



# Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook IL 60523-2337

Member Services Representatives 1-800-ASK-IMRF

[www.imrf.org](http://www.imrf.org)

December 21, 2012

Governor Pat Quinn  
Governor of Illinois  
James R Thompson Center  
100 West Randolph Street, Floor 16  
Chicago, IL 60601

**RE: Annual Diversity Report**

Dear Governor Quinn:

The Illinois Municipal Retirement Fund (IMRF) Board of Trustees is pleased to submit its annual report on the diversity policies established for the Fund as required under Section 1-109.1(8) of Public Act 96-0006. The report includes the policy adopted by our Board of Trustees for establishing goals for the utilization of emerging investment managers; the policy that sets forth goals for increasing the utilization of minority broker-dealers; the policy that sets forth goals for increasing the racial, ethnic, and gender diversity of our fiduciaries, including consultants and senior staff; and the policy that sets forth goals for the utilization of businesses owned by minorities, females, and persons with disabilities for all contracts and services.

Please contact me at (630) 368-5355 if you have any questions.

Very truly yours,

Louis W. Kosiba  
Executive Director

Enclosure



**ILLINOIS MUNICIPAL  
RETIREMENT FUND**

**2012 ANNUAL  
DIVERSITY REPORT**

**Illinois Municipal Retirement Fund  
2211 York Road  
Oak Brook, IL 60523  
(630) 368-1010**

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## **I. Introduction**

### **ILLINOIS MUNICIPAL RETIREMENT FUND'S 2012 DIVERSITY REPORT**

The Illinois Municipal Retirement Fund (IMRF) Board of Trustees is pleased to submit its annual report on diversity. Our 2012 Diversity Report presents in detail the following: a) policy adopted that sets forth goals for utilization of emerging investment managers, b) policy that sets forth goals for increasing the utilization of minority broker-dealers, including specific actions undertaken to increase the use of minority broker-dealers, c) policy that sets forth goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff, and d) policy that sets forth goals for utilization of businesses owned by minorities, females, and persons with disabilities for all contracts and services.

As of September 30, 2012, IMRF employed 41 investment managers owned by minorities, females or by a person with a disability. The 41 firms managed a total of \$5.2 billion of IMRF assets. The \$5.2 billion represents 19% of the total IMRF investment portfolio. Of this amount, \$4.2 billion is managed by emerging managers as defined in PA 096-0006 and \$0.97 billion is managed by emerged investment managers [investment managers owned by minorities, females or by a person with a disability with assets under management of over \$10 billion].

IMRF's external investment managers also execute trades through minority, female and persons with a disability owned broker/dealers. For the twelve months ended September 30, 2012, \$4.5 million, or 23% of the total commissions paid by IMRF, were executed by broker/dealers owned by minorities, females or by a person with a disability.

IMRF's Diversity Policy for Senior Staff and Fiduciaries documents IMRF's commitment to hiring, employing, contracting and providing opportunities for minorities, females and persons with a disability. IMRF's goal is that staff diversity levels mirror its external recruiting area.

Furthermore, IMRF Diversity Procurement Policy specifies that it is the policy of the IMRF Board of Trustees to include qualified minority and female owned business enterprises and businesses owned by a person with a disability in the Fund's procurement process and to objectively evaluate all qualified businesses regardless of race, gender or handicap. IMRF set a minimum goal of 18% for contracts and purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases. These goals are based on the percentage of total dollar amount of all purchasing contracts let, excluding payments such as postage, rent (utilities), insurance premiums, and single-source technology solutions.



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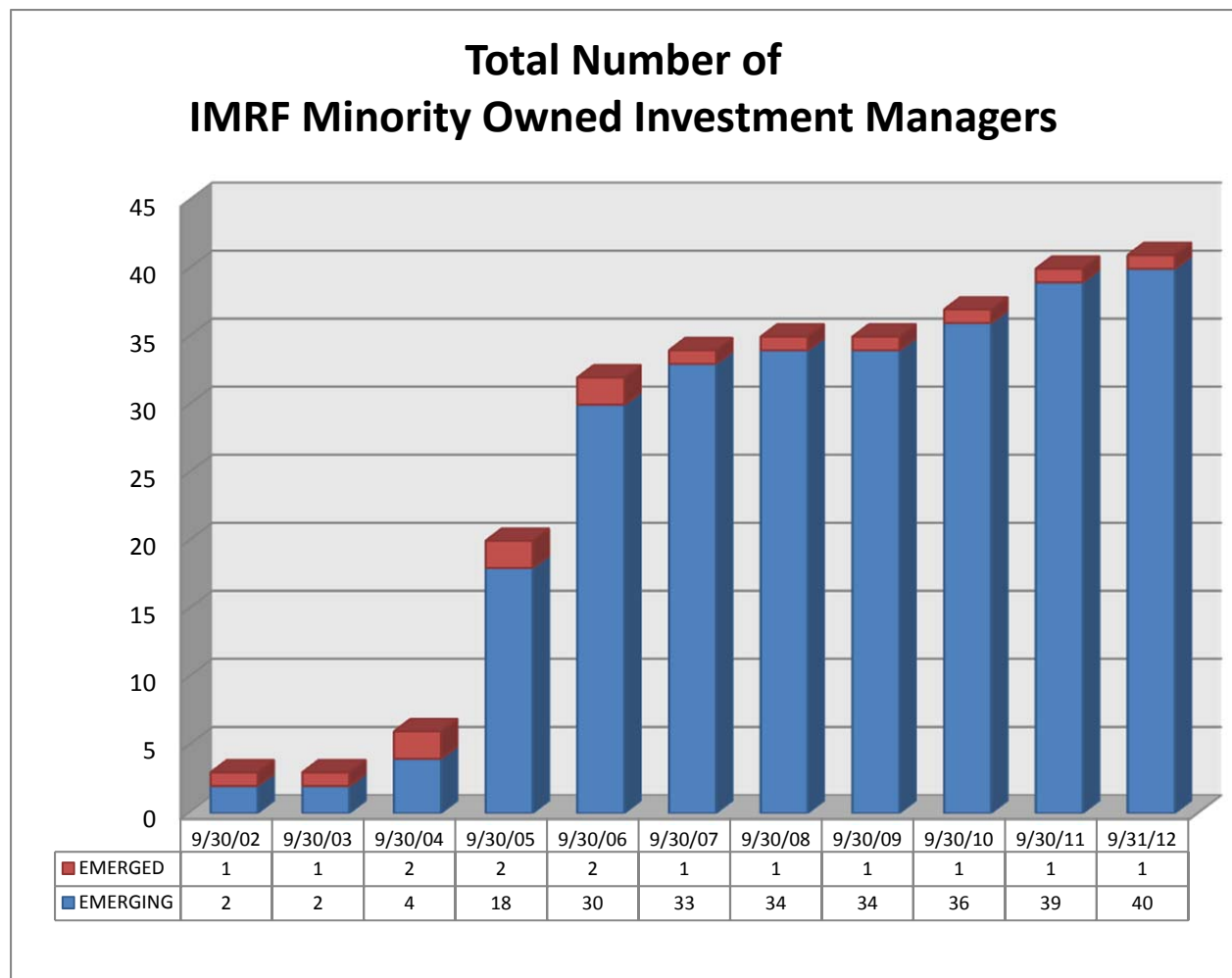
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## II. INVESTMENT MANAGERS

Public Act 096-0006 defines an emerging investment manager as a qualified investment advisor that is a minority owned business or female owned business or business owned by a person with a disability with total assets under management of at least \$10 million but less than \$10 billion. The IMRF Board of Trustees continues to actively implement its policy of employing investment managers owned by minorities, females or by a person with a disability (collectively “minority owned” investment managers). Since 2003, IMRF has increased its use of emerging minority owned investment managers each year. As of September 30, 2012, IMRF employed 40 emerging minority owned investment managers and 1 emerged minority owned investment manager.

The chart below shows the eleven-year progress in the number of emerging and emerged minority owned investment managers used by IMRF to manage its assets.





