

ILLINOIS MUNICIPAL RETIREMENT FUND  
MINUTES OF  
REGULAR MEETING NO. 13-08  
AUGUST 23, 2013



ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 13-08

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m., August 23, 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: Stafford, Stulir, Thompson, Copper, Henry, Nannini, Piechocinski  
Absent: Kuehne

Ms. Becker-Wold and Mr. Ball from Callan Associates, Mr. Moss from Seyfarth Shaw LLP., and a representative from Loop Capital were also present.

(13-08-01)(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, 2013.

The report was followed by discussion from Board Members.

Mr. Nannini left the meeting at 9:30 a.m.

(13-08-02) (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, 2013



**Illinois Municipal  
Retirement Fund  
Monthly Performance Report**

**Investment Measurement Service  
Monthly Review**

**Major Market Returns**

**Returns**

**for Periods Ended July 31, 2013**

| Index                    | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|--------------------------|------------|--------------|-----------|--------------|--------------|---------------|
| DJ:US Total Mkt Ix       | 5.41       | 20.35        | 26.74     | 18.13        | 8.74         | 8.38          |
| Russell:1000 Index       | 5.35       | 20.00        | 26.23     | 18.04        | 8.49         | 8.02          |
| Russell:Midcap Index     | 5.80       | 22.14        | 32.37     | 19.01        | 10.07        | 10.91         |
| Russell:2000 Index       | 7.00       | 23.97        | 34.76     | 18.72        | 9.45         | 9.60          |
| MSCI:ACWI ex-US (Net)    | 4.38       | 4.33         | 16.96     | 6.43         | 0.79         | 8.80          |
| MSCI:EAFE US\$           | 5.28       | 9.60         | 23.48     | 8.61         | 1.05         | 7.97          |
| MSCI:Emer Markets        | 1.10       | (8.40)       | 2.29      | 1.33         | 0.86         | 13.45         |
| Barclays:Aggregate Index | 0.14       | (2.31)       | (1.91)    | 3.19         | 5.23         | 4.89          |
| NCREIF ODCE Index        | 1.27       | 8.00         | 11.91     | 14.54        | 0.03         | 6.94          |
| NAREIT Equity Index      | 0.95       | 7.51         | 8.34      | 15.01        | 7.04         | 10.41         |

Equity markets across the globe got back on track in July with the S&P 500 Index gaining more than 5% and the MSCI ACWI ex-U.S. Index rising nearly 4.4%. Domestic equity mutual funds (including exchange traded funds) saw record inflows (\$40.3 billion) in July as investors fled bond funds. This was driven as much by the Federal Reserve's "tapering" comments in May as it was an improvement in economic fundamentals. In fact, much of the \$90 billion that was pulled from domestic fixed income funds in the last two months found its home in savings deposits and money market funds.

Economic statistics sent mixed signals during the month. While GDP was up 1.7%, higher than consensus estimates, first quarter GDP was revised down from 1.8% to 1.1%. Housing prices are improving but mortgage applications were down sharply, most likely due to the recent spike in interest rates. Unemployment fell to 7.4%, a rate not seen since late 2008, and the economy added 162,000 jobs.

After falling 4.34% in June, international equity markets made an about-face in July gaining 4.38% (MSCI ACWI ex-U.S. Net Index). While Europe has been in a recession for well over a year underlying economic fundamentals are improving. The initial estimate of second quarter GDP growth came in at a positive 0.3%, mostly driven by Germany (GDP +0.7%). European manufacturing output is increasing and the recent rise in unemployment has leveled off, albeit at very high levels. Japan's economy has found some footing as well. GDP growth was 4.1% in the first quarter of 2013 and 2.6% in the second quarter.

\*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 July 31, 2013**

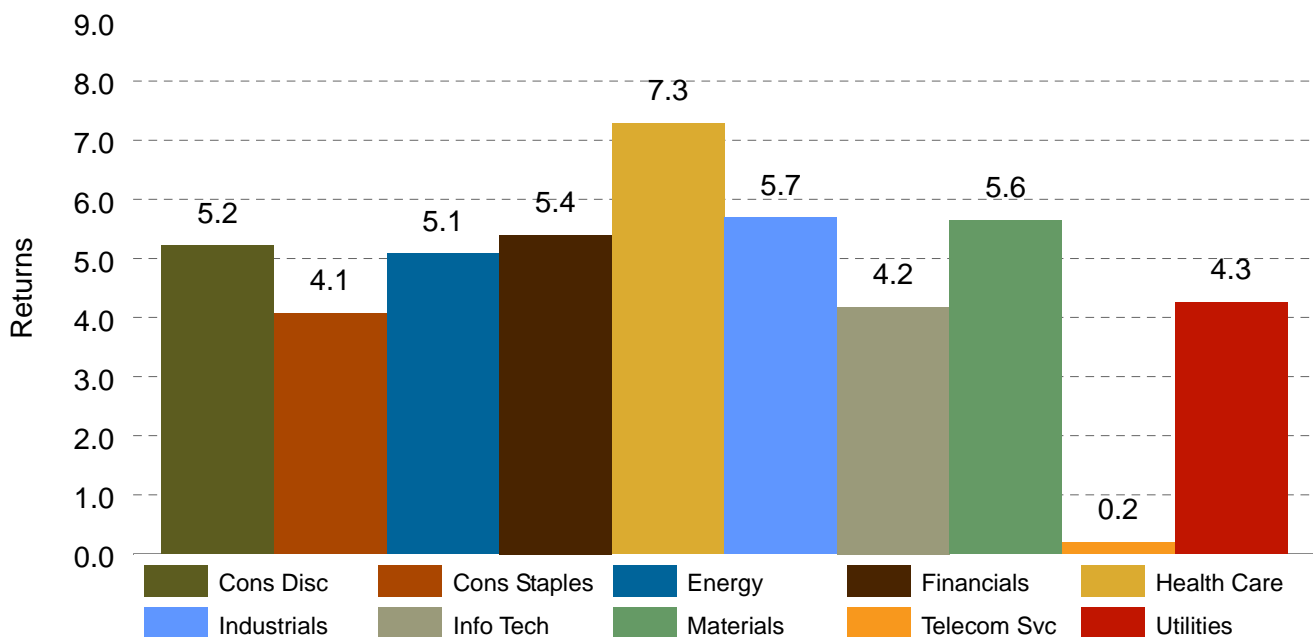
| Index                | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|----------------------|------------|--------------|-----------|--------------|--------------|---------------|
| DJ:US Total Mkt Ix   | 5.41       | 20.35        | 26.74     | 18.13        | 8.74         | 8.38          |
| Russell:1000 Index   | 5.35       | 20.00        | 26.23     | 18.04        | 8.49         | 8.02          |
| Russell:1000 Growth  | 5.30       | 17.73        | 21.64     | 18.00        | 9.01         | 7.69          |
| Russell:1000 Value   | 5.40       | 22.16        | 30.73     | 18.00        | 7.88         | 8.20          |
| Russell:Midcap Index | 5.80       | 22.14        | 32.37     | 19.01        | 10.07        | 10.91         |
| Russell:2000 Index   | 7.00       | 23.97        | 34.76     | 18.72        | 9.45         | 9.60          |
| Russell:2000 Growth  | 7.56       | 26.32        | 35.39     | 20.32        | 9.98         | 9.62          |
| Russell:2000 Value   | 6.43       | 21.74        | 34.15     | 17.07        | 8.86         | 9.45          |

After taking a brief pause in June, domestic equities resumed their strong upward trend in July with the DJ Total Stock Market Index gaining 5.4%. Small caps led the way with a gain of 7.0% (Russell 2000 Index) and mid caps performed more closely to large caps returning 5.8% (Russell Mid Cap Index).

Large cap value stocks slightly outperformed growth stocks (Russell 1000 Value: 5.4%; Russell 1000 Growth: 5.3%). However, among smaller stocks, growth outpaced value by 1.2% in July (Russell 2000 Growth: 7.6%; Russell 2000 Value: 6.4%).

All ten sectors of the S&P 500 Index rose in July. Telecom was worst performing sector but still gained 0.2%. The other sectors were led by Health Care (+7.3%) and Industrials (+5.7%).

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



**Returns**

**for Periods Ended July 31, 2013**

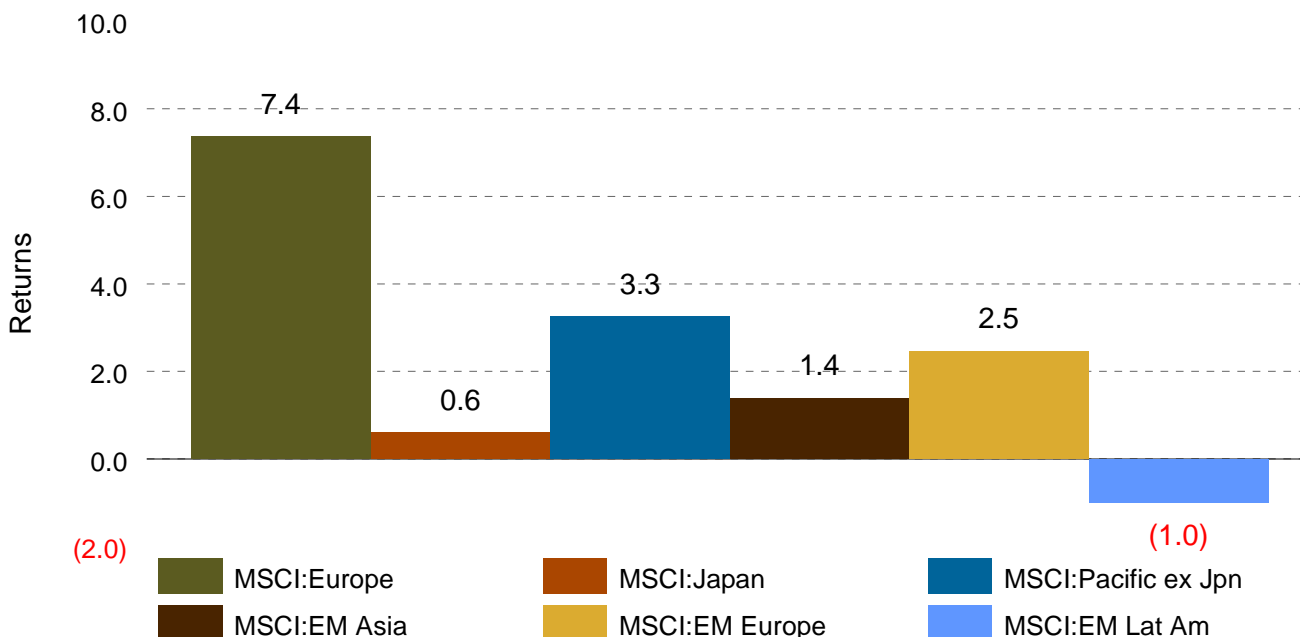
| Index                     | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---------------------------|------------|--------------|-----------|--------------|--------------|---------------|
| MSCI:ACWI ex-US (Net)     | 4.38       | 4.33         | 16.96     | 6.43         | 0.79         | 8.80          |
| MSCI:ACWI ex US Gr        | 3.71       | 5.41         | 16.83     | 7.52         | 0.91         | 8.84          |
| MSCI:ACWI ex US Val       | 5.10       | 3.94         | 18.08     | 6.27         | 1.57         | 9.66          |
| MSCI:EAFE US\$            | 5.28       | 9.60         | 23.48     | 8.61         | 1.05         | 7.97          |
| MSCI:EAFE Hedged          | 4.23       | 13.39        | 24.37     | 5.72         | 0.03         | 3.86          |
| MSCI:Emer Markets         | 1.10       | (8.40)       | 2.29      | 1.33         | 0.86         | 13.45         |
| MSCI:ACWI ex-US Small Cap | 4.96       | 6.88         | 21.03     | 8.05         | 4.60         | 11.47         |

Improving sentiment among consumers and investors outside the U.S. helped to push equity markets up in July. The continuing support of the European Central Bank and Bank of Japan was also a significant factor in driving returns. This may explain the performance of some of the weaker economies in the European Union such as Spain (+12.7%) and Greece (+11.7%). Overall, international markets rose 4.4% (MSCI ACWI ex-U.S. Index).

Unfortunately, this good news did not spill over into emerging markets which only managed to gain 1.1% (MSCI Emerging Markets Index) in July.

Every major international region rose during the month except Emerging Markets in Latin America which fell 1.0%. Developed European markets gained the most (+7.4%) followed by the Pacific ex-Japan region (+3.3%).

