedule R - Prior Service - New Governmental Units



Administration - Master Trustee Report

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

Participation of New Unit of Government (1)

Leyden Fire Protection District

County: Cook

2013 Rate: 9.98%

Effective Participation Date: March 1, 2013

Number of Participating Employees: 1

Bids (3)

IMRF Pre-Retirement Binders

Approved Bidder: Marquardt Printing

Approved Bid: \$8,334.00

Microsoft Software Licenses

Approved Bidder: Software House, Inc.

Approved Bid: \$32,424.00

Regular Benefits Booklet Tier 1

Approved Bidder: Marquardt Printing

Approved Bid: \$8,300.00

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

Vote: Unanimous Voice Vote

Absent: Copper, Thompson

(13-02-05) (Financial Report) The Chair presented the following financial report for approval.

- Review of February Reporting Package
- December Interim Financial Statements
- Impact of 2012 Year-To-Date Investment Income on Employer Reserves, Funding Status and Average Employer Contribution Rates
- Impact of 2013 Year-To-Date Investment Income on Employer Reserves, Funding Status and Average Employer Contribution Rates
- Schedule T - Report of Expenditures

It was moved by Mr. Kuehne, seconded by Ms. Henry, to approve the Financial Report as presented.

Vote: Unanimous Voice Vote

Absent: Copper, Thompson

(13-02-06) (Report of the Investment Committee) The Chair of the Investment Committee reported on the meeting held on February 21, 2013.

He reported staff presented IMRF's 2012 Annual Minority, Female and Disabled Person-Owned (MFPDOB) Money Manager Utilization Report and the 2012 Annual Minority, Female and Disabled Person-Owned (MFPDOB) Broker Utilization Report to the Committee.

Staff noted after a review of actual MFPDOB brokerage commissions against goals in 2012, proposed increases to specific MFPDOB brokerage goals are included in the 2013 IMRF Statement of Investment Policy.

Next, staff presented the 2012 Annual Proxy Voting Report to the Committee.

The Chair reported that the Chief Investment Officer presented for approval the Investment Committee Charter, Statement of Investment Policy and Real Estate Statement of Investment Policy which included a summary of proposed changes for each document.

It was the consensus of the Committee to recommend the Board approve the Investment Committee Charter; Statement of Investment Policy; and, the Real Estate Statement of Investment Policy.

Lastly, staff and consultant presented a recommendation to the Committee to terminate the BlackRock Granite Fund by requesting a full redemption. This recommendation was based on concerns regarding ongoing changes to the firm's organizational structure and underperformance relative to their benchmark.

It was the consensus of the Committee to recommend the Board approve staff and consultant's recommendation to terminate the BlackRock Granite Fund by requesting a full redemption.

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

Vote: Unanimous Voice Vote  
Absent: Copper, Thompson

(13-02-07) (Report of the Legislative Committee) The Chair of the Legislative Committee presented a report on the Committee Meeting that was held on February 14, 2013 via teleconference.

It was the consensus of the Committee to recommend the Board remain neutral on the following legislation:

- Senate Bill 1 (IMRF provisions only)- In the provisions applicable to IMRF, this bill terminates participation for new employees of certain IMRF employers (current employees would be grandfathered).
- Senate Bill 1224 - excludes from pensionable wages payments received for unused sick and vacation time. Also terminates a provision allowing members to convert unused, unpaid sick time to service credit. Applies to new members only.

It was the consensus of the Committee to oppose the following legislation:

- House Bill 1259 - creates an optional defined contribution plan for IMRF.

- House Bill 1280 - allows fire chiefs to opt into participation in IMRF, rather than a downstate fire fund.
- House Bill 1296 - requires all Illinois public pension funds to divest any direct or indirect holdings in a firearm manufacturing company, after notification.

It was moved by Mr. Stulir, seconded by Mr. Nannini, to approve the recommendations of the Legislative Committee.