# Illinois Municipal Retirement Fund

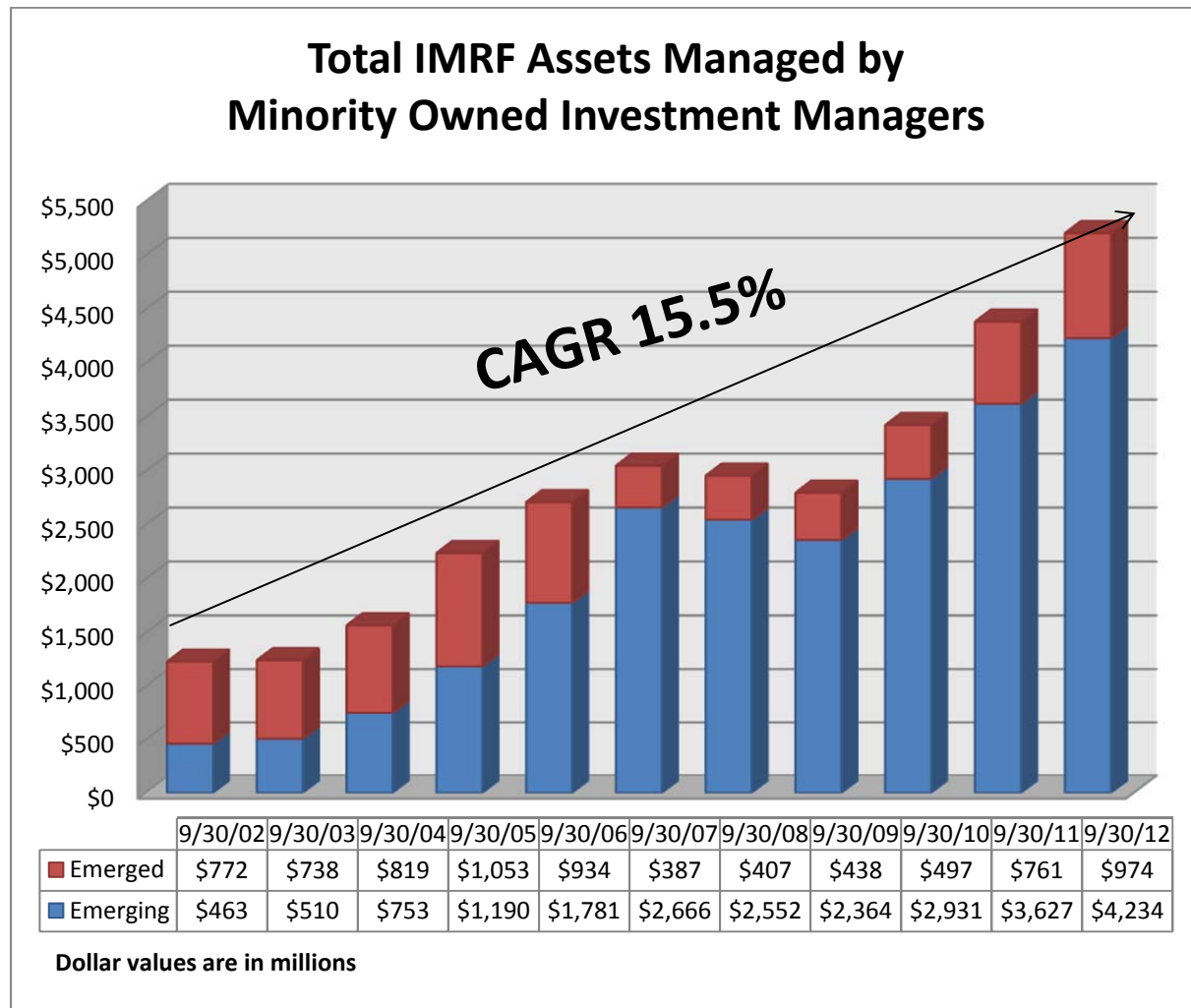
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Due to IMRF’s commitment to hire emerging minority owned investment managers the amount of assets they manage for IMRF continues to increase. The compound annual growth rate (CAGR) for assets managed by emerging minority owned investment managers is 24.8%, over a ten year time period. However, the compound annual growth rate (CAGR) for assets managed by emerged and emerging minority owned investment managers over the same time period is 15.5%.

The chart below shows the amount of assets managed by “minority owned” investment managers. Assets for “minority owned” investment managers have increased eight out of ten years shown on the chart below.



Specifically, the amount of assets that are managed by “minority owned” investment managers has increased by \$820 million or 19% since last September. This can be attributed to positive



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manager performance, sourcing existing minority managers for new mandates and increasing assets managed by existing minority managers.

Below is a table that lists each manager by asset class that received assets from IMRF.

Action	Asset Class	Classification	Emerged/ Emerging	Manager Name	Assets (\$millions)
Add'l Assets	Int'l Equity	African	Emerged	Earnest Partners	143.0
New Hire	Real Estate	American	Emerged	Earnest Partners	143.0
New	Private	Asian American	Emerging	Green Oak*	11.7
Mandate	Equity	Asian American	Emerging	Mayfield Fund*	5.0
New					
Mandate	Int'l Equity	Latino	Emerging	Lombardia*	25.0
*committed amounts					
<b>Total Amount</b>					<b>\$185</b>

The table below shows the market value changes of IMRF's assets under management by "minority owned" investment managers, majority owned investment managers and the total Fund.

IMRF Assets by Manager Type

	9/30/07	9/30/08	9/30/09	9/30/10	9/30/11	9/30/12
Minority Owned Asset Managers (\$AUM)	\$3,052	\$2,959	\$2,802	\$3,428	\$4,388	\$5,208
% Change		-3%	-5%	22%	28%	19%
Majority Owned Asset Managers (\$AUM)	\$21,249	\$17,605	\$18,743	\$20,166	\$18,943	\$22,225
% Change		-17%	6%	8%	-6%	17%
All Asset Managers (\$ AUM)	\$24,301	\$20,565	\$21,546	\$23,594	\$23,330	\$27,433
% Change		-15%	5%	10%	-1%	18%
Dollars are in millions						



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As of September 30, 2012, IMRF's \$5.2 billion allocation to emerging and emerged "minority owned" investment managers represents an increase of \$820 million, or 19% since last year. Please note that IMRF has direct investments with emerging minority owned managers but also utilizes a real estate fund of funds, a private equity fund of funds and a manager of managers program to meet its minority manager utilization goals.

The table below identifies the emerging and emerged "minority owned" investment managers used by IMRF and the dollar amounts and percentage of total IMRF assets under their control. The addresses of all "minority owned" IMRF investment managers are shown in Exhibit A.

**EMERGING "MINORITY OWNED" MANAGERS USED BY IMRF**  
**AS OF SEPTEMBER 30, 2012**

<b>Classification</b>	<b>Manager Name</b>	<b>\$ AUM(millions)</b>	<b>% of Total IMRF Assets Under Mgmt</b>
African American	Ariel Investments	66.5	0.2%
African American	Brown Capital Mgmt	190.1	0.7%
African American	Channing Capital Mgmt	52.9	0.2%
African American	Holland Capital Mgmt	772.9	2.8%
African American	Piedmont Investment (Equity)	141.6	0.5%
African American	Piedmont Investment (Fixed Income)	529.2	1.9%
	<b>Total African American</b>	<b>1,753.2</b>	<b>6.4%</b>
Asian	Vivo Ventures XII*	6.0	0.0%
Asian	Mayfield Fund XIV*	5.0	0.0%
	<b>Total Asian</b>	<b>11.0</b>	<b>0.0</b>
Female	GlobeFlex Capital	398.7	1.5%
Female	Vision Capital Mgmt ,Inc.	58.2	0.2%
	<b>Total Female</b>	<b>456.9</b>	<b>1.7%</b>
Latino	Ativo Capital Mgmt	30.5	0.1%
Latino	Fortaleza Asset Mgmt,Inc.	34.7	0.1%
Latino	LM Capital Group	829.3	3.0%
Latino	Lombardia Capital Partners (Equity)	115.4	0.4%
	<b>Total Latino</b>	<b>1,009.9</b>	<b>3.7%</b>





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## EMERGING "MINORITY OWNED" MANAGERS USED BY IMRF AS OF SEPTEMBER 30, 2012

Classification	Manager Name	\$ AUM(millions)	% of Total IMRF Assets Under Mgmt
	<b>Franklin Templeton Real Estate Advisors<sup>1*</sup></b>	<b>75.0</b>	<b>0.3%</b>
Non-Minority			
African American	Argosy Real Estate Partners II	*	*
Latino	Hudson Realty Capital V	*	*
Asian	GreenOak	*	*
	<b>Total Minority Manager Real Estate</b>	<b>75.0</b>	<b>0.3%</b>
	<b>Muller &amp; Monroe<sup>2*</sup></b>	<b>50.0</b>	<b>0.2%</b>
African American	Ascend Ventures	*	*
African American	DBL Equity Fund- BAEF II, L.P.	*	*
African American	ICV Capital Partners	*	*
African American	RLJ Equity Partners	*	*
African American	Smith Whiley II	*	*
African American	Smith Whiley III	*	*
African American	Syncom	*	*
Female	Castile Ventures III	*	*
Latino	Hispania Private Equity Fund II	*	*
Latino	Nogales Investors	*	*
	<b>Total Minority Manager Private Equity</b>	<b>50.0</b>	<b>0.2%</b>
	<b>Progress Investment Mgmt<sup>3</sup></b>		
African American	Ambassador Capital Mgmt	94.4	0.3%
African American	Brown Capital Mgmt	21.6	0.1%
African American	Channing Capital Mgmt	40.0	0.1%
African American	Herndon Capital Mgmt	65.5	0.2%
African American	Profit Investment Mgmt	65.9	0.2%
African American	Pugh Capital Mgmt	86.6	0.3%
	<b>Total African American- MoM</b>	<b>374.0</b>	<b>1.36%</b>