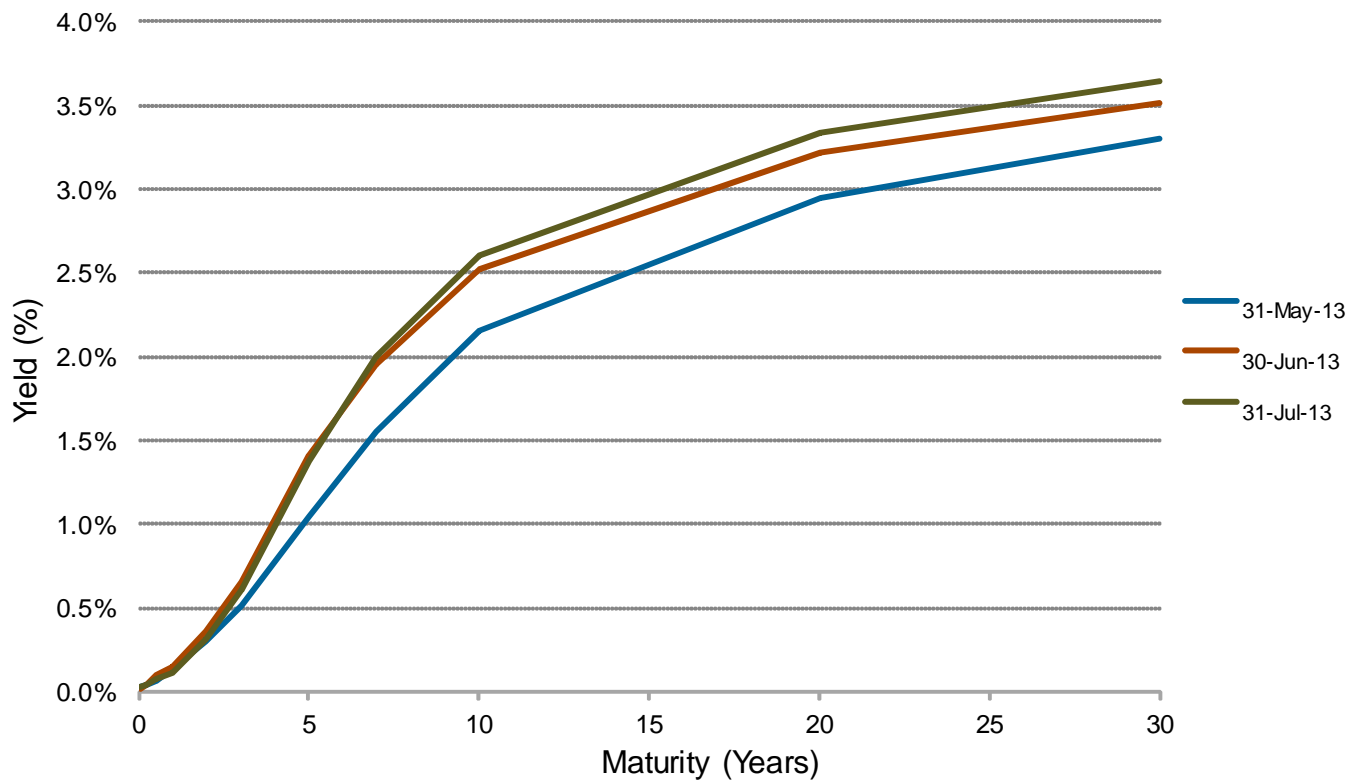
**Regional Returns for Month Ended July 31, 2013**



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

| Index                    | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|--------------------------|------------|--------------|-----------|--------------|--------------|---------------|
| Barclays:Aggregate Index | 0.14       | (2.31)       | (1.91)    | 3.19         | 5.23         | 4.89          |
| Barclays:Govt Index      | (0.10)     | (2.13)       | (2.54)    | 2.68         | 4.26         | 4.50          |
| Barclays:Credit          | 0.71       | (2.92)       | (1.12)    | 5.05         | 7.24         | 5.63          |
| Barclays:Mortgage Idx    | (0.09)     | (2.10)       | (1.98)    | 2.19         | 4.85         | 4.89          |
| Barclays:US TIPS Index   | 0.73       | (6.72)       | (5.87)    | 4.84         | 4.67         | 5.77          |
| ML:High Yield CP Idx     | 1.87       | 3.36         | 9.38      | 9.83         | 11.26        | 9.01          |
| 3 Month T-Bill           | 0.01       | 0.05         | 0.11      | 0.11         | 0.25         | 1.72          |

**Treasury Yield Curve**



While it did not have a spectacular month the fixed income market appeared to stabilize in July. Yields rose only slightly, concentrated on the long end of the curve. The Barclays Aggregate Bond Index gained 0.1%. Despite these modest gains, bonds are still down about 2.3% for the year.

The two major segments of the fixed income market to fall were government securities and mortgages, both losing about 0.1%. After retreating 2.6% in the prior month, high yield bonds led the way in July with a return of 1.9%.



### **Total Fund**

Total Fund assets at the end of July were \$30.67 billion, up from \$29.68 billion at the end of June. The Fund rose 3.75% for the month, outperforming the benchmark return of 3.09%. Domestic equity, international equity and fixed income beat their respective benchmarks. Over the last year, the fund is up 17.47% exceeding the benchmark by 3.58%.

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 31, domestic equity exceeded its target allocation by 7.2%. All other asset classes were within the allowable range.

### **US Equity**

Large Cap: In aggregate, the Fund's large cap managers gained 5.74%, leading the Russell 1000 Index by 0.39%. Growth portfolios collectively returned 5.88%, outperforming their benchmark by 58 basis points for the month. Sands was the best performing active manager with a return of 8.35%. Value portfolios returned 5.78% outperforming the Russell 1000 Value Index by 38 basis points. BMO was the best performing manager in the group with a return of 6.25%. The Large Cap Active Core segment gained 5.97%, which led the Russell 1000 Index's return of 5.35%.

Small Cap: The Small Cap portfolio jumped 7.08%, outpacing the Russell 2000 Index by 0.08%. Small Cap Growth and Value returned 6.82% and 7.38%, respectively. Frontier was the best performing small cap growth manager and Channing was the best in value. The Micro Cap segment returned 6.97% in July. Ativo performed very well in the micro-cap segment, rising 8.63% for the month.

### **International Equity**

Large Cap: International stocks recovered in July from last month's decline. International Large Cap managers rose 4.77%. This return was 39 basis points ahead of the MSCI ACWI ex-U.S. Index. International Large Cap Growth gained 4.31% with William Blair performing the best (+4.75%). International Large Cap Value returned 4.18% for the month. Mondrian lagged all other managers with a return of 2.98%. The Large Cap Active Core Group rose 4.75% in July with all managers performing within 17 basis points of each other.

International Small Cap and Emerging Markets: The International Small Cap managers returned 5.21%, outperforming the ACWI Small Cap ex-U.S. Index by 25 basis points. The emerging markets portfolio, managed by Genesis, gained 1.68% during July, outperforming the MSCI Emerging Markets Index by 58 basis points.

**Domestic Fixed Income**

The total fixed income portfolio returned 0.39% as yields remained fairly consistent with the prior month. The high yield segment was the best performer during the month, rising 1.49%.

Active Core: The active core fixed income component returned 0.10%, underperforming the BC Aggregate Index by 4 basis points. The enhanced core portfolio was up 0.17%.

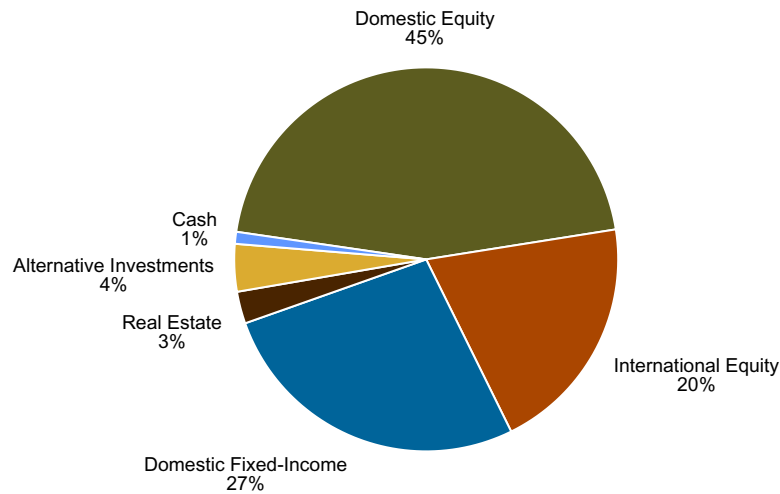
Core Plus: The core plus managers returned 0.31% which led the Barclays Aggregate Index. LM Capital outperformed the other managers, gaining 0.56%.

High Yield: The high yield component gained 1.49% in July, trailing the ML High Yield Cash Pay Index (+1.87%). Pyramis returned 1.50%, virtually even with McKay Shields' return of 1.48%.

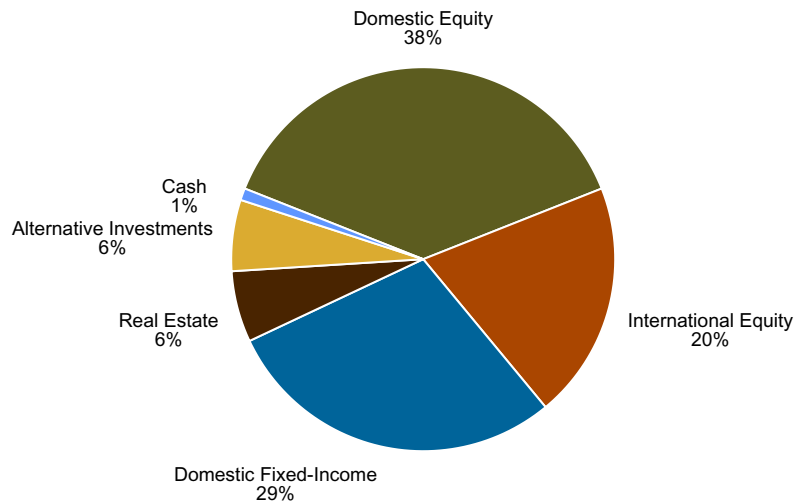
## Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of July 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         | 13,870            | 45.2%          | 38.0%          | 7.2%               | 2,215                 |
| International Equity    | 6,193             | 20.2%          | 20.0%          | 0.2%               | 59                    |
| Domestic Fixed-Income   | 8,260             | 26.9%          | 29.0%          | (2.1%)             | (635)                 |
| Real Estate             | 814               | 2.7%           | 6.0%           | (3.3%)             | (1,027)               |
| Alternative Investments | 1,226             | 4.0%           | 6.0%           | (2.0%)             | (614)                 |
| Cash                    | 308               | 1.0%           | 1.0%           | 0.0%               | 2                     |
| <b>Total</b>            | <b>30,671</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 July 31, 2013, with the distribution as of June 30, 2013.

### Asset Distribution Across Investment Managers

|                                       | July 31, 2013           |               | June 30, 2013           |               |
|---------------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                       | Market Value            | Percent       | Market Value            | Percent       |
| <b>Domestic Equity</b>                | <b>\$13,869,857,375</b> | <b>45.22%</b> | <b>\$13,194,554,503</b> | <b>44.45%</b> |
| <b>Large Cap Growth</b>               |                         |               |                         |               |
| BlackRock LCG                         | 483,358,411             | 1.58%         | 651,744,053             | 2.20%         |
| Holland                               | 907,271,977             | 2.96%         | 865,662,291             | 2.92%         |
| NTGI S&P 500 Growth Idx               | 839,234,732             | 2.74%         | 799,589,712             | 2.69%         |
| Sands                                 | 983,193,458             | 3.21%         | 907,389,734             | 3.06%         |
| Vision                                | 66,616,351              | 0.22%         | 63,180,397              | 0.21%         |
| <b>Large Cap Value</b>                |                         |               |                         |               |
| Dodge & Cox                           | 912,893,687             | 2.98%         | 866,016,104             | 2.92%         |
| BMO                                   | 962,494,438             | 3.14%         | 905,837,039             | 3.05%         |
| LSV                                   | 970,881,841             | 3.17%         | 914,480,330             | 3.08%         |
| NTGI S&P 500 Value Idx                | 738,404,517             | 2.41%         | 821,310,058             | 2.77%         |
| <b>Large Cap Core</b>                 |                         |               |                         |               |
| Piedmont                              | 164,614,677             | 0.54%         | 155,365,182             | 0.52%         |
| Progress                              | 550,776,688             | 1.80%         | 519,716,676             | 1.75%         |
| NTGI MarketCap Index                  | 2,490,786,283           | 8.12%         | 2,362,752,251           | 7.96%         |
| <b>Small Cap Growth</b>               |                         |               |                         |               |
| Fortaleza                             | 41,640,887              | 0.14%         | 38,956,593              | 0.13%         |
| Frontier                              | 648,721,470             | 2.12%         | 603,613,348             | 2.03%         |
| Pyramis                               | 680,756,095             | 2.22%         | 640,485,053             | 2.16%         |
| <b>Small Cap Value</b>                |                         |               |                         |               |
| Channing                              | 71,293,272              | 0.23%         | 65,730,965              | 0.22%         |
| Dimensional Small Cap Value           | 596,034,898             | 1.94%         | 555,362,570             | 1.87%         |
| Inv. Counselors of Maryland           | 650,493,359             | 2.12%         | 606,550,128             | 2.04%         |
| Lombardia                             | 144,041,833             | 0.47%         | 133,771,068             | 0.45%         |
| <b>Micro Cap</b>                      |                         |               |                         |               |
| Ariel                                 | 87,086,167              | 0.28%         | 81,567,577              | 0.27%         |
| Ativo                                 | 41,487,947              | 0.14%         | 38,213,716              | 0.13%         |
| Dimensional Micro Cap                 | 256,417,023             | 0.84%         | 238,429,166             | 0.80%         |
| Wall Street                           | 382,018,490             | 1.25%         | 358,830,492             | 1.21%         |
| <b>Equity Transition</b>              | <b>\$199,338,871</b>    | <b>0.65%</b>  | -                       | -             |
| <b>International Equity</b>           | <b>\$6,193,119,752</b>  | <b>20.19%</b> | <b>\$5,923,417,790</b>  | <b>19.96%</b> |
| <b>International Large Cap Growth</b> |                         |               |                         |               |
| EARNEST Partners                      | 491,124,144             | 1.60%         | 472,919,798             | 1.59%         |
| McKinley                              | 72,828                  | 0.00%         | 71,900                  | 0.00%         |
| William Blair                         | 532,380,984             | 1.74%         | 508,256,071             | 1.71%         |
| <b>International Large Cap Value</b>  |                         |               |                         |               |
| Brandes                               | 452,526,143             | 1.48%         | 430,942,915             | 1.45%         |
| Lombardia                             | 28,685,542              | 0.09%         | 26,490,680              | 0.09%         |
| Mondrian                              | 442,629,163             | 1.44%         | 429,833,745             | 1.45%         |
| Lazard                                | 86,412,552              | 0.28%         | 82,472,605              | 0.28%         |
| <b>International Large Cap Core</b>   |                         |               |                         |               |
| Arrowstreet                           | 454,327,871             | 1.48%         | 433,311,511             | 1.46%         |
| Brown                                 | 232,084,456             | 0.76%         | 221,674,207             | 0.75%         |
| GlobeFlex                             | 452,602,696             | 1.48%         | 432,366,438             | 1.46%         |
| NTGI MSCI EAFE Index                  | 2,177,764,680           | 7.10%         | 2,068,612,724           | 6.97%         |
| <b>International Small Cap</b>        |                         |               |                         |               |
| Franklin Templeton                    | 167,809,250             | 0.55%         | 161,155,432             | 0.54%         |
| William Blair                         | 199,996,733             | 0.65%         | 188,427,619             | 0.63%         |