Vote: Unanimous Voice Vote  
Absent: Copper, Thompson

(13-02-08) (2013-2014 Projection Report - Death and Disability Rates)  
The Chief Financial Officer recommended the following:

- Decrease the average death benefit rate in 2014 to 0.18% of payroll, a decrease from the 0.20% rate for 2013;
- Maintain the disability benefit rate in 2014 at 0.11% of payroll, the same rate as 2013

He further estimates:

- Benefit payments will exceed contributions by more than \$263 million in 2013;
- IMRF credited approximately \$466 million of interest and \$1,477 million of residual investment income to employer reserves in 2012 due to the 2012 investment returns of 13.75%; and
- The supplemental retirement benefit for 2013 will be approximately 38% of the monthly benefit.

It was moved by Ms. Henry, seconded by Mr. Piechocinski, to approve the 2014 Death and Disability Rates as presented.

Vote: Unanimous Voice Vote  
Absent: Copper, Thompson

(13-02-09) (Legislative Update) The Legislative Liaison updated the Board on current legislative activity.

She stated that since the January Board Meeting, six new House Bills and one new Senate Bill have been introduced. Three of the new House Bills are included in IMRF's legislative agenda: HB 1351 - includes the retiree return to work provision; HB 1444 - contains four of the technical provisions in the Board's legislative agenda; and, House Bill 1537 - would require employers to report their entire payroll, except for employees participating in other pension systems with that employer, including penalties for non-compliance.

The Legislative Liaison further reported that four other bills that have been introduced affect IMRF in some respect: HB 1259 - would require IMRF to offer an optional defined contribution plan to which participants in the Tier Two program could opt in lieu of the Tier Two defined benefit plan; HB 1280 - would allow fire chiefs to choose to participate in IMRF instead of a fire pension fund with respect to that service; and, HB 1296 - applies to all of the Illinois pension systems. It would require systems to divest direct and indirect holdings in firearm companies.

Lastly, she presented an overview of the cash balance plan proposal. She noted that several versions of the key pension proposals have included a "cash balance plan" for new members, as well as the option for Tier Two members to switch to the new plan.

Questions and discussion followed.

(13-02-10) (Annual Expanded Litigation Status Update) General Counsel gave the following annual expanded litigation status update to the Board:

**STEVENS vs. VILLAGE OF OAK BROOK, et al. (DuPage County)**

**Facts**

An IMRF member, working for the Village of Oak Brook, applied for 20 years of omitted pension credit for employment as a building inspector working half-time (twenty hours per week) for the Village. The member first learned that pension credit could be established for qualifying employment before he was enrolled when he met with the IMRF field representative for pre-retirement counseling. The Village refused to agree that the member was entitled to the service credit and refused to sign the omitted service form, although it did not dispute the hours worked.

**Issues**

Is an employee who was not enrolled in IMRF, but who held a qualifying position, entitled to pension credit for the omitted period, regardless of when the enrollment error was discovered and regardless of the amount of time that was omitted? Is the limit of 50 months of *retroactive service* found in section 7-139(a) 7 of the Pension Code also applicable to omitted service?

**Procedural History**

The member filed suit against the Village and named IMRF as a necessary party. The parties took depositions and filed cross motions for summary judgment. The Circuit Court ruled in favor of the IMRF member on the issue of eligibility for omitted service credit and found that the 50 month limitation was not applicable to omitted service. The Court ordered the Village to sign the omitted service application. The member had also asked the Court to order the Village to pay for his legal fees and the Court declined to do so. The parties filed cross appeals with the Second District Appellate Court. IMRF has not taken an adversarial role in this matter; at the request of the Circuit Court, we filed a statement explaining our position regarding omitted service credit.

### Current Status

The matter is pending in the Appellate Court (second district). The case has been fully briefed and will be decided without oral argument. The omitted service application was processed; the member made the required contributions, and was credited with 20 years of service. The member is now retired.

### VRAKAS, et al. v. COUNTY OF WILL, et al. (Will County)

#### Facts

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. Just as in the *Stevens* case, IMRF has been named as a "necessary party" to the lawsuit so that any judgment can be properly enforced.

#### Issue

Was the County was required to enroll the correctional officers in IMRF as "sheriff's law enforcement employees?"