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## EMERGING "MINORITY OWNED" MANAGERS USED BY IMRF

AS OF SEPTEMBER 30, 2012

Classification	Manager Name	\$ AUM(millions)	% of Total IMRF Assets Under Mgmt
Asian	Apex Capital Mgmt	43.3	0.2%
Asian	High Pointe Capital Mgmt, LLC	58.4	0.2%
Asian	Phocas Financial	26.2	0.1%
	<b>Total Asian- MoM</b>	<b>127.9</b>	<b>0.5%</b>
Female	Concerto Asset Mgmt	15.2	0.1%
Female	Longfellow Investment Mgmt	49.9	0.2%
Female	New Century Advisors	89.6	0.3%
Female	Redwood Investments	68.4	0.2%
	<b>Total Female- MoM</b>	<b>223.1</b>	<b>0.8%</b>
Latino	Garcia Hamilton & Associates	91.1	0.3%
Latino	Graham & Dodd Fund, LLC	62.0	0.2%
	<b>Total Latino- MoM</b>	<b>153.1</b>	<b>0.56%</b>
	<b>Subtotal- Emerging Minority Owned</b>	<b>4,234.2</b>	<b>15.4%</b>

## EMERGED "MINORITY OWNED" MANAGERS USED BY IMRF

AS OF SEPTEMBER 30, 2012

Classification	Manager Name	\$ AUM (millions)	% of Total IMRF Assets Under Mgmt
African American	EARNEST Partners (Int'l Equity)	437.7	1.6%
African American	EARNEST Partners (Fixed Income)	535.8	2.0%
	<b>Total African American</b>	<b>973.6</b>	<b>3.5%</b>
	<b>Subtotal- Emerged Minority Owned</b>	<b>973.6</b>	<b>3.5%</b>
	<b>Grand Total "Minority Owned" Managers:</b>	<b>5,207.7</b>	<b>19.0%</b>

\* Committed Amounts

1. This is a Fund of Funds Manager receiving a fee to execute an emerging manager real estate fund of fund for IMRF.
2. This is a Private Equity Fund of Funds with a mandate to hire emerging minority managers.
3. This is a Manager of Managers receiving a fee to execute an emerging manager program for IMRF.



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As part of the reporting requirements under Public Act 096-0006, IMRF must report actions taken to increase the use of emerging investment managers. IMRF's actions to increase the use of emerging investment managers are presented below:

On August 28, 2009, the Board of Trustees approved an investment policy (attached as Exhibit B) which includes an emerging investment manager policy with quantifiable goals. The emerging investment manager goals are as follows:

### **Emerging Investment Manager Utilization Goal**

The Illinois Municipal Retirement Fund is committed to providing opportunities for emerging minority and female owned investment management firms and emerging investment management firms owned by a person with a disability. The Illinois Municipal Retirement Fund Board of Trustees has adopted the following minimum goals for the utilization of these emerging investment management firms.

#### **Goals For Utilization of Emerging Investment Managers By Emerging Investment Manager Classification**

<u>Emerging Investment Manager Classification</u>	<u>Minimum Goal as a Percentage of Total Portfolio</u>
Minority Owned Businesses	9% to 13%
Female Owned Businesses	2% to 6%
Businesses Owned by a Person with a Disability	0.5% to 1%

#### **Goals For The Utilization of Emerging Investment Managers By Asset Class**

<u>Asset Class</u>	<u>Minimum Goal as a Percentage of Asset Class</u>
Equities	10% to 12% of the asset class
Fixed-Income	15% to 20% of the asset class
Alternatives	5% to 10% of the asset class

These goals will be reviewed annually.



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As of September 30, 2012, the actual IMRF portfolio allocations per emerging investment manager classification were as follows:

Emerging Investment Manager Classification	Minimum Goal as a % of Total Portfolio	Actual % of Total Portfolio
Minority Owned Businesses	9% to 13%	13.0%
Female Owned Businesses	2% to 6%	2.5%
Businesses Owned by a Person with a Disability	0.5% to 1%	0.0%

As of September 30, 2012, the actual IMRF portfolio emerging investment manager allocations per asset classification were as follows:

Portfolio Asset Class	Minimum Goal as a % of Asset Class	Actual % of Asset Class
Equities	10% to 12%	13.5%
Fixed Income	15% to 20%	21.5%
Alternatives <sup>(ii)</sup>	5% to 10%	5.9%

*(ii) Actual percentage of Asset Class for Alternatives is calculated using committed amounts in the numerator and denominator.*

As of September 30, 2012, IMRF's emerging minority owned investment managers manage over \$4.2 billion or 15.4% of the total Fund.

The following managers were included in the respective classifications:

**EMERGING "MINORITY OWNED" MANAGERS USED BY IMRF**  
**AS OF SEPTEMBER 30, 2012**

<b>Classification</b>	<b>Manager Name</b>	<b>\$ AUM (millions)</b>	<b>% of Total IMRF Assets Under Management</b>	<b>Asset Class</b>
African American	Ariel Investments	66.5	0.2%	<b>Equity</b>
African American	Brown Capital Mgmt	190.1	0.7%	<b>Equity</b>
African American	Channing Capital Mgmt	52.9	0.2%	<b>Equity</b>
African American	Holland Capital Mgmt	772.9	2.8%	<b>Equity</b>
African American	Piedmont Investment Advisors	141.6	0.5%	<b>Equity</b>



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## EMERGING "MINORITY OWNED" MANAGERS USED BY IMRF

AS OF SEPTEMBER 30, 2012

Classification	Manager Name	\$ AUM (millions)	% of Total IMRF Assets Under Management	Asset Class
African American	Piedmont Investment Advisors	529.2	1.9%	Fixed Income
	<b>Total African American</b>	<b>1,753.2</b>	<b>6.4%</b>	
Asian	Vivo Ventures XII*	6.0	0.0%	Alternatives
Asian	Mayfield Fund XIV*	5.0	0.0%	Alternatives
	<b>Total Asian</b>	<b>11.0</b>	<b>0.0</b>	
Latino	Ativo Capital Mgmt	30.5	0.1%	Equity
Latino	Fortaleza Asset Mgmt, Inc.	34.7	0.1%	Equity
Latino	LM Capital Group	829.3	3.0%	Fixed Income
Latino	Lombardia Capital Partners	115.4	0.4%	Equity
	<b>Total Latino</b>	<b>1,009.9</b>	<b>3.7%</b>	
	<b>Franklin Templeton Real Estate Advisors<sup>1*</sup></b>	<b>75.0</b>	<b>0.3%</b>	<b>Alternatives</b>
Non-Minority				
African American	Argosy Real Estate Partners II	*	*	Alternatives
Latino	Hudson Realty Capital V	*	*	Alternatives
Asian	GreenOak	*	*	Alternatives
	<b>Total Minority Manager Real Estate</b>	<b>75.0</b>	<b>0.3%</b>	
African American	<b>Muller &amp; Monroe<sup>2*</sup></b>	<b>50.0</b>	<b>0.2%</b>	<b>Alternatives</b>
African American	Ascend Ventures	*	*	Alternatives
African American	DBL Equity Fund- BAEF II, L.P.	*	*	Alternatives
African American	ICV Capital Partners	*	*	Alternatives
African American	RLJ Equity Partners	*	*	Alternatives
African American	Smith Whiley II	*	*	Alternatives
African American	Smith Whiley III	*	*	Alternatives
African American	Syncom	*	*	Alternatives
Latino	Hispania Private Equity Fund II	*	*	Alternatives
Latino	Nogales Investors	*	*	Alternatives
	<b>Total Minority Manager Private Equity</b>	<b>50.0</b>	<b>0.2%</b>	



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## EMERGING "MINORITY OWNED" MANAGERS USED BY IMRF

AS OF SEPTEMBER 30, 2012

Classification	Manager Name	\$ AUM (millions)	% of Total IMRF Assets Under Management	Asset Class
African American	<b>Progress Investment Mgmt<sup>3</sup></b>			
African American	Ambassador Capital Mgmt	94.4	0.3%	Fixed Income
African American	Brown Capital Mgmt	21.6	0.1%	Equity
African American	Channing Capital Mgmt	40.0	0.1%	Equity
African American	Herndon Capital Mgmt	65.5	0.2%	Equity
African American	Profit Investment Mgmt	65.9	0.2%	Equity
African American	Pugh Capital Mgmt	86.6	0.3%	Fixed Income
	<b>Total African American- MoM</b>	<b>374.0</b>	<b>1.36%</b>	
Asian	Apex Capital Mgmt	43.3	0.2%	Equity
Asian	High Pointe Capital Mgmt, LLC	58.4	0.2%	Equity
Asian	Phocas Financial	26.2	0.1%	Equity
	<b>Total Asian- MoM</b>	<b>127.9</b>	<b>0.5%</b>	
Latino	Garcia Hamilton & Associates	91.1	0.3%	Fixed Income
Latino	Graham & Dodd Fund, LLC	62.0	0.2%	Equity
	<b>Total Latino- MoM</b>	<b>153.1</b>	<b>0.56%</b>	
	<b>Subtotal- Emerging Minority Owned</b>	<b>3,554.1</b>	<b>13.0%</b>	