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, 2013, with the distribution as of June 30, 2013.

### Asset Distribution Across Investment Managers

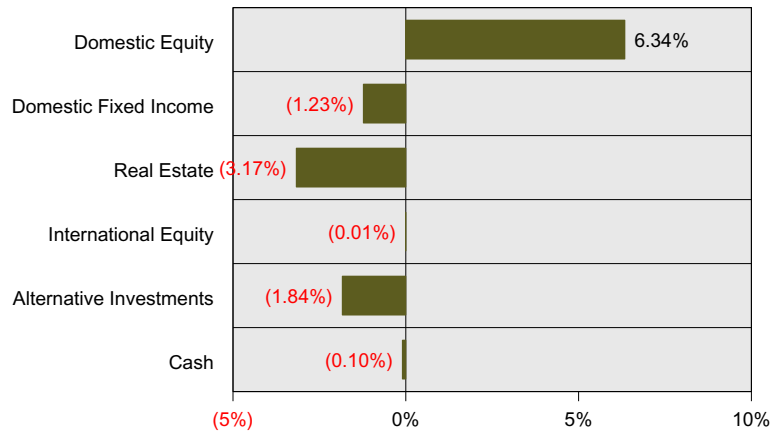
|                                 | July 31, 2013           |               | June 30, 2013           |               |
|---------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                 | Market Value            | Percent       | Market Value            | Percent       |
| <b>Emerging Markets</b>         |                         |               |                         |               |
| Genesis                         | 474,702,710             | 1.55%         | 466,873,229             | 1.57%         |
| <b>Domestic Fixed-Income</b>    | <b>\$8,259,576,783</b>  | <b>26.93%</b> | <b>\$8,227,662,912</b>  | <b>27.72%</b> |
| <b>Domestic Fixed Core</b>      |                         |               |                         |               |
| EARNEST Partners                | 528,367,152             | 1.72%         | 529,421,266             | 1.78%         |
| Piedmont                        | 520,574,325             | 1.70%         | 518,456,331             | 1.75%         |
| BlackRock Enhanced              | 941,890,474             | 3.07%         | 940,309,287             | 3.17%         |
| NTGI BC Aggregate Index         | 1,373,750,481           | 4.48%         | 1,372,153,063           | 4.62%         |
| <b>Domestic Fixed Core Plus</b> |                         |               |                         |               |
| BlackRock Core Plus             | 700,692,110             | 2.28%         | 699,236,293             | 2.36%         |
| LM Capital                      | 816,328,848             | 2.66%         | 811,820,958             | 2.74%         |
| Progress Fixed Income           | 423,526,336             | 1.38%         | 422,166,700             | 1.42%         |
| Taplin, Canida, & Habacht       | 805,521,472             | 2.63%         | 801,843,592             | 2.70%         |
| Western                         | 1,082,278,783           | 3.53%         | 1,081,487,919           | 3.64%         |
| <b>High Yield</b>               |                         |               |                         |               |
| MacKay Shields                  | 522,012,589             | 1.70%         | 514,419,886             | 1.73%         |
| Pyramis High Yield              | 544,634,214             | 1.78%         | 536,347,616             | 1.81%         |
| <b>Real Estate</b>              | <b>\$813,627,487</b>    | <b>2.65%</b>  | <b>\$873,226,024</b>    | <b>2.94%</b>  |
| <b>Real Estate Core</b>         |                         |               |                         |               |
| BlackRock Granite               | -                       | -             | 74,142,252              | 0.25%         |
| TA Buckhead Ind. Prop.          | 242,839,129             | 0.79%         | 244,372,241             | 0.82%         |
| Cornerstone Patriot             | 93,207,400              | 0.30%         | 89,905,362              | 0.30%         |
| INVESCO Core RE                 | 92,426,884              | 0.30%         | 89,151,857              | 0.30%         |
| <b>Real Estate Non-Core</b>     |                         |               |                         |               |
| Franklin Templeton EMREFF       | 32,719,762              | 0.11%         | 27,627,699              | 0.09%         |
| Olympus Real Estate Fund II     | 330,536                 | 0.00%         | 330,536                 | 0.00%         |
| Security Capital                | 55,578,148              | 0.18%         | 55,578,148              | 0.19%         |
| Dune II                         | 41,776,554              | 0.14%         | 46,639,611              | 0.16%         |
| Non-Core Real Estate Funds*     | 118,038,790             | 0.38%         | 109,743,908             | 0.37%         |
| Rockwood Fund VIII              | 37,314,450              | 0.12%         | 37,106,949              | 0.13%         |
| Almanac ARS V                   | 48,644,111              | 0.16%         | 47,875,738              | 0.16%         |
| TA Fund IX                      | 50,751,723              | 0.17%         | 50,751,723              | 0.17%         |
| <b>Alternative Investments</b>  | <b>\$1,226,363,180</b>  | <b>4.00%</b>  | <b>\$1,236,470,203</b>  | <b>4.17%</b>  |
| <b>Absolute Return</b>          |                         |               |                         |               |
| Aurora                          | 509,302,596             | 1.66%         | 520,812,938             | 1.75%         |
| Mesirov                         | 3,766,555               | 0.01%         | 6,678,155               | 0.02%         |
| <b>Private Equity</b>           |                         |               |                         |               |
| Abbott                          | 296,633,944             | 0.97%         | 296,472,831             | 1.00%         |
| Muller & Monroe ILPEFF          | 12,463,008              | 0.04%         | 12,456,171              | 0.04%         |
| Muller & Monroe MPEFF           | 20,224,534              | 0.07%         | 20,224,534              | 0.07%         |
| Pantheon                        | 170,404,683             | 0.56%         | 169,897,836             | 0.57%         |
| Private Equity Fund - Domestic  | 18,199,520              | 0.06%         | 17,033,009              | 0.06%         |
| <b>Agriculture</b>              |                         |               |                         |               |
| Cozad/Westchester               | 131,127,261             | 0.43%         | 131,102,553             | 0.44%         |
| <b>Timberland</b>               |                         |               |                         |               |
| Forest Investment Assoc.        | 64,241,078              | 0.21%         | 61,792,175              | 0.21%         |
| <b>Cash</b>                     | <b>\$308,240,455</b>    | <b>1.00%</b>  | <b>\$225,595,600</b>    | <b>0.76%</b>  |
| <b>Total Fund</b>               | <b>\$30,670,785,033</b> | <b>100.0%</b> | <b>\$29,680,927,032</b> | <b>100.0%</b> |

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

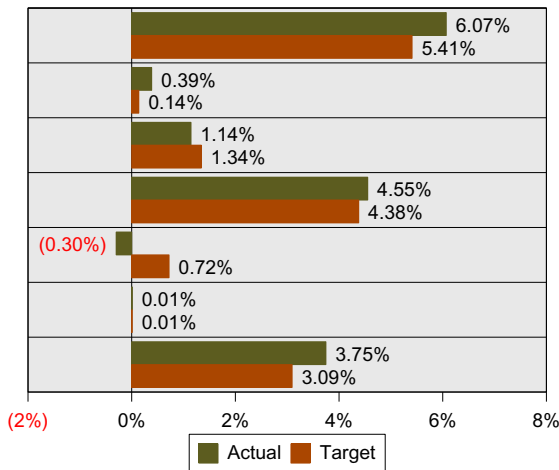
## Monthly Total Fund Relative Attribution - July 31, 2013

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.

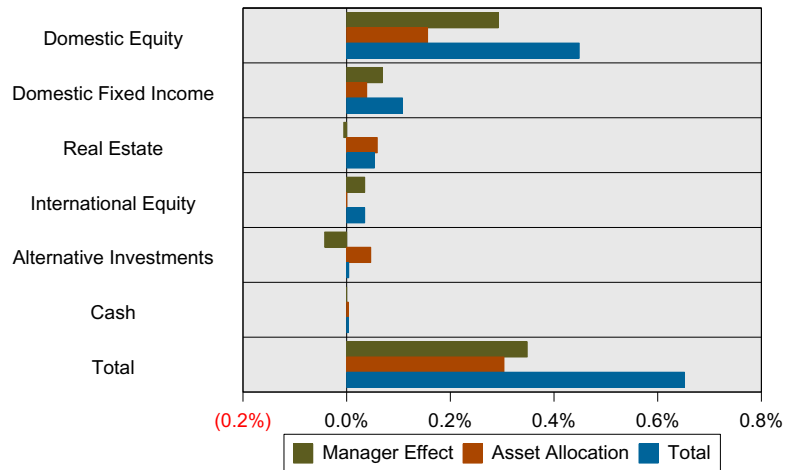
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



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

| Asset Class             | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|---------------|----------------|------------------|-----------------------|
| Domestic Equity         | 44%                     | 38%                     | 6.07%         | 5.41%         | 0.29%          | 0.16%            | 0.45%                 |
| Domestic Fixed Income   | 28%                     | 29%                     | 0.39%         | 0.14%         | 0.07%          | 0.04%            | 0.11%                 |
| Real Estate             | 3%                      | 6%                      | 1.14%         | 1.34%         | (0.01%)        | 0.06%            | 0.05%                 |
| International Equity    | 20%                     | 20%                     | 4.55%         | 4.38%         | 0.03%          | (0.00%)          | 0.03%                 |
| Alternative Investments | 4%                      | 6%                      | (0.30%)       | 0.72%         | (0.04%)        | 0.05%            | 0.00%                 |
| Cash                    | 1%                      | 1%                      | 0.01%         | 0.01%         | 0.00%          | 0.00%            | 0.00%                 |
| <b>Total</b>            |                         |                         | <b>3.75%</b>  | <b>3.09%</b>  | <b>+ 0.35%</b> | <b>+ 0.30%</b>   | <b>0.65%</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 July 31, 2013