#### Procedural History

Case has been pending since December 14, 2009 with parties filing various motions to dismiss and for summary judgment. The most recent cross motions for summary judgment have been argued. The County and Plaintiffs were actively discussing settlement and appeared to have reached an agreement. The agreement had been signed by all 68 Plaintiffs and the County indicated that it wanted to create a class so that it could be assured that all potential plaintiffs were included. A hearing was set for certification of the class action on February 7. However, on February 7, the parties appeared before the Court where the County indicated that it had changed its mind and was no longer interested in settling the case.

#### Current Status

The Plaintiffs have filed a motion to enforce the settlement agreement. A hearing on that motion is set for April 2, 2013.

### WABASH COUNTY, ILLINOIS vs. IMRF, et al. (DuPage County)

#### Facts

Terry Kaid served as the City Attorney for Mt. Carmel Illinois for 12 years during the 1980's. He was later elected as State's Attorney for Wabash County and elected to participate in ECO. He subsequently applied for and received omitted service for 8 of the twelve years that he had served as City Attorney for Mt. Carmel. These 8 years allowed him to retire in 2005 at 80 percent of his State's Attorney salary. In 2006, the City changed its mind saying that he was never an employee of the City but was a private lawyer. IMRF directed the City to hold a hearing on Kaid's status. Before such hearing could be conducted, Kaid sued the City and IMRF in circuit court. After motions to dismiss were denied, IMRF and the

City settled the case in 2008, allowing Kaid to keep his 80% of salary pension. Shortly thereafter the County filed a "Request for Correction of Records" with IMRF claiming that they should not be charged with Kaid's service as a City Attorney because he was not an employee of the City.

### **Issues**

Was the County timely in filing their "Request for Correction of Records"? Does the County have the ability to challenge the status of a former employee with an entity that had previously employed him?

### **Procedural History**

The Board dismissed the "Request for Correction of Records" as being untimely and barred by *laches*. The County appealed. The case was dismissed due to drafting issues and went to the Appellate Court who reversed and remanded the case to IMRF for "proceedings consistent with" their opinion. The case went back to the Benefit Review Committee in early 2012 and the Benefit Review Committee found that the case was untimely filed under IMRF rules (the employer knew of the rate increase in 2006 but waited until 2008 to contest the rate) and that the County did not have standing to challenge Kaid's status with another IMRF employer. Wabash County then filed another petition for administrative review in circuit court.

The parties filed briefs addressing these issues and the Case was argued before Judge Wheaton on February 1, 2013.

### **Current Status**

Judge Wheaton found that the County should have been aware of the charges in 2006 when it was notified of its rate increase and that it was time barred under IMRF rules from disputing the charges. She further found that if the county would have timely filed its request that it would have had standing to dispute Kaid's status with the City. Any appeal must be filed within 30 days from February 1, 2013.

## **JOSEPH PRAZEN v. IMRF (Illinois Supreme Court)**

### **Facts**

Joseph Prazen worked as the superintendent of the Peru Electrical Department. He took an ERI retirement, but returned to the City as an employee of a corporation that he created very shortly before he retired. The contract for him to return to work as an employee of his own corporation began immediately upon his retirement. He returned to the very same job he retired from and continued to work as an employee of his own corporation for approximately 10 years. IMRF was contacted by a whistleblower and determined that Mr. Prazen had violated the ERI forfeiture provisions which state that if an ERI retiree returns to "employment with" or under a "personal services contract" with an IMRF employer, that they lose their ERI enhancements. The Benefit Review Committee and ultimately the Board found that even if this situation did not fit squarely within the statutory prohibition contained within Section 7-141.1(g) of the Pension Code, that it surely violated the statutory intent of the provision.

### **Issue**

Did Plaintiff's creation of a corporation and subsequent return to his former job as an employee of that corporation violate the legislative intent behind 7-141.1(g) of the Pension Code?