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## EMERGING "FEMALE OWNED" MANAGERS USED BY IMRF

AS OF SEPTEMBER 30, 2012

Classification	Manager Name	\$ AUM (millions)	% of Total IMRF Assets Under Management	Asset Class
Female	GlobeFlex Capital	398.7	1.5%	Equity
Female	Vision Capital Mgmt ,Inc.	58.2	0.2%	Equity
Female	Castile Ventures III	*	*	Alternatives
	<b>Total Female</b>	<b>456.9</b>	<b>1.7%</b>	
Female	Concerto Asset Mgmt	15.2	0.1%	Fixed Income
Female	Longfellow Investment Mgmt	49.9	0.2%	Fixed Income
Female	New Century Advisors	89.6	0.3%	Fixed Income
Female	Redwood Investments	68.4	0.2%	Equity
	<b>Total Female- MoM</b>	<b>223.1</b>	<b>0.8%</b>	
	<b>Subtotal- Female Owned</b>	<b>680.0</b>	<b>2.5%</b>	
	<b>Grand Total "Minority Owned" Managers:</b>	<b>4,234.2</b>	<b>15.4%</b>	

\* Committed Amounts

1. This is a Fund of Funds Manager receiving a fee to execute an emerging manager real estate fund of fund for IMRF.
2. This is a Private Equity Fund of Funds with a mandate to hire emerging minority managers.
3. This is a Manager of Managers receiving a fee to execute an emerging manager program for IMRF.



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As of September 30, 2012, the following managers were included in the respective asset class:

## **EMERGING "MINORITY OWNED" MANAGERS USED BY IMRF- EQUITIES**

### **AS OF SEPTEMBER 30, 2012**

<b>Manager Name</b>	<b>\$ AUM(millions)</b>	<b>% of Asset Class</b>
Ariel Investments	66.5	0.4%
Ativo Capital Mgmt	30.5	0.2%
Brown Capital Mgmt	190.1	1.1%
Channing Capital Mgmt	52.9	0.3%
Fortaleza Asset Mgmt,Inc.	34.7	0.2%
GlobeFlex Capital	398.7	2.3%
Holland Capital Mgmt	772.9	4.5%
Lombardia Capital Partners	115.4	0.7%
Piedmont Investment Advisors	141.6	0.8%
<b>Progress Investment Mgmt<sup>3</sup></b>		
Apex Capital Management	43.3	0.3%
Brown Capital Management	21.6	0.1%
Channing Capital Management	40.0	0.2%
Graham & Dodd Fund, LLC	62.0	0.4%
Herndon Capital Management	65.5	0.4%
High Pointe Capital Management, LLC	58.4	0.3%
Phocas Financial	26.2	0.2%
Profit Investment Management	65.9	0.4%
Redwood Investments	68.4	0.4%
Vision Capital Mgmt ,Inc.	58.2	0.3%
<b>Total Equities</b>	<b>2,312.84</b>	<b>13.5%</b>





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## EMERGING "MINORITY OWNED" MANAGERS USED BY IMRF- ALTERNATIVES

AS OF SEPTEMBER 30, 2012

<b>Franklin Templeton Real Estate Advisors<sup>1z*</sup></b>	<b>75.0</b>	<b>3.2%</b>
Argosy Real Estate Partners II	*	*
GreenOak	*	*
Hudson Realty Capital V	*	*
Mayfield Fund XIV	5.0	0.2%
<b>Muller &amp; Monroe<sup>2z*</sup></b>	<b>50.0</b>	<b>2.2%</b>
Ascend Ventures	*	*
Castile Ventures III	*	*
DBL Equity Fund- BAEF II, L.P.	*	*
Hispania Private Equity Fund II	*	*
ICV Capital Partners	*	*
Nogales Investors	*	*
RLJ Equity Partners	*	*
Smith Whiley II	*	*
Smith Whiley III	*	*
Syncom	*	*
Vivo Ventures XII	6.0	0.3%
<b>Total Alternatives</b>	<b>136.00</b>	<b>5.9%</b>



# Illinois Municipal Retirement Fund

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## EMERGING "MINORITY OWNED" MANAGERS USED BY IMRF- FIXED INCOME

### AS OF SEPTEMBER 30, 2012

LM Capital Group	829.3	10.0%
Piedmont Investment Advisors	529.2	6.4%
<b>Progress Investment Mgmt<sup>3</sup></b>		
Ambassador Capital Management	94.4	1.1%
Pugh Capital Management	86.6	1.0%
Concerto Asset Management	15.2	0.2%
Longfellow Investment Management	49.9	0.6%
New Century Advisors	89.6	1.1%
Garcia Hamilton & Associates	91.1	1.1%
<b>Total Fixed Income</b>	<b>1,785.3</b>	<b>21.5%</b>

\*Committed Amounts

1. This is a Fund of Funds Manager receiving a fee to execute an emerging manager real estate fund of fund for IMRF.
2. This is a Private Equity Fund of Funds with a mandate to hire emerging managers.
3. This is a Manager of Managers receiving a fee to execute an emerging manager program for IMRF.

In aggregate, IMRF's allocations to emerging and emerged minority, female and a person with a disability owned business enterprises increased from \$4.4 billion to \$5.2 billion year-over-year as of September 30, 2012. Of the \$5.2 billion allocation to minority, female and a person with a disability owned business enterprises, \$4.2 billion or 81% is being managed by emerging firms and \$0.97 billion or 19% is being managed by emerged firms. The \$4.2 billion allocation to emerging minority, female and a person with a disability owned investment managers represents an increase of 17% over the same period last year. The \$0.97 billion allocation to emerged minority, female and a person with a disability owned business enterprise managers represents an increase of 28% as compared to the same period last year. The significant percentage increase in IMRF's allocation to emerging and emerged minority, female and a person with a disability owned managers is due to positive manager performance and hiring and allocating additional funds to emerging, minority owned investment managers. The increase from \$4.4 billion to \$5.2 billion year-over-year as of September 30, 2012 is a 19% increase.

As of September 30, 2012, the number of minority, female and a person with a disability owned business enterprise money managers has increased to forty-one. Of this total, forty are emerging minority, female and a person with a disability owned investment management firms,



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and one is an emerged minority, female and a person with a disability owned investment management firm.

### **III. IMRF INVESTMENT MANAGER SELECTION POLICY**

#### **1. Purpose**

This policy defines the process used by the Board to procure investment managers.

#### **2. Philosophy**

The Board has a responsibility to its members and participating employers to make investments with the objective of obtaining superior total long-term rates of return while using acceptable levels of risk and reasonable control of costs. The strategy of the Board is to achieve superior long-term rates of return through the use of a diversified investment portfolio. The Board engages various investment managers to implement this strategy. The availability of qualified minority and female owned business enterprises and businesses owned by a person with a disability is recognized by the Board. The characteristic of being a minority- or female owned business enterprise or a business owned by a person with a disability is not a barrier to employment by the Board.

It is the policy of the Board to include qualified minority and female owned business enterprises and businesses owned by a person with a disability in the Fund's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or handicap.

The Board will evaluate all qualified investment manager candidates with emphasis on: demonstrated professional performance; organizational depth; institutional investment management capability; and reasonableness of fee structure, regardless of the amount of investment assets under management, or age of the investment management firm.

The Board will use professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the consultants used by the Fund to affirm their use of nondiscriminatory practices when recommending investment manager candidates to the Board.



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### **3. Procurement Process**

IMRF staff in conjunction with an investment consultant shall receive approval from the Board to conduct a search necessary to fill a need in the investment portfolio (e.g. termination of a manager or addition of a new mandate to the portfolio). A Request for Proposal (RFP) shall be prepared based on criteria defining the need in the investment portfolio. The search will be advertised in the State newspaper and industry publications, and a notice will be posted on the IMRF website. The RFP shall be made available on the IMRF website at least fourteen days before the response is due. When appropriate, the RFP shall also be made available on the investment consultant's website.

Notwithstanding the foregoing, an RFP process will not be followed to place additional assets with an investment management firm already under contract for services currently being performed.

Upon termination of a manager, assets may be placed with any appropriate investment management firm pending a decision for final disposition by the Board.