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date | Last<br>12<br>Months |
|--|---------------|---------------------|--------------------|----------------------|
| Domestic Equity (12/31/81)               | 6.07%         | 8.56%               | 21.87%             | 30.42%               |
| DJ U.S. Total Stock Market Index         | 5.41%         | 6.57%               | 20.35%             | 26.74%               |
| Domestic Equity - Net (12/31/04)         | 6.03%         | 8.50%               | 21.69%             | 30.12%               |
| International Equity (08/31/86)          | 4.55%         | (1.34%)             | 7.88%              | 21.58%               |
| MSCI ACWI x US (Net)                     | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| International Equity - Net (12/31/04)    | 4.53%         | (1.43%)             | 7.71%              | 21.20%               |
| Domestic Fixed-Income (12/31/81)         | 0.39%         | (3.17%)             | (1.58%)            | 0.29%                |
| BC Aggregate Index                       | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| Domestic Fixed-Inc. - Net (12/31/04)     | 0.37%         | (3.12%)             | (1.61%)            | 0.18%                |
| Real Estate (04/30/85)                   | 1.14%         | 2.33%               | 5.91%              | 11.21%               |
| Blended Benchmark**                      | 1.34%         | 4.08%               | 8.55%              | 13.46%               |
| Real Estate - Net (12/31/04)             | 1.14%         | 2.33%               | 5.75%              | 10.90%               |
| Alternative Investments (01/31/86)       | (0.30%)       | 1.48%               | 5.26%              | 7.80%                |
| Alternatives Custom Benchmark***         | 0.72%         | 2.18%               | 5.16%              | 9.00%                |
| Alternative Investments - Net (12/31/04) | (0.30%)       | 1.42%               | 5.12%              | 7.57%                |
| Absolute Return (12/31/01)               | (1.27%)       | (0.20%)             | 3.05%              | 5.92%                |
| HFR Fund-of-Funds Index                  | 1.27%         | 0.59%               | 4.77%              | 7.89%                |
| Private Equity (01/31/86)                | 0.08%         | 3.29%               | 5.56%              | 6.29%                |
| Alternatives Custom Benchmark***         | 0.72%         | 2.18%               | 5.16%              | 9.00%                |
| Agriculture (09/30/97)                   | 0.02%         | 0.08%               | 16.00%             | 28.90%               |
| Blended Benchmark**                      | 1.34%         | 4.08%               | 8.55%              | 13.46%               |
| Timberland (09/30/92)                    | 3.96%         | 3.71%               | 2.15%              | 1.75%                |
| Blended Benchmark**                      | 1.34%         | 4.08%               | 8.55%              | 13.46%               |
| <b>Total Fund (12/31/81)</b>             | <b>3.75%</b>  | <b>2.64%</b>        | <b>10.59%</b>      | <b>17.47%</b>        |
| Total Fund Benchmark                     | 3.09%         | 1.43%               | 8.46%              | 13.89%               |
| Total Fund - Net (12/31/04)              | 3.72%         | 2.62%               | 10.52%             | 17.26%               |

\* 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 July 31, 2013

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| Domestic Equity (12/31/81)               | 18.82%               | 9.16%                | 9.00%                 | 11.63%             |
| DJ U.S. Total Stock Market Index         | 18.13%               | 8.74%                | 8.38%                 | 11.21%             |
| Domestic Equity - Net (12/31/04)         | 18.52%               | 8.89%                | -                     | 6.83%              |
| International Equity (08/31/86)          | 8.87%                | 2.03%                | 9.63%                 | 8.17%              |
| MSCI ACWI x US (Net)                     | 6.43%                | 0.79%                | 8.80%                 | -                  |
| International Equity - Net (12/31/04)    | 8.55%                | 1.71%                | -                     | 5.61%              |
| Domestic Fixed-Income (12/31/81)         | 4.89%                | 7.00%                | 5.92%                 | 9.04%              |
| BC Aggregate Index                       | 3.19%                | 5.23%                | 4.89%                 | 8.41%              |
| Domestic Fixed-Inc. - Net (12/31/04)     | 4.75%                | 6.86%                | -                     | 5.46%              |
| Real Estate (04/30/85)                   | 12.89%               | 0.42%                | 5.81%                 | 4.45%              |
| Blended Benchmark**                      | 14.54%               | 4.29%                | 6.70%                 | 7.49%              |
| Real Estate - Net (12/31/04)             | 12.70%               | 0.32%                | -                     | 5.25%              |
| Alternative Investments (01/31/86)       | 7.56%                | 3.20%                | 8.37%                 | 10.85%             |
| Alternatives Custom Benchmark***         | 9.00%                | 10.14%               | 11.11%                | 13.53%             |
| Alternative Investments - Net (12/31/04) | 7.32%                | 2.93%                | -                     | 7.41%              |
| Absolute Return (12/31/01)               | 3.45%                | 1.34%                | 4.44%                 | 4.57%              |
| HFR Fund-of-Funds Index                  | 3.20%                | 0.19%                | 3.56%                 | 3.70%              |
| Private Equity (01/31/86)                | 10.08%               | 3.64%                | 11.33%                | 12.91%             |
| Alternatives Custom Benchmark***         | 9.00%                | 10.14%               | 11.11%                | 13.53%             |
| Agriculture (09/30/97)                   | 15.90%               | 9.50%                | 10.32%                | 7.30%              |
| Blended Benchmark**                      | 14.54%               | 4.29%                | 6.70%                 | 6.89%              |
| Timberland (09/30/92)                    | 1.92%                | 2.90%                | 3.72%                 | 8.64%              |
| Blended Benchmark**                      | 14.54%               | 4.29%                | 6.70%                 | 7.06%              |
| <b>Total Fund (12/31/81)</b>             | <b>11.71%</b>        | <b>7.58%</b>         | <b>8.45%</b>          | <b>10.20%</b>      |
| Total Fund Benchmark                     | 10.70%               | 6.86%                | 7.72%                 | -                  |
| Total Fund - Net (12/31/04)              | 11.48%               | 7.36%                | -                     | 6.75%              |

\* 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 July 31, 2013

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date | Last<br>12<br>Months |
|--|---------------|---------------------|--------------------|----------------------|
| <b>Large Cap Equity (12/31/81)</b>       | <b>5.74%</b>  | <b>7.30%</b>        | <b>20.47%</b>      | <b>27.95%</b>        |
| Russell 1000 Index                       | 5.35%         | 6.23%               | 20.00%             | 26.23%               |
| <b>Large Cap Growth (12/31/81)</b>       | <b>5.88%</b>  | <b>6.81%</b>        | <b>17.20%</b>      | <b>22.67%</b>        |
| BlackRock LCG (07/31/11)                 | 5.00%         | 5.58%               | 13.64%             | 19.94%               |
| LCG Blended Benchmark*                   | 5.30%         | 5.24%               | 17.73%             | 21.64%               |
| Russell 1000 Growth Index                | 5.30%         | 5.24%               | 17.73%             | 21.64%               |
| BlackRock LCG - Net (07/31/11)           | 4.94%         | 5.53%               | 13.49%             | 19.67%               |
| Holland (10/31/94)                       | 4.81%         | 7.47%               | 18.65%             | 22.93%               |
| LCG Blended Benchmark*                   | 5.30%         | 5.24%               | 17.73%             | 21.64%               |
| Russell 1000 Growth Index                | 5.30%         | 5.24%               | 17.73%             | 21.64%               |
| Holland - Net (12/31/04)                 | 4.76%         | 7.41%               | 18.47%             | 22.58%               |
| NTGI S&P 500 Growth Idx (07/31/01)       | 4.96%         | 5.52%               | 17.75%             | 20.61%               |
| S&P/Citi 500 Growth Index                | 5.07%         | 5.51%               | 17.72%             | 20.50%               |
| NTGI S&P 500 Growth Idx - Net (12/31/04) | 4.96%         | 5.52%               | 17.75%             | 20.60%               |
| Sands (10/31/03)                         | 8.35%         | 8.35%               | 18.05%             | 26.46%               |
| LCG Blended Benchmark*                   | 5.30%         | 5.24%               | 17.73%             | 21.64%               |
| Russell 1000 Growth Index                | 5.30%         | 5.24%               | 17.73%             | 21.64%               |
| Sands - Net (12/31/04)                   | 8.35%         | 8.29%               | 17.91%             | 26.15%               |
| Vision (06/30/11)                        | 5.44%         | 4.60%               | 15.49%             | 20.52%               |
| LCG Blended Benchmark*                   | 5.30%         | 5.24%               | 17.73%             | 21.64%               |
| Russell 1000 Growth Index                | 5.30%         | 5.24%               | 17.73%             | 21.64%               |
| Vision - Net (06/30/11)                  | 5.29%         | 4.46%               | 15.01%             | 19.86%               |
| <b>Large Cap Value (09/30/82)</b>        | <b>5.78%</b>  | <b>8.16%</b>        | <b>23.71%</b>      | <b>34.32%</b>        |
| Dodge & Cox (08/31/03)                   | 5.42%         | 8.57%               | 23.76%             | 34.72%               |
| LCV Blended Benchmark**                  | 5.40%         | 7.15%               | 22.16%             | 30.73%               |
| Russell 1000 Value Index                 | 5.40%         | 7.15%               | 22.16%             | 30.73%               |
| Dodge & Cox - Net (12/31/04)             | 5.37%         | 8.52%               | 23.58%             | 34.39%               |
| BMO (01/31/01)                           | 6.25%         | 7.23%               | 22.72%             | 32.87%               |
| LCV Blended Benchmark**                  | 5.40%         | 7.15%               | 22.16%             | 30.73%               |
| Russell 1000 Value Index                 | 5.40%         | 7.15%               | 22.16%             | 30.73%               |
| BMO - Net (12/31/04)                     | 6.25%         | 7.18%               | 22.59%             | 32.58%               |
| LSV (01/31/03)                           | 6.17%         | 9.90%               | 26.88%             | 39.28%               |
| LCV Blended Benchmark**                  | 5.40%         | 7.15%               | 22.16%             | 30.73%               |
| Russell 1000 Value Index                 | 5.40%         | 7.15%               | 22.16%             | 30.73%               |
| LSV - Net (12/31/04)                     | 6.17%         | 9.83%               | 26.73%             | 39.02%               |
| NTGI S&P 500 Value Idx (07/31/99)        | 5.20%         | 6.87%               | 21.40%             | 30.46%               |
| S&P/Citi 500 Value Index                 | 5.11%         | 6.73%               | 21.64%             | 30.31%               |
| NTGI S&P 500 Value Idx - Net (12/31/04)  | 5.20%         | 6.87%               | 21.39%             | 30.45%               |

\* 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, 2013

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Large Cap Equity (12/31/81)</b>       | <b>18.32%</b>        | <b>8.67%</b>         | <b>8.29%</b>          | <b>11.08%</b>      |
| Russell 1000 Index                       | 18.04%               | 8.49%                | 8.02%                 | 11.38%             |
| <b>Large Cap Growth (12/31/81)</b>       | <b>18.17%</b>        | <b>9.70%</b>         | <b>7.99%</b>          | <b>11.49%</b>      |
| BlackRock LCG (07/31/11)                 | -                    | -                    | -                     | 8.60%              |
| LCG Blended Benchmark*                   | 18.00%               | 9.01%                | 7.50%                 | 14.76%             |
| Russell 1000 Growth Index                | 18.00%               | 9.01%                | 7.69%                 | 14.76%             |
| BlackRock LCG - Net (07/31/11)           | -                    | -                    | -                     | 8.33%              |
| Holland (10/31/94)                       | 17.97%               | 10.95%               | 8.53%                 | 10.02%             |
| LCG Blended Benchmark*                   | 18.00%               | 9.01%                | 7.50%                 | 9.13%              |
| Russell 1000 Growth Index                | 18.00%               | 9.01%                | 7.69%                 | 8.23%              |
| Holland - Net (12/31/04)                 | 17.61%               | 10.63%               | -                     | 6.69%              |
| LCG Blended Benchmark*                   | 18.00%               | 9.01%                | 7.50%                 | 7.04%              |
| Russell 1000 Growth Index                | 18.00%               | 9.01%                | 7.69%                 | 7.23%              |
| NTGI S&P 500 Growth Idx (07/31/01)       | 18.23%               | 9.27%                | 7.60%                 | 4.80%              |
| S&P/Citi 500 Growth Index                | 18.20%               | 9.23%                | 7.57%                 | 4.75%              |
| NTGI S&P 500 Growth Idx - Net (12/31/04) | 18.22%               | 9.26%                | -                     | 6.71%              |
| S&P/Citi 500 Growth Index                | 18.20%               | 9.23%                | 7.57%                 | 7.12%              |
| Sands (10/31/03)                         | 23.42%               | 14.59%               | -                     | 10.98%             |
| LCG Blended Benchmark*                   | 18.00%               | 9.01%                | 7.50%                 | 7.48%              |
| Russell 1000 Growth Index                | 18.00%               | 9.01%                | 7.69%                 | 7.67%              |
| Sands - Net (12/31/04)                   | 23.15%               | 14.30%               | -                     | 8.83%              |
| LCG Blended Benchmark*                   | 18.00%               | 9.01%                | 7.50%                 | 7.04%              |
| Russell 1000 Growth Index                | 18.00%               | 9.01%                | 7.69%                 | 7.23%              |
| Vision (06/30/11)                        | -                    | -                    | -                     | 13.09%             |
| LCG Blended Benchmark*                   | 18.00%               | 9.01%                | 7.50%                 | 13.58%             |
| Russell 1000 Growth Index                | 18.00%               | 9.01%                | 7.69%                 | 13.58%             |
| Vision - Net (06/30/11)                  | -                    | -                    | -                     | 12.47%             |
| <b>Large Cap Value (09/30/82)</b>        | <b>18.79%</b>        | <b>7.95%</b>         | <b>8.71%</b>          | <b>10.30%</b>      |
| Dodge & Cox (08/31/03)                   | 19.04%               | 8.14%                | 8.82%                 | 8.82%              |
| LCV Blended Benchmark**                  | 18.00%               | 7.88%                | 8.00%                 | 8.00%              |
| Russell 1000 Value Index                 | 18.00%               | 7.88%                | 8.20%                 | 8.20%              |
| Dodge & Cox - Net (12/31/04)             | 18.79%               | 7.91%                | -                     | 5.91%              |
| LCV Blended Benchmark**                  | 18.00%               | 7.88%                | 8.00%                 | 6.15%              |
| Russell 1000 Value Index                 | 18.00%               | 7.88%                | 8.20%                 | 6.30%              |
| BMO (01/31/01)                           | 19.52%               | 7.28%                | 9.82%                 | 7.20%              |
| LCV Blended Benchmark**                  | 18.00%               | 7.88%                | 8.00%                 | 4.46%              |
| Russell 1000 Value Index                 | 18.00%               | 7.88%                | 8.20%                 | 5.60%              |
| BMO - Net (12/31/04)                     | 19.25%               | 7.02%                | -                     | 6.98%              |
| LCV Blended Benchmark**                  | 18.00%               | 7.88%                | 8.00%                 | 6.15%              |
| Russell 1000 Value Index                 | 18.00%               | 7.88%                | 8.20%                 | 6.30%              |
| LSV (01/31/03)                           | 19.84%               | 9.66%                | 10.19%                | 10.95%             |
| LCV Blended Benchmark**                  | 18.00%               | 7.88%                | 8.00%                 | 8.95%              |
| Russell 1000 Value Index                 | 18.00%               | 7.88%                | 8.20%                 | 9.00%              |
| LSV - Net (12/31/04)                     | 19.52%               | 9.36%                | -                     | 7.07%              |
| LCV Blended Benchmark**                  | 18.00%               | 7.88%                | 8.00%                 | 6.15%              |
| Russell 1000 Value Index                 | 18.00%               | 7.88%                | 8.20%                 | 6.30%              |
| NTGI S&P 500 Value Idx (07/31/99)        | 17.47%               | 7.29%                | 7.72%                 | 4.11%              |
| S&P/Citi 500 Value Index                 | 17.37%               | 7.25%                | 7.66%                 | 4.10%              |
| NTGI S&P 500 Value Idx - Net (12/31/04)  | 17.46%               | 7.28%                | -                     | 5.43%              |
| S&P/Citi 500 Value Index                 | 17.37%               | 7.25%                | 7.66%                 | 5.77%              |