### **Procedural History**

The trial court in Sangamon County found in favor of IMRF and upheld Board's determination that Mr. Prazen violated the ERI statute. The Fourth District Appellate Court overturned Judge Schmidt's decision and stated that the law was plain and unambiguous. The judges noted that the situation was clearly one which would raise eyebrows, but their belief was that the General Assembly should have made the statute clearer if this was their intent and that IMRF's relief would lie with the General Assembly. IMRF filed a Petition for Leave to Appeal with Illinois Supreme Court on October 5, 2012. The Petition for Leave to appeal was granted on November 28, 2012.

### **Current status**

IMRF has filed its brief and Plaintiff has filed his brief. A reply brief is due in early March and the case will be set for oral argument.

## **LIARAKOS V. IMRF**

### **Facts**

Mr. Liarakos injured his eye by falling on a school bus handle. He had been employed for less than 5 years with his IMRF employer. He received temporary disability payments but when it came time to review him for total and permanent disability it was determined that his eye injury alone would not render him totally and permanently disabled. Mr. Liarakos suffered from other ailments which existed prior to the date of his participation in IMRF and which could not be considered in light of the statutory prohibition on total and permanent disability benefits during the first 5 years in IMRF for disabling conditions that pre-date participation. The Benefit Review Committee denied his application and the Board affirmed. Mr. Liarakos appealed arguing that the statute allowed consideration of the preexisting conditions if they were considered along with the work related injury. Mr. Liarakos also argued that he was denied due process because his attorney was not allowed to cross examine Dr. Rao at the Benefit Review Committee hearing.

### **Issues**

Can preexisting conditions be considered along with an injury which occurred while working when the applicant has less than 5 years of service?

Was the Plaintiff deprived of due process when he was denied the ability to cross examine Dr. Rao?

### Procedural History

Case was filed October 4, 2011. Answer and appearance filed November 8, 2011. IMRF brief in support of administrative decision was filed on November 30, 2012. The case was argued before Judge Wheaton on January 11, 2013

### Current Status

After oral argument, Judge Wheaton found in favor of IMRF specifically finding that, in the case of total and permanent disability, consideration of pre-existing conditions is prohibited when the IMRF member has less than five years of service. Judge Wheaton further found that failure of IMRF to allow cross examination of Dr. Rao during the hearing did not prejudice the plaintiff in this particular case because the issue was one of statutory construction and not a question of fact. The Plaintiff has not appealed as of the date this memo was written.

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

### Facts

The unsecured creditors in the *Tribune* bankruptcy sued investors who sold their *Tribune* stock at the time of the buyout. The plaintiffs' theory is that the buyout was fraudulent and therefore a portion of those stockholders' proceeds from the stock sale was due to the fraud and should be returned to the *Tribune's* bankruptcy estate.

### Issues

Can an arm's length stock sale be reversed based on facts unknown to the seller at the time of the sale? Was the *Tribune* buyout fraudulent?

### Procedural History

There was a stay on this matter while certain other issues were decided. The defendants have filed a motion to dismiss.

### Current Status

The parties are currently briefing the issues raised in the motion to dismiss. IMRF has joined with other public plans and is using a shared counsel (Ice Miller LLP).



**BURGER v. IMRF (McHenry)**

**Facts**

Ms. Burger was employed as a correctional officer for McHenry County. She injured her shoulder on the job and was required to have surgery. She was released for limited duty but her employer could not accommodate her limitations so she received temporary disability benefits from IMRF. She then applied for total and permanent disability benefits. The Benefit Review Committee sent her for a functional capacity test where it was determined that she could perform sedentary work. Dr. Rao agreed with the findings of the functional capacity test which showed that Ms. Burger was capable of employment albeit sedentary employment. Her application was denied and that is the subject of this appeal.

**Issue**

Was the Board's decision against the manifest weight of the evidence?

**Procedural History**

Case was originally filed March 22, 2012. IMRF filed its answer and appearance filed on April 25, 2012. Briefing schedules have been entered twice and the Plaintiff's attorney has failed to file a brief. IMRF has communicated with the attorney who indicated that he has had several illnesses and deaths in his family and that he needed additional time to file his brief.

**Current Status**

A prior hearing date was set for February 11, 2013. Parties will appear to have judge determine next steps.