### **4. RFP Specifications**

The RFP will provide background information on IMRF and will request detailed information on matters relevant to the investment manager search being conducted. The RFP will generally be organized as follows:

- (a) Introduction and Goal of the RFP
- (b) Background Information on IMRF
- (c) Services to be Performed
- (d) Qualifications for the Assignment
- (e) Specifications for the Assignment
- (f) Requirements and Instructions for RFP Completion
- (g) General Terms and Conditions of the Contract Including Performance Review Criteria



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(h) Selection Process and Criteria

(i) Projected Timeline for Completion of the Manager Search

## 5. Quiet Period

The Quiet Period is the period of time beginning when the investment manager search RFP is issued and ends when the investment manager is selected by the Board or the process is declared to be complete.

Investment manager respondents shall not contact IMRF Board members during the Quiet Period and should direct all communications to the Chief Investment Officer, or the Investment Department Manager, or the Executive Director.

The purpose of the Quiet Period is to ensure that all prospective investment managers have equal access to information regarding the search objective and requirements; to be certain that communications are consistent and accurate; and to make the search process and selection process efficient, diligent and fair.

The Quiet Period will be posted to the IMRF website to prevent inadvertent violations by investment managers responding to the RFP.

IMRF Board members and members of the staff not directly involved in the investment manager search shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication takes place during a formal site visit or interview conducted as part of the investment manager search.

An investment manager respondent shall be disqualified for violating the Quiet Period.

## 6. Selection Process

Staff and consultant shall objectively review the RFP's to identify qualified candidates based solely on the criteria presented in the RFP. Staff, consultant and members of the Board may interview all, some or none of the RFP respondents, undertake site visits to respondent offices and conduct such other due diligence as is prudent under the circumstances. The process may end at this point if there are no qualified candidates among the respondents.



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The staff and consultant will present the results of the RFP process to the Investment Committee in the form of a written report. This report will be presented during a public meeting of the Investment Committee and may include a recommendation of finalists to be interviewed by the Investment Committee.

The Investment Committee will interview finalists and determine if a recommendation for the award of a contract will be made to the Board of Trustees. The Board of Trustees shall then act on the recommendation of the Investment Committee.

During the selection process all respondents to the RFP will be evaluated and ranked on four primary factors:

- (a) **People** - stability of the organization, ownership structure and documented experience of key professionals
- (b) **Process** - clearly defined, reasonable and repeatable investment strategy
- (c) **Performance** - documented ability to meet investment performance benchmarks
- (d) **Pricing** - fee schedule and associated costs

Staff and consultant are required to identify all minority and female owned firms and firms owned by a person with a disability in the report presented to the Investment Committee. Staff and consultant must specify the reasons when these firms are not brought forward as finalists.

IMRF reserves the right to reject respondents due to noncompliance with the requirements and instructions in the RFP.

IMRF also reserves the right to not hire or defer the hiring of any investment manager.



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## **7. Contract Execution**

When the contract has been awarded by action of the IMRF Board of Trustees, staff will take the steps necessary to retain the investment manager including negotiations and execution of the contract.

Upon execution of the contract, a summary of the contract will be posted on the IMRF website.

## **IV. INVESTMENT CONSULTANT**

The IMRF Board of Trustees requires that its consultant, Callan Associates, use non-discriminatory practices when recommending investment manager candidates and that they maintain a database of emerging and emerged minority and female owned investment managers. Callan's database contains 227 minority, female and a person with a disability owned investment managers. A list of these investment managers is attached as Exhibit C.

Additionally, in 2010 Callan Associates launched Callan Connects to enhance their coverage of emerging manager and minority, woman, and disabled-owned firms (MWDO). One day each quarter will be reserved for Callan research professionals to meet with emerging managers (defined as any firm with assets under management between \$10 million and \$3 billion) and MWDO firms, or those majority owned by females, minorities and persons with a disability that have assets under management between \$10 million and \$10 billion. Managers will have 30 minutes to present their firm and its products.

From 10/1/11 through 9/30/12, Callan Associates has met with 47 emerging and MWDO firms through Callan Connects: 11 in Atlanta, 14 in Chicago, 10 in New Jersey, and 12 in San Francisco. In total, Callan Associates has had meetings with 137 MWDO firms from 10/1/11 through 9/30/12, inclusive of the Callan Connects meetings.

## **V. BROKERAGE**

In further recognition of the objectives of Public Act 096-0006, the IMRF Board of Trustees has revised its established goal for the use of minority and female owned broker/dealers by IMRF's investment managers. The policy (included as Exhibit D) sets forth the following minimum requirements:

The minimum expectations for the utilization of minority owned or female owned broker/dealers or broker/dealers owned by a person with a disability by investment managers of separately managed investment portfolios, based on asset class, shall be as follows:



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<u>Asset Class</u>	<u>Minimum Goal</u>
U.S. Equities	20%
International Equities	20%
Fixed Income	20%
High-Yield Bonds	5%
U.S. Micro-Cap Equities	5%
International Small-Cap Equities	5%
Emerging Market Equities	5%

Investment managers should not use indirect methods such as step-outs to achieve these goals.

Investment managers of pooled investment portfolios are directed to use their best efforts to execute trades with minority owned and female owned broker/dealers and broker/dealers owned by a person with a disability.

The new brokerage policy became effective immediately.

For the twelve months ending September 30, 2012, the actual commissions generated by the IMRF portfolio trades were as follows:

<u>Asset Class</u>	<u>Minimum Goal</u>	<u>Actual %</u>
U.S. Equities	20%	36%
International Equities	20%	21%
Fixed Income	20%	28%
High-Yield Bonds	5%	9%
U.S. Micro-Cap Equities	5%	19%
International Small-Cap Equities	5%	7%
Emerging Market Equities	5%	N/A
Commingled Accounts	Best Efforts	0.37%

For the twelve months ended September 30, 2012, total commissions placed with minority, female or a person with a disability owned brokerage firms was \$4.5 million. This is a decrease of \$1.4 million, or -24%, over the same time period last year. The \$4.5 million in commissions to minority, female and a person with a disability owned brokerage firms represents 23% of the total IMRF commissions for the twelve months ended September 30, 2012. The decrease in the commission amounts are the result of investment managers executing less trades over the last twelve months mainly due to market volatility. Total commissions decrease by \$4.0 million or -17%, over the same time period last year.





# Illinois Municipal Retirement Fund

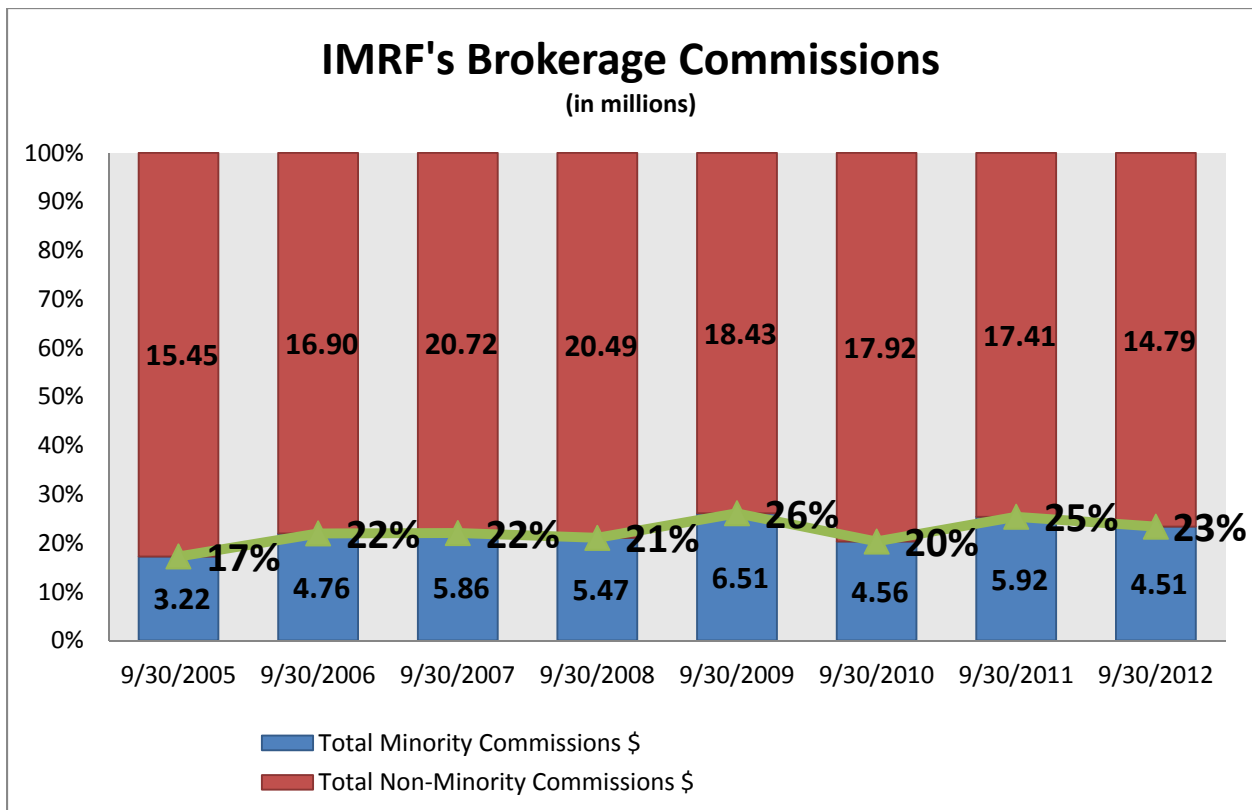
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To ensure that progress is continuously made toward achieving our minority, female or a person with a disability owned brokerage goals, our money managers are required to report their use of minority, female or a person with a disability owned business enterprise broker/dealers monthly. If a manager fails to achieve their respective quantifiable objective of commissions directed to minority, female or a person with a disability owned business enterprise broker/dealers during a given month, they must provide written notification to IMRF explaining why this goal was not achieved. Managers who fail to meet their respective minimum requirement over a quarter receive notice from IMRF reminding them of our minority, female or a person with a disability owned brokerage commissions goals and our expectations that they take steps to achieve our goals.