\* 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 July 31, 2013

|  | <b>Last<br/>Month</b> | <b>Last<br/>3<br/>Months</b> | <b>Year<br/>to<br/>Date</b> | <b>Last<br/>12<br/>Months</b> |
|--|-----------------------|------------------------------|-----------------------------|-------------------------------|
| <b>Large Cap Active Core (12/31/04)</b>  | <b>5.97%</b>          | <b>7.59%</b>                 | <b>20.42%</b>               | <b>27.06%</b>                 |
| Piedmont (05/31/11)                      | 5.95%                 | 6.84%                        | 17.96%                      | 21.68%                        |
| Russell 1000 Index                       | 5.35%                 | 6.23%                        | 20.00%                      | 26.23%                        |
| Piedmont - Net (05/31/11)                | 5.85%                 | 6.74%                        | 17.62%                      | 21.21%                        |
| Progress (01/31/05)                      | 5.98%                 | 7.81%                        | 21.18%                      | 28.76%                        |
| DJ U.S. Total Stock Market Index         | 5.41%                 | 6.57%                        | 20.35%                      | 26.74%                        |
| Progress - Net (01/31/05)                | 5.82%                 | 7.66%                        | 20.65%                      | 28.01%                        |
| <b>Large Cap Passive Core (12/31/84)</b> | <b>5.42%</b>          | <b>6.62%</b>                 | <b>20.44%</b>               | <b>26.89%</b>                 |
| NTGI MarketCap Idx (01/31/85)            | 5.42%                 | 6.62%                        | 20.44%                      | 26.89%                        |
| DJ U.S. Total Stock Market Index         | 5.41%                 | 6.57%                        | 20.35%                      | 26.74%                        |
| NTGI MarketCap Idx - Net (12/31/04)      | 5.42%                 | 6.62%                        | 20.44%                      | 26.88%                        |

## 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, 2013

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Large Cap Active Core (12/31/04)</b>  | <b>17.57%</b>        | <b>7.71%</b>         | <b>-</b>              | <b>6.48%</b>       |
| Piedmont (05/31/11)                      | -                    | -                    | -                     | 10.83%             |
| Russell 1000 Index                       | 18.04%               | 8.49%                | 8.02%                 | 13.27%             |
| Piedmont - Net (05/31/11)                | -                    | -                    | -                     | 10.38%             |
| Progress (01/31/05)                      | 17.72%               | 7.79%                | -                     | 6.60%              |
| DJ U.S. Total Stock Market Index         | 18.13%               | 8.74%                | 8.38%                 | 6.71%              |
| Progress - Net (01/31/05)                | 16.97%               | 7.11%                | -                     | 5.96%              |
| <b>Large Cap Passive Core (12/31/84)</b> | <b>18.12%</b>        | <b>8.62%</b>         | <b>8.26%</b>          | <b>10.98%</b>      |
| NTGI MarketCap Idx (01/31/85)            | 18.16%               | 8.65%                | 8.27%                 | 11.02%             |
| DJ U.S. Total Stock Market Index         | 18.13%               | 8.74%                | 8.38%                 | 10.98%             |
| NTGI MarketCap Idx - Net (12/31/04)      | 18.15%               | 8.64%                | -                     | 6.52%              |
| DJ U.S. Total Stock Market Index         | 18.13%               | 8.74%                | 8.38%                 | 7.08%              |

## 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, 2013

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date | Last<br>12<br>Months |
|--|---------------|---------------------|--------------------|----------------------|
| <b>Small Cap Equity (06/30/88)</b>       | <b>7.08%</b>  | <b>12.44%</b>       | <b>26.18%</b>      | <b>38.28%</b>        |
| Russell 2000 Index                       | 7.00%         | 10.71%              | 23.97%             | 34.76%               |
| <b>Small Cap Growth (06/30/88)</b>       | <b>6.82%</b>  | <b>11.14%</b>       | <b>24.88%</b>      | <b>36.49%</b>        |
| Fortaleza (11/30/06)                     | 6.89%         | 11.68%              | 22.63%             | 30.20%               |
| Russell 2000 Growth Index                | 7.56%         | 12.32%              | 26.32%             | 35.39%               |
| Fortaleza - Net (11/30/06)               | 6.77%         | 11.55%              | 22.20%             | 29.41%               |
| Frontier (07/31/88)                      | 7.39%         | 12.46%              | 24.87%             | 37.61%               |
| Russell 2000 Growth Index                | 7.56%         | 12.32%              | 26.32%             | 35.39%               |
| Frontier - Net (12/31/04)                | 7.26%         | 12.33%              | 24.44%             | 36.96%               |
| Pyramis (07/31/88)                       | 6.29%         | 9.88%               | 25.03%             | 35.84%               |
| Russell 2000 Growth Index                | 7.56%         | 12.32%              | 26.32%             | 35.39%               |
| Pyramis - Net (12/31/04)                 | 6.17%         | 9.76%               | 24.64%             | 35.43%               |
| <b>Small Cap Value (08/31/89)</b>        | <b>7.38%</b>  | <b>11.79%</b>       | <b>24.32%</b>      | <b>38.70%</b>        |
| Channing (06/30/11)                      | 8.46%         | 11.14%              | 23.81%             | 49.02%               |
| Russell 2000 Value Index                 | 6.43%         | 9.16%               | 21.74%             | 34.15%               |
| Channing - Net (06/30/11)                | 8.27%         | 10.94%              | 23.14%             | 47.93%               |
| DFA Small Cap Value (01/31/96)           | 7.32%         | 12.62%              | 26.64%             | 43.24%               |
| Russell 2000 Value Index                 | 6.43%         | 9.16%               | 21.74%             | 34.15%               |
| DFA Small Cap Value - Net (12/31/04)     | 7.32%         | 12.48%              | 26.34%             | 42.55%               |
| Inv. Counselors of Maryland (04/30/99)   | 7.24%         | 10.91%              | 21.58%             | 34.16%               |
| Russell 2000 Value Index                 | 6.43%         | 9.16%               | 21.74%             | 34.15%               |
| Inv. Couns. of Maryland - Net (12/31/04) | 7.24%         | 10.91%              | 21.35%             | 33.65%               |
| Lombardia (05/31/11)                     | 7.68%         | 12.68%              | 27.91%             | 36.98%               |
| Russell 2000 Value Index                 | 6.43%         | 9.16%               | 21.74%             | 34.15%               |
| Lombardia - Net (05/31/11)               | 7.51%         | 12.51%              | 27.29%             | 36.09%               |
| <b>Micro Cap (06/30/84)</b>              | <b>6.97%</b>  | <b>16.15%</b>       | <b>32.42%</b>      | <b>40.77%</b>        |
| Ariel (10/31/10)                         | 6.77%         | 15.06%              | 32.86%             | 40.84%               |
| Russell 2000 Value Index                 | 6.43%         | 9.16%               | 21.74%             | 34.15%               |
| Russell 2000 Index                       | 7.00%         | 10.71%              | 23.97%             | 34.76%               |
| Russell Microcap Index                   | 7.69%         | 13.23%              | 27.41%             | 37.11%               |
| Ariel - Net (10/31/10)                   | 6.56%         | 14.85%              | 32.09%             | 39.78%               |
| Ativo (09/30/10)                         | 8.63%         | 14.39%              | 36.36%             | 46.54%               |
| Russell 2000 Growth Index                | 7.56%         | 12.32%              | 26.32%             | 35.39%               |
| Russell 2000 Index                       | 7.00%         | 10.71%              | 23.97%             | 34.76%               |
| Russell Microcap Index                   | 7.69%         | 13.23%              | 27.41%             | 37.11%               |
| Ativo - Net (09/30/10)                   | 8.44%         | 14.19%              | 35.63%             | 45.42%               |
| DFA Micro Cap (07/31/87)                 | 7.54%         | 13.71%              | 26.36%             | 38.69%               |
| Russell 2000 Value Index                 | 6.43%         | 9.16%               | 21.74%             | 34.15%               |
| Russell 2000 Index                       | 7.00%         | 10.71%              | 23.97%             | 34.76%               |
| DFA Micro Cap - Net (12/31/04)           | 7.54%         | 13.58%              | 26.07%             | 38.02%               |
| Wall Street (07/31/90)                   | 6.46%         | 18.30%              | 36.26%             | 41.58%               |
| Russell 2000 Growth Index                | 7.56%         | 12.32%              | 26.32%             | 35.39%               |
| Russell 2000 Index                       | 7.00%         | 10.71%              | 23.97%             | 34.76%               |
| Wall Street - Net (12/31/04)             | 6.28%         | 18.10%              | 35.53%             | 40.57%               |