**DIEHL V. BOARD OF TRUSTEES (12 MR 1282 Dupage)**

**Facts**

This was a case which was decided via Schedule H. Ms. Diehl submitted a resignation letter to her employer, CGH Medical Center. There was clear evidence from the employer that the resignation was completely voluntary and that no choice was given to Ms. Diehl regarding she should resign or be fired. Ms. Diehl also did not seek medical treatment until two days after her resignation. She is appealing the denial of temporary disability based on voluntary resignation.

**Issues**

Was the Board's denial of temporary disability benefits against the manifest weight of the evidence?

Did the failure to hold a hearing violate the Plaintiff's due process rights?

### Procedural History

Filed on August 31, 2012. Record and appearance were filed on October 4, 2012. Initial status is set for December 28, 2012. Briefing schedule entered.

### Current status

The same attorney is handling this case as in *Burger*. His brief was due on Feb 5 and he did not file it. Hearing scheduled for April 29, 2013 most likely will be postponed.

### LEHMAN BROS. SPECIAL FINANCING, INC. V. BANK OF AMERICA NATIONAL ASSOC., ET AL.

### Facts

Certain creditors in the Lehman Bros. bankruptcy have sued various pre-bankruptcy Lehman bond holders. The creditors allege that covenants in the bonds that required Lehmann to redeem them immediately upon insolvency were impermissible pre-bankruptcy preferences.

### Issue

Were the bond provisions requiring immediate redemption upon insolvency of the issuer impermissible preferences under the bankruptcy laws?

### Procedural History

There is a stay on this matter while the plaintiffs search for all of the potential defendants.

### Current Status

IMRF has retained counsel and we are waiting for the stay to be lifted.

### ANGELINA TELLONE V. IMRF (2012 MR 1617-DuPage)

### Facts

This case involves the closure of temporary disability claim due to failure to provide requested documentation which is pursuant to a board resolution.

### Issue

Was the closure of this case clearly erroneous?

### Procedural History

Case was filed on October 31, 2012. Appearance and answer have been filed. Benefits is working with member to obtain additional documentation but member is not responsive.

### Current Status

Status set for April 29, 2013.

**JANET DOHERTY V. IMRF (12 MR 1804 Lake)**

**Facts**

Janet Doherty was a job coach with the Special Education District of Lake County. She was denied temporary disability benefits based on Dr. Miller's assessment that she did not meet the IMRF definition of temporarily disabled. At the first hearing a decision was deferred for additional medical and because the committee became aware of some physical issues that Ms. Doherty was having and wanted Dr. Rao to review the case. The committee also requested a statement to be completed by Ms. Doherty's friend whom she lived with in Florida. Several doctors were unresponsive to requests for additional documentation. Both Dr. Miller and Dr. Rao believed that based on the facts presented, the claimant did not appear disabled.

**Issue**

Was the denial of temporary disability benefits against the manifest weight of the evidence?

**Procedural History**

Case was filed November 7, 2012. IMRF filed its answer consisting of Administrative Record and Appearance on December 3, 2012.

**Current Status**

Status set for March 29, 2013. Briefing schedule and hearing date will be set at that time.

(13-02-11) (Report of Executive Director)

**Representation of IMRF**

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

**2013 Trustee Roundtable**

The Deputy Executive Director discussed the location and possible agenda items for the Board's 2013 Roundtable that is scheduled for June 19, 2013.

(13-02-12)(Trustee Forum) The Chair reported the following Trustee requested authorization from the Board to attend the following conference:

Sharon U. Thompson	"Investments Institute"
	IFEBP
	April 22-24, 2013
	Phoenix, AZ

It was moved by Mr. Piechocinski seconded by Ms. Henry, to approve the above Trustee request.

Vote: Unanimous Voice Vote  
Absent: Copper, Thompson

(13-02-13) (Adjournment) It was moved by Mr. Nannini, seconded by Mr. Piechocinski, 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 March 22, 2013.

Vote: Unanimous Voice Vote  
Absent: Copper, Thompson

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

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