The following chart shows IMRF's continued use of minority, female or a person with a disability owned broker/dealers over the last eight years ending September 30. Importantly, the total percentage of commissions to minority, female or a person with a disability owned broker/dealers has been 20% or more since September 2006.





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The attached Exhibit E lists the minority, female and a person with a disability owned broker/dealers and the commissions they received from IMRF between October 1, 2011 and September 30, 2012.

In addition to adopting goals for minority, female or a person with a disability owned money managers and brokerage, the IMRF Board of Trustees has appointed the President of the Board as the Trustee responsible for monitoring the progress toward achieving these goals.

IMRF continues to seek out and employ minority, female and a person with a disability owned investment managers and broker/dealers. The increase in the total number of minority and female owned firms used by IMRF, as well as the increase in the dollars allocated to these firms and the increase in the commissions paid to these firms, demonstrates our commitment to diversity.

## **VI. IMRF DIVERSITY POLICY FOR SENIOR STAFF AND FIDUCIARIES**

In its continued dedication to diversity principles, IMRF adopted goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff. The complete policy can be found in Exhibit F.

For the Board of Trustees, IMRF encourages individuals who qualify as minorities, females or a person with a disability to run for election to the Board of Trustees. IMRF trustees are elected by employers, members, and annuitants. No Trustees are appointed or hold office ex-officio.

For senior staff, IMRF's goal is for its staff to mirror the diversity found in the external recruiting area. Senior staff consists of directors, managers, supervisors, and team leaders.

For other fiduciaries, such as consultants, IMRF is committed to diversity in hiring such firms. Importantly, IMRF will also work to ensure that majority firms acting as fiduciaries hire and promote minorities, females or persons with disabilities into top management and ownership positions.

IMRF's goal for senior staff is to mirror the diversity found in the external recruiting area. From 11/01/11 thru 11/01/12, IMRF's senior staff experienced four departures (three non-minority males, and one minority female). During the same time period, IMRF internally promoted six to senior staff positions (one non-minority male; two non-minority females; and three minority females). Also, IMRF externally hired a senior staff member (one minority female). The resulting number of females and minorities in senior staff positions remains in line with our diversity goal.



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These goals will be reviewed annually.

## **VII. IMRF DIVERSITY PROCUREMENT POLICY**

Advancing its commitment to diversity principles, IMRF adopted goals for the utilization of businesses owned by minorities, females, and persons with disabilities for all contracts and services. The complete policy can be found in Exhibit G.

It is the policy of the IMRF Board of Trustees to include qualified minority and female owned business enterprises and businesses owned by a person with a disability in the Fund's procurement process and to objectively evaluate all qualified businesses regardless of race, gender or handicap.

IMRF set a minimum goal of 18% for contracts and purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases. These goals are based on the percentage of total dollar amount of all purchasing contracts let, excluding payments such as postage, rent (utilities), insurance premiums, and some single-source technology solutions.

The Purchasing Unit carefully tracks the usage of businesses owned by minorities, women, and persons with a disability (MFPDOB) in order to meet or exceed the goal. IMRF is continually looking to expand its data base of qualified suppliers, with a special emphasis on MFPDOB businesses. The Purchasing Unit added 2 MFPDOB businesses to the vendor data base in 2012, and utilized 16 different MFPDOB vendors during the past year. The IMRF Board of Trustees approved a policy whereby MFPDOB vendors can be selected the winning bidder if their bid is up to 15% more than non-MFPDOB vendors. This increases our utilization of MFPDOB vendors. These progressive practices and policies help us towards the achievement of our aggressive goal of 18% utilization. Through September 30, 2012, our actual utilization was 25.16%.

The Purchasing Unit will continue to review and analyze the goal each year. The goal may be modified by IMRF to further increase the usage of MFPDOB businesses as IMRF continues to gain experience and knowledge using the diversity guidelines set to meet Public Act 96-0006. These goals shall be reviewed by the IMRF Board of Trustees annually.

\* \* \* \* \*



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IMRF recognizes the benefits that diversity offers in its investment portfolio, suppliers and consultants. It also values the enrichment from having a diverse employee base and diversity in its fiduciaries. The globalization of business, coupled with the world-wide rapidly changing demographics, continues to create opportunities for organizations that are willing to access untapped talent. IMRF seeks to be such an organization while striving to achieve its vision of providing the highest quality retirement services to its members, beneficiaries and employers.