## 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, 2013

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Small Cap Equity (06/30/88)</b>       | <b>20.64%</b>        | <b>11.55%</b>        | <b>12.40%</b>         | <b>12.88%</b>      |
| Russell 2000 Index                       | 18.72%               | 9.45%                | 9.60%                 | 9.87%              |
| <b>Small Cap Growth (06/30/88)</b>       | <b>20.19%</b>        | <b>10.71%</b>        | <b>12.17%</b>         | <b>13.48%</b>      |
| Fortaleza (11/30/06)                     | 22.47%               | 9.00%                | -                     | 6.59%              |
| Russell 2000 Growth Index                | 20.32%               | 9.98%                | 9.62%                 | 7.60%              |
| Fortaleza - Net (11/30/06)               | 21.84%               | 8.44%                | -                     | 6.05%              |
| Frontier (07/31/88)                      | 19.10%               | 11.45%               | 11.22%                | 13.52%             |
| Russell 2000 Growth Index                | 20.32%               | 9.98%                | 9.62%                 | 7.75%              |
| Frontier - Net (12/31/04)                | 18.41%               | 10.64%               | -                     | 9.12%              |
| Russell 2000 Growth Index                | 20.32%               | 9.98%                | 9.62%                 | 8.09%              |
| Pyramis (07/31/88)                       | 20.85%               | 11.23%               | 13.72%                | 14.10%             |
| Russell 2000 Growth Index                | 20.32%               | 9.98%                | 9.62%                 | 7.75%              |
| Pyramis - Net (12/31/04)                 | 20.15%               | 10.64%               | -                     | 10.83%             |
| Russell 2000 Growth Index                | 20.32%               | 9.98%                | 9.62%                 | 8.09%              |
| <b>Small Cap Value (08/31/89)</b>        | <b>19.51%</b>        | <b>11.30%</b>        | <b>11.68%</b>         | <b>12.57%</b>      |
| Channing (06/30/11)                      | -                    | -                    | -                     | 16.91%             |
| Russell 2000 Value Index                 | 17.07%               | 8.86%                | 9.45%                 | 13.79%             |
| Channing - Net (06/30/11)                | -                    | -                    | -                     | 16.00%             |
| DFA Small Cap Value (01/31/96)           | 21.22%               | 13.26%               | 12.65%                | 13.43%             |
| Russell 2000 Value Index                 | 17.07%               | 8.86%                | 9.45%                 | 10.20%             |
| DFA Small Cap Value - Net (12/31/04)     | 20.65%               | 12.71%               | -                     | 8.09%              |
| Russell 2000 Value Index                 | 17.07%               | 8.86%                | 9.45%                 | 6.53%              |
| Inv. Counselors of Maryland (04/30/99)   | 18.17%               | 10.08%               | 11.10%                | 12.68%             |
| Russell 2000 Value Index                 | 17.07%               | 8.86%                | 9.45%                 | 10.31%             |
| Inv. Couns. of Maryland - Net (12/31/04) | 17.64%               | 9.58%                | -                     | 7.93%              |
| Russell 2000 Value Index                 | 17.07%               | 8.86%                | 9.45%                 | 6.53%              |
| Lombardia (05/31/11)                     | -                    | -                    | -                     | 14.03%             |
| Russell 2000 Value Index                 | 17.07%               | 8.86%                | 9.45%                 | 11.93%             |
| Lombardia - Net (05/31/11)               | -                    | -                    | -                     | 13.28%             |
| <b>Micro Cap (06/30/84)</b>              | <b>22.52%</b>        | <b>11.89%</b>        | <b>11.22%</b>         | <b>12.60%</b>      |
| Ariel (10/31/10)                         | -                    | -                    | -                     | 19.90%             |
| Russell 2000 Value Index                 | 17.07%               | 8.86%                | 9.45%                 | 16.12%             |
| Russell 2000 Index                       | 18.72%               | 9.45%                | 9.60%                 | 17.10%             |
| Russell Microcap Index                   | 19.02%               | 9.15%                | 7.79%                 | 17.68%             |
| Ariel - Net (10/31/10)                   | -                    | -                    | -                     | 18.92%             |
| Ativo (09/30/10)                         | -                    | -                    | -                     | 18.43%             |
| Russell 2000 Growth Index                | 20.32%               | 9.98%                | 9.62%                 | 19.23%             |
| Russell 2000 Index                       | 18.72%               | 9.45%                | 9.60%                 | 18.22%             |
| Russell Microcap Index                   | 19.02%               | 9.15%                | 7.79%                 | 19.41%             |
| Ativo - Net (09/30/10)                   | -                    | -                    | -                     | 17.53%             |
| DFA Micro Cap (07/31/87)                 | 20.88%               | 11.81%               | 10.89%                | 11.65%             |
| Russell 2000 Value Index                 | 17.07%               | 8.86%                | 9.45%                 | 10.48%             |
| Russell 2000 Index                       | 18.72%               | 9.45%                | 9.60%                 | 8.95%              |
| DFA Micro Cap - Net (12/31/04)           | 20.30%               | 11.27%               | -                     | 7.22%              |
| Russell 2000 Growth Index                | 20.32%               | 9.98%                | 9.62%                 | 8.09%              |
| Russell 2000 Index                       | 18.72%               | 9.45%                | 9.60%                 | 7.37%              |
| Wall Street (07/31/90)                   | 24.27%               | 12.46%               | 11.73%                | 14.84%             |
| Russell 2000 Growth Index                | 20.32%               | 9.98%                | 9.62%                 | 7.60%              |
| Russell 2000 Index                       | 18.72%               | 9.45%                | 9.60%                 | 9.76%              |
| Wall Street - Net (12/31/04)             | 23.26%               | 11.54%               | -                     | 7.88%              |
| Russell 2000 Growth Index                | 20.32%               | 9.98%                | 9.62%                 | 8.09%              |
| Russell 2000 Index                       | 18.72%               | 9.45%                | 9.60%                 | 7.37%              |

## 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, 2013

|   | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date | Last<br>12<br>Months |
|---|---------------|---------------------|--------------------|----------------------|
| <b>Intl Large Cap Equity (08/31/86)</b> | <b>4.77%</b>  | <b>(1.07%)</b>      | <b>8.80%</b>       | <b>22.63%</b>        |
| MSCI ACWI ex-US Index                   | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| <b>Intl Large Cap Growth (08/31/02)</b> | <b>4.31%</b>  | <b>(1.78%)</b>      | <b>5.22%</b>       | <b>20.82%</b>        |
| EARNEST Partners (09/30/04)             | 3.85%         | (2.77%)             | 2.29%              | 20.48%               |
| MSCI ACWI ex-US Index                   | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| MSCI ACWI ex-US Growth                  | 3.71%         | (2.28%)             | 5.41%              | 16.83%               |
| EARNEST Partners - Net (12/31/04)       | 3.80%         | (2.86%)             | 2.14%              | 19.88%               |
| William Blair (09/30/02)                | 4.75%         | (0.85%)             | 8.08%              | 21.15%               |
| MSCI ACWI ex-US Index                   | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| MSCI ACWI ex-US Growth                  | 3.71%         | (2.28%)             | 5.41%              | 16.83%               |
| William Blair - Net (12/31/04)          | 4.75%         | (0.95%)             | 7.88%              | 20.70%               |
| <b>Intl Large Cap Value (09/30/95)</b>  | <b>4.18%</b>  | <b>(1.23%)</b>      | <b>9.20%</b>       | <b>20.75%</b>        |
| Brandes (12/31/95)                      | 5.01%         | 0.30%               | 12.61%             | 24.20%               |
| MSCI ACWI ex-US Index                   | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| MSCI ACWI ex-US Value                   | 5.10%         | (2.36%)             | 3.94%              | 18.08%               |
| Brandes - Net (12/31/04)                | 5.01%         | 0.25%               | 12.49%             | 24.01%               |
| Lombardia (3/31/12)                     | 8.29%         | 4.22%               | 12.11%             | 33.60%               |
| MSCI ACWI ex-US Index                   | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| MSCI ACWI ex-US Value                   | 5.10%         | (2.36%)             | 3.94%              | 18.08%               |
| Lombardia - Net (3/31/12)               | 8.13%         | 3.93%               | 11.75%             | 32.98%               |
| Mondrian (3/31/12)                      | 2.98%         | (3.09%)             | 6.07%              | 17.28%               |
| MSCI ACWI ex-US Index                   | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| MSCI ACWI ex-US Value                   | 5.10%         | (2.36%)             | 3.94%              | 18.08%               |
| Mondrian - Net (3/31/12)                | 2.98%         | (3.21%)             | 5.81%              | 16.69%               |
| Lazard (3/31/12)                        | 4.78%         | (1.12%)             | 7.50%              | 19.89%               |
| MSCI ACWI ex-US Index                   | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| MSCI ACWI ex-US Value                   | 5.10%         | (2.36%)             | 3.94%              | 18.08%               |
| Lazard - Net (3/31/12)                  | 3.86%         | (2.05%)             | 6.43%              | 18.56%               |

## 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, 2013

|   | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|---|----------------------|----------------------|-----------------------|--------------------|
| <b>Intl Large Cap Equity (08/31/86)</b> | <b>9.05%</b>         | <b>1.76%</b>         | <b>9.12%</b>          | <b>8.17%</b>       |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | -                  |
| <b>Intl Large Cap Growth (08/31/02)</b> | <b>9.23%</b>         | <b>1.72%</b>         | <b>9.98%</b>          | <b>9.85%</b>       |
| EARNEST Partners (09/30/04)             | 8.10%                | 4.37%                | -                     | 12.32%             |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | 7.13%              |
| MSCI ACWI ex-US Growth                  | 7.52%                | 0.91%                | 8.84%                 | 7.68%              |
| EARNEST Partners - Net (12/31/04)       | 7.62%                | 3.87%                | -                     | 9.93%              |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | 5.71%              |
| MSCI ACWI ex-US Growth                  | 7.52%                | 0.91%                | 8.84%                 | 6.31%              |
| William Blair (09/30/02)                | 10.71%               | 3.37%                | 10.42%                | 10.33%             |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | 8.85%              |
| MSCI ACWI ex-US Growth                  | 7.52%                | 0.91%                | 8.84%                 | 8.80%              |
| William Blair - Net (12/31/04)          | 10.30%               | 2.96%                | -                     | 6.54%              |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | 5.71%              |
| MSCI ACWI ex-US Growth                  | 7.52%                | 0.91%                | 8.84%                 | 6.31%              |
| <b>Intl Large Cap Value (09/30/95)</b>  | <b>6.70%</b>         | <b>0.77%</b>         | <b>8.45%</b>          | <b>9.83%</b>       |
| Brandes (12/31/95)                      | 7.29%                | 1.11%                | 8.63%                 | 9.98%              |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | 5.48%              |
| MSCI ACWI ex-US Value                   | 6.27%                | 1.57%                | 9.66%                 | -                  |
| Brandes - Net (12/31/04)                | 7.05%                | 0.85%                | -                     | 3.77%              |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | 5.71%              |
| MSCI ACWI ex-US Value                   | 6.27%                | 1.57%                | 9.66%                 | 6.03%              |
| Lombardia (3/31/12)                     | -                    | -                    | -                     | 17.22%             |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | 7.10%              |
| MSCI ACWI ex-US Value                   | 6.27%                | 1.57%                | 9.66%                 | 7.67%              |
| Lombardia - Net (3/31/12)               | -                    | -                    | -                     | 16.67%             |
| Mondrian (3/31/12)                      | -                    | -                    | -                     | 7.42%              |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | 7.10%              |
| MSCI ACWI ex-US Value                   | 6.27%                | 1.57%                | 9.66%                 | 7.67%              |
| Mondrian - Net (3/31/12)                | -                    | -                    | -                     | 7.00%              |
| Lazard (3/31/12)                        | -                    | -                    | -                     | 12.47%             |
| MSCI ACWI ex-US Index                   | 6.43%                | 0.79%                | 8.80%                 | 7.10%              |
| MSCI ACWI ex-US Value                   | 6.27%                | 1.57%                | 9.66%                 | 7.67%              |
| Lazard - Net (3/31/12)                  | -                    | -                    | -                     | 11.52%             |



## 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, 2013

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date | Last<br>12<br>Months |
|--|---------------|---------------------|--------------------|----------------------|
| <b>Intl Large Cap Active Core (01/31/08)</b> | <b>4.75%</b>  | <b>(0.79%)</b>      | <b>9.65%</b>       | <b>23.30%</b>        |
| Arrowstreet (02/29/08)                       | 4.85%         | (0.99%)             | 9.24%              | 23.75%               |
| MSCI ACWI ex-US Index                        | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| Arrowstreet - Net (02/29/08)                 | 4.85%         | (1.11%)             | 9.00%              | 23.19%               |
| Brown (09/30/04)                             | 4.70%         | 1.74%               | 15.27%             | 29.96%               |
| MSCI ACWI ex-US Index                        | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| Brown - Net (12/31/04)                       | 4.63%         | 1.62%               | 15.07%             | 29.41%               |
| GlobeFlex (02/28/06)                         | 4.68%         | (1.83%)             | 7.36%              | 19.71%               |
| MSCI ACWI ex-US Index                        | 4.38%         | (2.46%)             | 4.33%              | 16.96%               |
| GlobeFlex - Net (02/28/06)                   | 4.68%         | (1.93%)             | 7.14%              | 19.22%               |
| <b>Intl Large Cap Pass. Core (12/31/99)</b>  | <b>5.28%</b>  | <b>(0.81%)</b>      | <b>9.95%</b>       | <b>24.01%</b>        |
| NTGI MSCI EAFE Idx (01/31/00)                | 5.28%         | (0.81%)             | 9.95%              | 24.01%               |
| MSCI EAFE Index                              | 5.28%         | (0.92%)             | 9.60%              | 23.48%               |
| NTGI EAFE Idx - Net (12/31/04)               | 5.28%         | (0.81%)             | 8.95%              | 22.89%               |
| <b>International Small Cap (11/30/05)</b>    | <b>5.21%</b>  | <b>1.66%</b>        | <b>13.47%</b>      | <b>27.45%</b>        |
| Franklin Templeton (07/31/11)                | 4.13%         | 0.77%               | 11.95%             | 26.92%               |
| ACWI Small Cap ex US                         | 4.96%         | (2.32%)             | 6.88%              | 21.03%               |
| Franklin Templeton - Net (07/31/11)          | 3.94%         | 0.40%               | 11.34%             | 25.99%               |
| William Blair (08/31/10)                     | 6.14%         | 2.43%               | 14.78%             | 27.91%               |
| ACWI Small Cap ex US                         | 4.96%         | (2.32%)             | 6.88%              | 21.03%               |
| Intl SC Blended Benchmark                    | 4.96%         | (2.32%)             | 6.88%              | 21.03%               |
| William Blair - Net (08/31/10)               | 6.14%         | 2.24%               | 14.34%             | 26.92%               |
| <b>Emerging Markets (01/31/92)</b>           | <b>1.68%</b>  | <b>(6.40%)</b>      | <b>(4.75%)</b>     | <b>7.36%</b>         |
| Genesis (04/30/04)                           | 1.68%         | (6.40%)             | (4.75%)            | 7.36%                |
| MSCI Emerging Markets Index                  | 1.10%         | (7.67%)             | (8.40%)            | 2.29%                |
| Genesis - Net (12/31/04)                     | 1.68%         | (6.49%)             | (5.11%)            | 6.69%                |