**ILLINOIS MUNICIPAL RETIREMENT FUND**

**2012 ANNUAL  
DIVERSITY REPORT**

**EXHIBIT A**



**IMRF LIST OF MINORITY, FEMALE AND PERSONS WITH A  
DISABILITY-OWNED INVESTMENT MANAGERS  
As of September 30, 2012**

**Ambassador Capital Management**

500 Griswold, Suite 2800  
Detroit, MI 48226

**Apex Capital Management Inc**

8163 Old Yankee Road, Suite E  
Dayton, OH 45458

**Ariel Investments**

200 East Randolph Drive, Suite 2900  
Chicago, IL 60601

**Argosy Real Estate**

950 West Valley Road, Suite 2900  
Wayne, PA 19087

**Ascend Ventures**

1500 Broadway, 14th Floor  
New York, NY 10036

**Ativo Capital Management LLC**

11 South LaSalle Street, Suite 820  
Chicago, IL 60603

**Brown Capital Management**

1201 North Calvert Street  
Baltimore, MD 21202

**Castile Ventures**

930 Winter Street, Suite 500  
Waltham, MA 02451-1449

**Channing Capital Management LLC**

10 South LaSalle Street, Suite 2650  
Chicago, IL 60603

**Concerto Asset Management, LLC**

401 North Tryon Street, 10th Floor  
Charlotte, NC 28202

**IMRF LIST OF MINORITY, FEMALE AND PERSONS WITH A  
DISABILITY-OWNED INVESTMENT MANAGERS  
As of September 30, 2012**

**DBL Investors**

One Montgomery Street, Suite 2375  
San Francisco, CA 94104

**EARNEST Partners LLC**

1180 Peachtree Street, Suite 2300  
Atlanta, GA 30309

**Fortaleza Asset Management**

30 North LaSalle Street, Suite 1526  
Chicago, IL 60602

**Franklin Templeton Real Estate Advisors**

600 Fifth Ave  
New York, NY 10020

**Garcia Hamilton & Associates LP**

Five Houston Center, 1401 McKinney, Suite 1600  
Houston, TX 77010

**GlobeFlex Capital**

4365 Executive Drive, Suite 720  
San Diego, CA 92121

**Graham & Dodd**

404 Park Avenue South, Fifth Floor  
New York, NY 10016

**Green Oak**

399 Park Avenue, 22nd Floor  
New York, NY 10022

**Herndon Capital Management**

Herndon Plaza, 100 Auburn Avenue, 3rd Floor  
Atlanta, GA 30303

**IMRF LIST OF MINORITY, FEMALE AND PERSONS WITH A  
DISABILITY-OWNED INVESTMENT MANAGERS  
As of September 30, 2012**

**High Point Capital Management LLC**

One North LaSalle, Suite 2001  
Chicago, IL 60602

**Hispania**

311 South Wacker Drive, Suite 4200  
Chicago, IL 60606

**Holland Capital Management**

One North Wacker Drive, Suite 700  
Chicago, IL 60606

**Hudson Realty Capital**

250 Park Avenue South, 3rd Floor  
New York, NY 10003

**ICV Capital Partners**

The Chrysler Center, 666 Third Avenue, 29th Floor  
New York, NY 10017

**LM Capital Group**

401 B Street, Suite 950  
San Diego, CA 92101

**Lombardia Capital Partners LLC**

55 South Lake Avenue, Suite 750  
Pasadena, CA 91101

**Longfellow Investment Management Co.**

20 Winthrop Square  
Boston, MA 02110

**Mayfield Fund**

2800 Sand Hill Road, Suite 250  
Menlo Park, CA 94025

**Muller & Monroe Asset Management**

180 N. Stetson Avenue, Suite 1320  
Chicago, IL 60601



**IMRF LIST OF MINORITY, FEMALE AND PERSONS WITH A  
DISABILITY-OWNED INVESTMENT MANAGERS  
As of September 30, 2012**

**New Century Advisors LLC**

7272 Wisconsin Avenue, Suite 300  
Bethesda, MD 20814

**Nogales Investors**

9229 W. Sunset Boulevard, Suite 900  
Los Angeles, CA 90069

**Phocas Financial Corporation**

980 Atlantic Avenue, Suite 106  
Alameda, CA 94501

**Piedmont Investment Advisors LLC**

300 West Morgan Street, Suite 1200  
Durham, NC 27701

**Profit Investment Management**

8401 Colesville Road, Suite 320  
Silver Springs, MD 20910

**Progress Investment Management**

33 New Montgomery Street, 19th floor  
San Francisco, CA 94105

**Pugh Capital Management Inc**

520 Pike Street, Suite 2900  
Seattle, WA 98144

**Redwood Investments, LLC**

One Gateway Center, Suite 802  
Newton, MA 02458

**RJ Equity Partners**

3 Bethesda Metro Center, Suite 1000  
Bethesda, MD 20814

**Smith Whiley & Company**

242 Trumbull Street, 8th Floor  
Hartford, CT 06103

**IMRF LIST OF MINORITY, FEMALE AND PERSONS WITH A  
DISABILITY-OWNED INVESTMENT MANAGERS  
As of September 30, 2012**

**Syncom Venture Partners**

8515 Georgia Avenue, Suite 725  
Silver Spring, MD 20910

**Vision Capital Management, Inc.**

One Southwest Columbia Street, Suite 915  
Portland, OR 97258-2010

**Vivo Ventures**

575 High Street, Suite 201  
Palo Alto, CA 94301

**ILLINOIS MUNICIPAL RETIREMENT FUND**

**2012 ANNUAL  
DIVERSITY REPORT**

**EXHIBIT B**



## **Policy for the Selection of Investment Managers**

### **1. Purpose**

This policy defines the process used by the Board to procure investment managers.

### **2. Philosophy**

The Board has a responsibility to its members and participating employers to make investments with the objective of obtaining superior total long-term rates of return while using acceptable levels of risk and reasonable control of costs. The strategy of the Board is to achieve superior long-term rates of return through the use of a diversified investment portfolio. The Board engages various investment managers to implement this strategy. The availability of qualified minority and female owned business enterprises and businesses owned by a person with a disability is recognized by the Board. The characteristic of being a minority- or female owned business enterprise or a business owned by a person with a disability is not a barrier to employment by the Board.

It is the policy of the Board to include qualified minority and female owned business enterprises and businesses owned by a person with a disability in the Fund's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or handicap.

The Board will evaluate all qualified investment manager candidates with emphasis on: demonstrated professional performance; organizational depth; institutional investment management capability; and reasonableness of fee structure, regardless of the amount of investment assets under management, or age of the investment management firm.

The Board will use professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the consultants used by the Fund to affirm their use of nondiscriminatory practices when recommending investment manager candidates to the Board.

### **3. Procurement Process**

IMRF staff in conjunction with an investment consultant shall receive approval from the Board to conduct a search necessary to fill a need in the investment portfolio (e.g. termination of a manager or addition of a new mandate to the portfolio). A Request for Proposal (RFP) shall be prepared based on criteria defining the need in the investment portfolio. The search will be advertised in the State newspaper and industry publications, and a

notice will be posted on the IMRF website. The RFP shall be made available on the IMRF website at least fourteen days before the response is due. When appropriate, the RFP shall also be made available on the investment consultant's website.

Notwithstanding the foregoing, an RFP process will not be followed to place additional assets with an investment management firm already under contract for services currently being performed.

Upon termination of a manager, assets may be placed with any appropriate investment management firm pending a decision for final disposition by the Board.

**4. RFP Specifications**

The RFP will provide background information on IMRF and will request detailed information on matters relevant to the investment manager search being conducted. The RFP will generally be organized as follows:

- (a)** Introduction and Goal of the RFP
- (b)** Background Information on IMRF
- (c)** Services to be Performed
- (d)** Qualifications for the Assignment
- (e)** Specifications for the Assignment
- (f)** Requirements and Instructions for RFP Completion
- (g)** General Terms and Conditions of the Contract Including Performance Review Criteria
- (h)** Selection Process and Criteria
- (i)** Projected Timeline for Completion of the Manager Search

**5. Quiet Period**

The Quiet Period is the period of time beginning when the investment manager search RFP is issued and ends when the investment manager is selected by the Board or the process is declared to be complete.

Investment manager respondents shall not contact IMRF Board members during the Quiet Period and should direct all communications to the Chief

Investment Officer, or the Investment Department Manager, or the Executive Director.

The purpose of the Quiet Period is to ensure that all prospective investment managers have equal access to information regarding the search objective and requirements; to be certain that communications are consistent and accurate; and to make the search process and selection process efficient, diligent and fair.

The Quiet Period will be posted to the IMRF website to prevent inadvertent violations by investment managers responding to the RFP.

IMRF Board members and members of the staff not directly involved in the investment manager search shall refrain from communicating with the respondents regarding any product or service related to the search during the Quiet Period unless this communication takes place during a formal site visit or interview conducted as part of the investment manager search.

An investment manager respondent shall be disqualified for violating the Quiet Period.

**6. Selection Process**

Staff and consultant shall objectively review the RFP's to identify qualified candidates based solely on the criteria presented in the RFP. Staff, consultant and members of the Board may interview all, some or none of the RFP respondents, undertake site visits to respondent offices and conduct such other due diligence as is prudent under the circumstances. The process may end at this point if there are no qualified candidates among the respondents.

The staff and consultant will present the results of the RFP process to the Investment Committee in the form of a written report. This report will be presented during a public meeting of the Investment Committee and may include a recommendation of finalists to be interviewed by the Investment Committee.

The Investment Committee will interview finalists and determine if a recommendation for the award of a contract will be made to the Board of Trustees. The Board of Trustees shall then act on the recommendation of the Investment Committee.

During the selection process all respondents to the RFP will be evaluated and ranked on four primary factors:

- (a) People** - stability of the organization, ownership structure and documented experience of key professionals
- (b) Process** - clearly defined, reasonable and repeatable investment strategy
- (c) Performance** - documented ability to meet investment performance benchmarks
- (d) Pricing** - fee schedule and associated costs

Staff and consultant are required to identify all minority and female owned firms and firms owned by a person with a disability in the report presented to the Investment Committee. Staff and consultant must specify the reasons when these firms are not brought forward as finalists.

IMRF reserves the right to reject respondents due to noncompliance with the requirements and instructions in the RFP.

IMRF also reserves the right to not hire or defer the hiring of any investment manager.

**7. Contract Execution**

When the contract has been awarded by action of the IMRF Board of Trustees, staff will take the steps necessary to retain the investment manager including negotiations and execution of the contract.

Upon execution of the contract, a summary of the contract will be posted on the IMRF website.

### Minority Manager Utilization Goal

It is the policy of the Board to include qualified minority and female owned business enterprises and businesses owned by a person with a disability in the Fund's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or handicap.

### Emerging Investment Manager Utilization Goal

The Illinois Municipal Retirement Fund is committed to providing opportunities for emerging minority and female owned investment management firms and emerging investment management firms owned by a person with a disability. The Illinois Municipal Retirement Fund Board of Trustees has adopted the following minimum goals for the utilization of these emerging investment management firms.

#### Goals For Utilization of Emerging Investment Managers By Emerging Investment Manager Classification

<u>Emerging Investment Manager Classification</u>	<u>Minimum Goal as a Percentage of Total Portfolio</u>
Minority Owned Businesses	9% to 13%
Female Owned Businesses	2% to 6%
Businesses Owned by a Person with a Disability	0.5% to 1%

#### Goals For The Utilization of Emerging Investment Managers By Asset Class

<u>Asset Class</u>	<u>Minimum Goal as a Percentage of Asset Class</u>
Equities	10% to 12% of the asset class
Fixed-Income	15% to 20% of the asset class
Alternatives	5% to 10% of the asset class

These goals will be reviewed annually.