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, 2013

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Intl Large Cap Active Core (01/31/08)</b> | <b>10.53%</b>        | <b>4.94%</b>         | <b>-</b>              | <b>2.43%</b>       |
| Arrowstreet (02/29/08)                       | 10.22%               | 4.77%                | -                     | 2.31%              |
| MSCI ACWI ex-US Index                        | 6.43%                | 0.79%                | 8.80%                 | (0.04%)            |
| Arrowstreet - Net (02/29/08)                 | 9.70%                | 4.26%                | -                     | 1.85%              |
| Brown (09/30/04)                             | 10.58%               | 5.20%                | -                     | 8.79%              |
| MSCI ACWI ex-US Index                        | 6.43%                | 0.79%                | 8.80%                 | 7.13%              |
| Brown - Net (12/31/04)                       | 10.07%               | 4.81%                | -                     | 6.32%              |
| MSCI ACWI ex-US Index                        | 6.43%                | 0.79%                | 8.80%                 | 5.71%              |
| GlobeFlex (02/28/06)                         | 11.01%               | 0.94%                | -                     | 3.64%              |
| MSCI ACWI ex-US Index                        | 6.43%                | 0.79%                | 8.80%                 | 2.96%              |
| GlobeFlex - Net (02/28/06)                   | 10.54%               | 0.49%                | -                     | 3.19%              |
| <b>Intl Large Cap Pass. Core (12/31/99)</b>  | <b>9.05%</b>         | <b>1.47%</b>         | <b>8.37%</b>          | <b>2.71%</b>       |
| NTGI MSCI EAFE Idx (01/31/00)                | 9.05%                | 1.45%                | 8.36%                 | 2.72%              |
| MSCI EAFE Index                              | 8.61%                | 1.05%                | 7.97%                 | 2.33%              |
| NTGI EAFE Idx - Net (12/31/04)               | 8.71%                | 1.26%                | -                     | 4.64%              |
| MSCI EAFE Index                              | 8.61%                | 1.05%                | 7.97%                 | 4.88%              |
| <b>International Small Cap (11/30/05)</b>    | <b>13.41%</b>        | <b>1.55%</b>         | <b>-</b>              | <b>3.64%</b>       |
| Franklin Templeton (07/31/11)                | -                    | -                    | -                     | 6.05%              |
| ACWI Small Cap ex US                         | 8.05%                | 4.60%                | 11.47%                | 0.84%              |
| Franklin Templeton - Net (07/31/11)          | -                    | -                    | -                     | 5.28%              |
| William Blair (08/31/10)                     | -                    | -                    | -                     | 15.62%             |
| ACWI Small Cap ex US                         | 8.05%                | 4.60%                | 11.47%                | 9.00%              |
| Intl SC Blended Benchmark                    | 8.83%                | 2.97%                | 10.57%                | 10.16%             |
| William Blair - Net (08/31/10)               | 12.91%               | -                    | -                     | 12.91%             |
| <b>Emerging Markets (01/31/92)</b>           | <b>4.76%</b>         | <b>5.95%</b>         | <b>16.52%</b>         | <b>9.99%</b>       |
| Genesis (04/30/04)                           | 4.76%                | 5.95%                | -                     | 14.14%             |
| MSCI Emerging Markets Index                  | 1.33%                | 0.86%                | 13.45%                | 10.52%             |
| Genesis - Net (12/31/04)                     | 4.11%                | 5.30%                | -                     | 12.08%             |
| MSCI Emerging Markets Index                  | 1.33%                | 0.86%                | 13.45%                | 10.21%             |

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, 2013

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date | Last<br>12<br>Months |
|--|---------------|---------------------|--------------------|----------------------|
| <b>Dom. Fixed Active Core (03/31/01)</b>   | <b>0.10%</b>  | <b>(3.39%)</b>      | <b>(2.01%)</b>     | <b>(0.60%)</b>       |
| EARNEST Partners (04/30/05)                | (0.20%)       | (3.47%)             | (1.91%)            | (0.65%)              |
| BC Aggregate Index                         | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| EARNEST Partners - Net (04/30/05)          | (0.25%)       | (3.57%)             | (2.07%)            | (0.85%)              |
| Piedmont (05/31/05)                        | 0.41%         | (3.30%)             | (2.10%)            | (0.56%)              |
| BC Aggregate Index                         | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| Piedmont - Net (05/31/05)                  | 0.37%         | (3.34%)             | (2.26%)            | (0.76%)              |
| <b>Dom. Fixed Enhanced Core (03/31/00)</b> | <b>0.17%</b>  | <b>(3.02%)</b>      | <b>(2.28%)</b>     | <b>(1.43%)</b>       |
| BlackRock Enhanced (04/30/00)              | 0.17%         | (3.02%)             | (2.28%)            | (1.43%)              |
| BC Aggregate Index                         | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| BlackRock Enhanced - Net (12/31/04)        | 0.17%         | (3.04%)             | (2.42%)            | (1.60%)              |
| <b>Dom. Fixed Passive Core (12/31/89)</b>  | <b>0.12%</b>  | <b>(3.23%)</b>      | <b>(2.40%)</b>     | <b>(1.96%)</b>       |
| NTGI BC Agg. Index (01/31/90)              | 0.12%         | (3.23%)             | (2.40%)            | (1.96%)              |
| BC Aggregate Index                         | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| NTGI BC Agg. Index - Net (12/31/04)        | 0.12%         | (3.23%)             | (2.40%)            | (1.97%)              |

## 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, 2013

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Dom. Fixed Active Core (03/31/01)</b>   | <b>4.32%</b>         | <b>6.22%</b>         | <b>4.83%</b>          | <b>5.03%</b>       |
| EARNEST Partners (04/30/05)                | 4.28%                | 6.17%                | -                     | 5.39%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 4.97%              |
| EARNEST Partners - Net (04/30/05)          | 4.07%                | 5.94%                | -                     | 5.18%              |
| Piedmont (05/31/05)                        | 4.30%                | 5.89%                | -                     | 4.95%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 4.85%              |
| Piedmont - Net (05/31/05)                  | 4.11%                | 5.71%                | -                     | 4.73%              |
| <b>Dom. Fixed Enhanced Core (03/31/00)</b> | <b>3.57%</b>         | <b>5.47%</b>         | <b>4.96%</b>          | <b>5.83%</b>       |
| BlackRock Enhanced (04/30/00)              | 3.57%                | 5.47%                | 4.96%                 | 5.87%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 5.78%              |
| BlackRock Enhanced - Net (12/31/04)        | 3.46%                | 5.37%                | -                     | 4.68%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 4.82%              |
| <b>Dom. Fixed Passive Core (12/31/89)</b>  | <b>3.17%</b>         | <b>5.10%</b>         | <b>4.84%</b>          | <b>6.60%</b>       |
| NTGI BC Agg. Index (01/31/90)              | 3.17%                | 5.10%                | 4.84%                 | 6.62%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 6.62%              |
| NTGI BC Agg. Index - Net (12/31/04)        | 3.17%                | 5.09%                | -                     | 4.64%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 4.82%              |

## 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, 2013

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date | Last<br>12<br>Months |
|--|---------------|---------------------|--------------------|----------------------|
| <b>Domestic Fixed Core Plus (12/31/81)</b> | <b>0.31%</b>  | <b>(3.55%)</b>      | <b>(2.20%)</b>     | <b>(0.41%)</b>       |
| BlackRock Core Plus (03/31/07)             | 0.21%         | (2.97%)             | (2.11%)            | (1.26%)              |
| BC Aggregate Index                         | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| BlackRock Core Plus - Net (03/31/07)       | 0.21%         | (2.98%)             | (2.34%)            | (1.50%)              |
| LM Capital (04/30/05)                      | 0.56%         | (3.52%)             | (2.42%)            | (0.49%)              |
| BC Aggregate Index                         | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| LM Capital - Net (04/30/05)                | 0.51%         | (3.55%)             | (2.53%)            | (0.65%)              |
| Progress Fixed Income (12/31/05)           | 0.32%         | (2.92%)             | (1.47%)            | 0.03%                |
| BC Aggregate Index                         | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| Progress Fixed Inc. - Net (12/31/05)       | 0.23%         | (3.01%)             | (1.73%)            | (0.33%)              |
| Taplin, Canida, Habacht (04/30/05)         | 0.46%         | (4.23%)             | (2.70%)            | (0.03%)              |
| BC Aggregate Index                         | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| Taplin, Canida, Hab. - Net (04/30/05)      | 0.46%         | (4.23%)             | (2.77%)            | (0.13%)              |
| Western (10/31/01)                         | 0.07%         | (3.69%)             | (1.99%)            | (0.24%)              |
| BC Aggregate Index                         | 0.14%         | (3.17%)             | (2.31%)            | (1.90%)              |
| Western - Net (12/31/04)                   | 0.07%         | (3.73%)             | (2.06%)            | (0.37%)              |
| <b>High Yield (03/31/86)</b>               | <b>1.49%</b>  | <b>(1.62%)</b>      | <b>2.93%</b>       | <b>8.90%</b>         |
| MackKay Shields (10/31/00)                 | 1.48%         | (1.07%)             | 3.23%              | 8.70%                |
| ML High Yield Cash Pay Index               | 1.87%         | (1.36%)             | 3.36%              | 9.38%                |
| MackKay Shields - Net (12/31/04)           | 1.48%         | (1.16%)             | 3.05%              | 8.24%                |
| Pyramis (07/31/86)                         | 1.50%         | (2.14%)             | 2.65%              | 9.10%                |
| ML High Yield Cash Pay Index               | 1.87%         | (1.36%)             | 3.36%              | 9.38%                |
| Pyramis - Net (12/31/04)                   | 1.42%         | (2.22%)             | 2.43%              | 8.78%                |

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

## 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, 2013

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Domestic Fixed Core Plus (12/31/81)</b> | <b>4.82%</b>         | <b>6.92%</b>         | <b>5.69%</b>          | <b>8.84%</b>       |
| BlackRock Core Plus (03/31/07)             | 4.23%                | 6.17%                | -                     | 5.56%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 5.08%              |
| BlackRock Core Plus - Net (03/31/07)       | 4.07%                | 6.06%                | -                     | 5.46%              |
| LM Capital (04/30/05)                      | 4.52%                | 6.50%                | -                     | 5.75%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 4.97%              |
| LM Capital - Net (04/30/05)                | 4.34%                | 6.33%                | -                     | 5.58%              |
| Progress Fixed Income (12/31/05)           | 4.31%                | 6.31%                | -                     | 5.91%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 5.15%              |
| Progress Fixed Inc. - Net (12/31/05)       | 3.91%                | 5.92%                | -                     | 5.56%              |
| Taplin, Canida, Habacht (04/30/05)         | 5.09%                | 6.83%                | -                     | 5.44%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 4.97%              |
| Taplin, Canida, Hab. - Net (04/30/05)      | 4.96%                | 6.70%                | -                     | 5.34%              |
| Western (10/31/01)                         | 5.34%                | 7.87%                | 6.11%                 | 6.20%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 5.02%              |
| Western - Net (12/31/04)                   | 5.20%                | 7.71%                | -                     | 5.26%              |
| BC Aggregate Index                         | 3.19%                | 5.23%                | 4.89%                 | 4.82%              |
| <b>High Yield (03/31/86)</b>               | <b>10.01%</b>        | <b>11.14%</b>        | <b>9.74%</b>          | <b>10.26%</b>      |
| Mackay Shields (10/31/00)                  | 10.17%               | 10.27%               | 9.56%                 | 9.91%              |
| ML High Yield Cash Pay Index               | 9.83%                | 11.26%               | 9.01%                 | 8.24%              |
| Mackay Shields - Net (12/31/04)            | 9.77%                | 9.87%                | -                     | 7.50%              |
| ML High Yield Cash Pay Index               | 9.83%                | 11.26%               | 9.01%                 | 8.15%              |
| Pyramis (07/31/86)                         | 9.86%                | 12.05%               | 9.94%                 | 10.02%             |
| ML High Yield Cash Pay Index               | 9.83%                | 11.26%               | 9.01%                 | 8.86%              |
| Pyramis - Net (12/31/04)                   | 9.33%                | 11.60%               | -                     | 8.31%              |
| ML High Yield Cash Pay Index               | 9.83%                | 11.26%               | 9.01%                 | 8.15%              |

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

## Manager Summary

### Five Best Performing Portfolios vs. Benchmarks

| Manager     | Year-to-Date Outperformance<br>(in % points) | Since Inception Outperformance<br>(in % points) |            |
|-------------|--|---|------------|
| Ariel       | 11.12  | 3.78  | (10/31/10) |
| Brown       | 10.94  | 1.66  | (09/30/04) |
| Ativo       | 10.04  | -0.80   | (09/30/10) |
| Wall Street | 9.94   | 7.24  | (07/31/90) |
| Brandes     | 8.28   | 4.50  | (12/31/95) |

### Five Worst Performing Portfolios vs. Benchmarks

| Manager               | Year-to-Date Underperformance<br>(in % points) | Since Inception Underperformance<br>(in % points) |            |
|-----------------------|--|---|------------|
| BlackRock LCG         | -4.09  | -6.16   | (07/31/11) |
| Fortaleza             | -3.69  | -1.01   | (11/30/06) |
| Piedmont LC           | -2.04  | -2.44   | (05/31/11) |
| Earnest Partners Intl | -2.04  | 5.19  | (09/30/04) |
| Frontier              | -1.45  | 5.77  | (07/31/88) |

### Five Highest Returning Portfolios

| Manager     | Year-to-Date Return<br>(in % points) | Since Inception Return<br>(in % points) |            |
|-------------|--------------------------------------|---|------------|
| Ativo       | 36.36                                | 18.43                                   | (09/30/10) |
| Wall Street | 36.26                                | 14.84                                   | (07/31/90) |
| Ariel       | 32.86                                | 19.90                                   | (10/31/10) |
| Lombardia   | 27.91                                | 14.03                                   | (05/31/11) |
| LSV         | 26.88                                | 10.95                                   | (01/31/03) |

### Five Lowest Returning Portfolios

| Manager                 | Year-to-Date Return<br>(in % points) | Since Inception Return<br>(in % points) |            |
|-------------------------|--------------------------------------|---|------------|
| Genesis                 | -4.75                                | 14.14                                   | (04/30/04) |
| Taplin, Canida, Habacht | -2.70                                | 5.44                                    | (04/30/05) |
| LM Capital              | -2.42                                | 5.75                                    | (04/30/05) |
| NT Barclays Agg         | -2.40                                | 6.62                                    | (01/31/90) |
| BlackRock Enhanced      | -2.28                                | 5.87                                    | (04/30/00) |

Returns are shown gross of investment management fees.

Excludes Real Estate and Alternative Investments portfolios.

(13-08-03) (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 Mr. Stafford, seconded by Ms. Henry, to approve submission of the Annual Economic Opportunity Investment Report.

Vote: Unanimous Voice Vote  
Absent: Kuehne, Nannini

(13-08-04) (Buckhead Board of Directors Structure Change) The Chief Investment Officer presented a recommendation to the Board regarding the reconstitution of the Buckhead Board of Directors in order to efficiently manage through the potential transition given the administrative requirements of the REIT structure.

She further recommended amending the current advisory agreement with TA Associates to reflect more favorable and competitive compensation terms.

After questions and discussion, it was moved by Ms. Thompson, seconded by Ms. Copper, to approve the following staff recommendations:

- Authorization for staff to execute a consent form implementing the Buckhead Board reconstitution as follows:
  - Remove all current Directors of the Corporation of Buckhead Industrial Properties, Inc., effective September 1, 2013.
  - Add IMRF authorized staff, Louis W. Kosiba, Edward N. Sambol and Kathy O'Brien as Directors of the Corporation of Buckhead Industrial Properties, Inc., effective September 1, 2013.
- Amendment to Advisory Agreement, effective August 1, 2013, reflecting the elimination of the performance fee and a reduction in the asset management fee.

Vote: Unanimous Voice Vote  
Absent: Kuehne, Nannini

(13-08-05) (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 #13-07-26  
Special Meeting #13-07S-26

Schedules - Dated August 23, 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 P - Administrative Denial of Application for Past Service Credit.
- Schedule R - Prior Service - New Governmental Units
- Schedule S - Prior Service Adjustments

Administration - Master Trustee Report

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

Bids

Cisco Access Switches and Related Components

Approved Bidder: PureNetworx

Approved Bid: \$86,676.40

Data Center UPS Maintenance Renewal

Sole Source \*\*\*\*\*

Approved Bidder: Eaton Electrical

Approved Bid: \$27,946.00

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

Vote: Unanimous Voice Vote

Absent: Kuehne, Nannini

(13-08-06) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of August Financial Reporting Package
- June Interim Financial Statements
- 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 Ms. Thompson, seconded by Ms. Henry, to approve the Financial Reports as presented.

Vote: Unanimous Voice Vote  
Absent: Kuehne, Nannini

(13-08-07) (Report of the Benefit Review Committee) The Chair of the Benefit Review Committee reported on the meeting held on August 22, 2013.

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

- To defer making a recommendation at this time on Ronald Pilati's claim for total and permanent disability benefits. The Committee requests that Mr. Pilati undergo an independent medical examination (IME) to be performed by a cardiologist, and or, a functional capacity examination (FCE). If the results of such examination(s) do not change staff's determination, this matter should be referred back to the Committee for a recommendation.
- To uphold staff's determination to deny Larry McCoy's application for temporary disability benefits.
- To uphold staff's determination to recalculate Judith Bulow's IMRF pension and to recover the resulting \$205.04 prepayment of benefits from her.

Vote: Unanimous Voice Vote  
Absent: Kuehne, Nannini

(13-08-08) (CIO Compensation) A discussion was held regarding the CIO's accomplishments over the past 20 months and her compensation, including recommendations by the Executive Director.

After discussion, it was moved by Ms. Henry, seconded by Ms. Copper, to approve the following recommendations by the Executive Director:

- Increase compensation for the CIO to from \$216,916.68 to \$275,000 annual salary effective July 1, 2013, based on significant achievements and relevant industry data; and,
- Change the compensation for the CIO to be effective July 1<sup>st</sup> of every year, the same cycle as the Executive Director.

Vote: Unanimous Voice Vote  
Absent: Kuehne, Nannini

(13-08-09) (Implementation of Public Act 98-0389) General Counsel presented a resolution for Board approval regarding the implementation of P.A. 98-0389 (regarding retirees returning to work).

She stated that P.A. 98-0389 amends section 7-144 of the Illinois Pension Code, and that it is necessary for the Board to adopt rules for the administration of this provision.

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

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

WHEREAS, Section 7-144 of the Pension Code, as amended by P.A. 98-0389 requires suspension of annuity payments to an IMRF retiree who returns to work as an employee with a participating employer and works more than 599 hours annually (or 999 hours annually with a participating employer that has adopted a resolution pursuant to subsection (e) of Section 7-137 of the Pension Code); and

WHEREAS, Section 7-144 of the Pension Code requires an IMRF retiree who returns to work as an employee with a participating employer and works more than 599 or 999 hours (as applicable) to be re-enrolled as a participating employee; and

WHEREAS, the determination of the hours of work for an IMRF retiree who returns to work as an employee shall commence on the month and day upon which the annuitant is first employed with the participating employer following the effective date of the annuity; and

WHEREAS, it is necessary that the Board of Trustees adopt policies for purposes of efficiently administering the IMRF retiree return-to-work requirements of Section 7-144, as amended by P.A. 98-0389.

THEREFORE BE IT RESOLVED that the following policies shall apply to IMRF retirees who return to work with a participating employer:

- A) P.A. 98-0389 does not affect current rules concerning participation
- 1) When a retiree returns to a qualifying position, s/he is immediately enrolled and the pension is suspended as of the first of the following month, with additional service credit beginning in that following month;
  - 2) When the retiree terminates employment and again retires, a new retirement application is required and the enhanced pension will be effective the first of the month following the month of the latest termination;
  - 3) When it is known that a non-qualifying position has become qualifying (regardless of hours worked thus far), s/he is immediately enrolled;
  - 4) If the retiree worked for that employer before it adopted the 1000 hour standard, the retiree is under a 600 hour standard for that employer;
  - 5) The determining factors for common-law employment versus independent contractor status remain the same;
  - 6) All retirees should contact IMRF before returning to work, for a discussion of the rules and issues to consider.

B) Under P.A. 98-0389, when a retiree hits 600/1000 hours (as applicable), s/he must be enrolled immediately in IMRF, regardless of additional hours expected or reasons that 600/1000 hours were reached

1. After the retiree hits 600/1000 hours and is enrolled, the pension will be suspended while the retiree continues employment with that participating employer and performs services;
2. To avoid enrollment and suspension of the pension, s/he must stop working at 599/999 hours. S/he can begin working again on or after the one year anniversary date of the most recent employment period with that employer. To avoid enrollment and suspension, this will be repeated annually while the retiree is employed by that employer.
3. If a retiree terminates employment after re-enrolling, the retiree may return to work for that employer again on or after the one year anniversary date of the most recent termination of employment with that employer. If the retiree returns to work sooner than one year after termination, s/he must be enrolled immediately regardless of expected hours and the pension must be suspended.
4. If a retiree hits 600/1000 hours and completely severs the relationship with the employer in that same month, the pension will not be suspended.
5. Re-enrollment will be required if the retiree hits 600/1000 hours and does not sever the employment relationship, regardless of how few hours over 599/999 is actually worked.

C) The determination of 600/1000 hours in a year will be counted from the first day of actual work for the employer in the most recent post-retirement employment period.

Vote: Unanimous Voice Vote  
Absent: Kuehne, Nannini

(13-08-10) (Litigation Update) The following is an update of the currently pending litigation:

**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. 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.

**Status:** On February 7, 2013, 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. The Plaintiffs have filed a motion to enforce the settlement agreement. The hearing on that motion that was set for April 2, 2013 was postponed. The County has now hired a private law firm as a special assistant state's attorney to represent them.

**JOSEPH PRAZEN v. IMRF**

**Summary:** This is an administrative review action involving an ERI return to work situation. The IMRF Board determined that Plaintiff's creation of s corporation was a guise to avoid the ERI forfeiture provisions contained in 7-141.1(g).

**Status:** Petition for Leave to appeal granted on November 28, 2012. IMRF's brief was filed on January 2, 2013. Oral argument before the Illinois Supreme Court was held on May 22, 2013. Waiting for opinion.

**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. The plaintiff's 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.

**Status:** IMRF has joined with other public plans and is using a shared counsel (Ice Miller LLP). A motion to dismiss was argued on May 23, 2013. We are awaiting a decision.

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

**Summary:** Appeal of denial of total and permanent disability based on voluntary resignation via Schedule H.

**Status:** IMRF has agreed to rehear the case allowing the Plaintiff to present facts she claims she was denied the opportunity to present due to the matter being placed on Schedule H.

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

**Summary:** This case was filed in the Lehman Bros. Bankruptcy matter. IMRF owned a bond, purchased by one of the Progress managers, for which we were paid in full at the time Lehman became insolvent. In this case, certain of the parties in the Lehman bankruptcy are attempting to recoup the proceeds of our bond, as well as others.

**Status:** This adversary proceeding in the bankruptcy matter is currently stayed (on hold) while the proper defendants are determined.

**VILLAGE OF OAK BROOK V. THOMAS SHEAHAN, ET. AL. (13 MR 942)**

**Summary:** This is an administrative review action challenging the Board's decision upholding the granting of MEABF and Deerfield credit transfers to Thomas Sheahan, the former police chief of Oak Brook and deny the Village's request to recalculate their liability excluding the service credits transferred from MEABF and Deerfield. The Village is also seeking a declaratory judgment that Section 8-226.7 is unconstitutional special legislation.

**Status:** Case was filed on June 6, 2013. Appearance, administrative record and motion to dismiss were filed on July 11, 2013. On August 12, 2013, the plaintiff filed a motion to strike defendant Thomas Sheahan's affirmative defenses.

**ESTATE OF MICHAEL STAMPER V. IMRF (2013 CH 1805) DUPAGE CO.**

**Summary:** Decedent's mother and administrator of his estate is suing IMRF requesting the judge issue a temporary restraining order and an injunction issue preventing IMRF from paying out a benefit pursuant to a 1978 6.11 form which names her son's friends as his beneficiaries.

**Status:** Case was filed on June 26, 2013. IMRF has filed a motion to dismiss for failure to name necessary parties and cross claim for interpleader.

(13-08-11) (Report of Executive Director)

**Representation of IMRF**

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

**Strategic Plan**

The Executive Director reviewed a memorandum from the Deputy Executive Director regarding the completion of steps 1-3 of IMRF's formal strategic planning methodology.

(13-08-12) (Executive Director Performance Review) It was moved by Ms. Thompson, seconded by Mr. Stulir, to grant the Executive Director a salary increase from \$210,455.32 to \$230,000 for the period July 1, 2013 through June 30, 2014.

Vote: Unanimous Voice Vote  
Absent: Kuehne, Nannini

(13-08-13) (Adjournment) It was moved by Mr. Piechocinski, seconded by Ms. Henry, to adjourn the Board Meeting at 11:15 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on September 27, 2013.

Vote: Unanimous Voice Vote  
Absent: Kuehne, Nannini

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

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