**ILLINOIS MUNICIPAL RETIREMENT FUND**

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**EMERGING MINORITY, FEMALE AND PERSONS WITH A DISABILITY-  
OWNED INVESTMENT MANAGERS CONSULTANT DATABASE**

**As of September 30, 2012**

1	Adelante Capital Management LLC
2	Advent Capital Management, LLC
3	Affinity Investment Advisors Inc.
4	AH Lisanti Capital Growth, LLC
5	Alaska Permanent Capital Management Company
6	Ambassador Capital Management
7	American Beacon Advisors, Inc.
8	AmerIsrael Capital Management, LLC
9	Anchor Investment Partners LLC
10	Apex Capital Management, Inc.
11	Aqua Investment Management, LLC
12	Arborist Capital, LLC
13	ARGA Investment Management, LP
14	Argosy Real Estate Management, L.P.
15	Argus Investors' Counsel, Inc.
16	Ariel Investments, LLC
17	Artemis Real Estate Partners
18	Athena Global Investors LLC
19	Ativo Capital Management
20	Attucks Asset Management, LLC
21	Avanath Capital Partners
22	Bilgili Holding
23	Bivium Capital Partners, LLC
24	Black Knight Asset Management, LLC
25	BlueCreek Investment Partners, LLC
26	Boston Common Asset Management LLC
27	Bowling Portfolio Management, Inc.
28	Bretwood Capital Partners, LLC
29	Broadstone Real Estate, LLC
30	Brown Capital Management, Inc.
31	Buford Dickson Harper & Sparrow
32	Cameron Capital Management
33	Campbell Newman Asset Management, Inc.
34	Capital Commercial Investments
35	Capital Management Associates, LLC
36	Capital Prospects LLC
37	Capital REIT Investments LLC
38	Cardinal Capital Management, LLC
39	Castile Ventures
40	Cerner Capital Management
41	Champion Capital Research, Inc.
42	Chandler Asset Management, Inc.

**EMERGING MINORITY, FEMALE AND PERSONS WITH A DISABILITY-  
OWNED INVESTMENT MANAGERS CONSULTANT DATABASE**

43	Channing Capital Management, LLC
44	Cheswold Lane Asset Management, LLC
45	ChrisKen Management
46	Citizens Advisers
47	CityView
48	Claremont Investment Partners LLC
49	Clarkston Capital Partners LLC
50	Clear Alternatives LLC
51	CMA Advisory Group, LLC
52	Collins Capital
53	Concerto Asset Management, LLC
54	Conquest Strategies, LLC
55	Cornerstone Investment Partners, LLC
56	Credo Capital Management, LLC
57	Cutler & Company LLC
58	Cutler Investment Counsel, LLC
59	Daiwa SB Investments Ltd.
60	Daruma Asset Management
61	Davis, Ross, McGee & McCauley Investment Advisors, LLC
62	Decatur Capital Management, Inc.
63	Denali Advisors LLC
64	Dermot Company, Inc. (The)
65	Deutsche Insurance Asset Management
66	Dinsmore Capital Management
67	Domini Social Investments, LLC
68	Drexel Hamilton Investment Partners
69	DTZ Investment & Asset Management
70	Eachwin Capital, LLC
71	Eagle Capital Management
72	EARNEST Partners, LLC
73	Edgar Lomax Company (The)
74	EDIN Opportunity Fund, LLC
75	Effissimo Capital Management Pte Ltd
76	ElmTree Funds
77	Emys Capital, LLC
78	ENDEX Capital Management, LLC
79	Fairpointe Capital LLC
80	Fan Asset Management
81	FB Lake LLC
82	Fiduciary Management Associates
83	First Fiduciary Investment Counsel, Inc.
84	FIS Group, Inc.
85	Fisher Lynch Capital, LLC

**EMERGING MINORITY, FEMALE AND PERSONS WITH A DISABILITY-  
OWNED INVESTMENT MANAGERS CONSULTANT DATABASE**

86	Fortaleza Asset Management, Inc.
87	Garcia Hamilton & Associates
88	Gaw Capital Partners
89	Gerding Edlen
90	GIA Partners, LLC
91	GlobeFlex Capital, L.P.
92	Glovista Investments LLC
93	Goode Investment Management, Inc.
94	Graham & Dodd Fund LLC (The)
95	Greenfield Seitz Capital Management, LLC
96	GreenOak Real Estate Advisors LP
97	Gries Financial LLC
98	Griffin Asset Management, Inc.
99	GW Capital, Inc.
100	Hahn Capital Management
101	Hanoverian Capital, LLC
102	Hanseatic Management Services, Inc.
103	HCM Investors, Incorporated
104	Heard Capital LLC
105	Herndon Capital Management, LLC
106	High Pointe Capital Management
107	Holland Capital Management
108	Hollencrest Capital Management
109	Holt-Smith Advisors
110	Hoover Investment Management
111	Howland and Associates, LLC
112	HP Capital Venture, LLC
113	Hudson Realty Capital
114	Hughes Capital Management, Inc.
115	Industry Capital
116	Inroads Capital Management, LLC
117	Intergeneration Capital Management
118	John Hsu Capital Group, Inc.
119	K.M. Moore & Co., LLC
120	Keel Asset Management, LLC
121	KJ Capital Management LLC
122	Kohala Capital Partners, LLC
123	KRA Capital Management, Inc.
124	Lasair Capital LLC
125	Lauren Templeton Capital Management, LLC
126	LDR Capital Management
127	Leading Edge Investment Advisors, LLC
128	Lebenthal Asset Management

**EMERGING MINORITY, FEMALE AND PERSONS WITH A DISABILITY-  
OWNED INVESTMENT MANAGERS CONSULTANT DATABASE**

129	Leeb Capital Management, Inc.
130	Legato Capital Management LLC
131	Lesa Sroufe & Co., Inc.
132	Liberty Square Asset Management
133	Lizard Investors LLC
134	LM Capital Group, LLC
135	Locke Capital Management, Inc.
136	Loja Group LLC
137	Lombardia Capital Partners, LLC
138	Long Wharf Real Estate Partners
139	Longfellow Investment Management Co.
140	Longwell Company
141	Loop Capital Investment Management
142	Lynmar Capital Group, Inc.
143	Mar Vista Investment Partners
144	Martin Investment Management, LLC
145	Mason Capital Partners
146	Matarin Capital Management, LLC
147	MayfieldGentry Realty Advisors, LLC
148	MD Witter Investments, LLC
149	Metropolitan Capital Strategies, LLC
150	Mission Creek Capital Partners, Inc.
151	Moonstone Asset Management, Inc.
152	Muller & Monroe Asset Management, LLC
153	Native American Fund Advisors, LLC
154	Natura Capital LLC
155	NCM Capital Management Group, Inc.
156	Neon Liberty Capital Management, LLC
157	Neosho Capital LLC
158	New Amsterdam Partners LLC
159	New Century Advisors, LLC
160	Newgate LLC
161	Nicholas Investment Partners
162	Nichols Asset Management LLC
163	Nile Capital Management, LLC
164	Oak Street Real Estate Capital, LLC
165	OakBrook Investments, LLC
166	Octagonal Capital Partners, LP
167	Opus Capital Management Inc.
168	Palisades Investment Partners, LLC
169	Paradigm Asset Management, LLC
170	Paradigm Capital Management Growth Advisors, Inc.
171	Paradigm Capital Management, Inc.

**EMERGING MINORITY, FEMALE AND PERSONS WITH A DISABILITY-  
OWNED INVESTMENT MANAGERS CONSULTANT DATABASE**

172	Pendo LLC
173	Pennybacker Capital, LLC
174	Perennial Capital Advisors, LLC
175	Phocas Financial Corp.
176	Piedmont Investment Advisors, LLC
177	Pillar Pacific Capital Management, LLC
178	Pluscios Management LLC
179	Prendergast Capital Management
180	Princeton Advisory Group, Inc.
181	Princeton Alternative Investments
182	Profit Investment Management
183	Progress Investment Management Company
184	Provident Group
185	Pugh Capital Management Inc.
186	QS Investors, LLC
187	QVT Mount Auburn Capital, LP
188	Ramirez Asset Management, LLC
189	Redwood Investments, LLC
190	Renaissance Capital
191	RhumbLine Advisers Corporation
192	Robinson Value Management, Ltd.
193	Rock Creek Group, LLC (The)
194	Runde & Co. LLC
195	Runnymede Capital Management, Inc.
196	Salus Capital Management, Inc.
197	San Juan Asset Management Inc.
198	Seacrest Investment, LLC
199	Seedling Capital, LLC
200	Sera Capital Management, LLC
201	Silva Capital Management LLC
202	Sit Investment Associates, Inc.
203	Sky Investment Counsel
204	Smith, Graham & Co. Investment Advisors, L.P.
205	South Texas Money Management, Ltd.
206	SPARX Asset Management Co., Ltd.
207	Spence Asset Management Inc.
208	StoneRidge Investment Partners, LLC
209	Strategic Development Investments, LLC
210	Strategic Global Advisors
211	Strategic Value Partners, LLC
212	Swarthmore Group, Inc. (The)
213	Tanaka Capital Management Inc.
214	Trillium Asset Management LLC

**EMERGING MINORITY, FEMALE AND PERSONS WITH A DISABILITY-  
OWNED INVESTMENT MANAGERS CONSULTANT DATABASE**

215	UCM Partners
216	Union Heritage Capital Management
217	United Investment Managers
218	UrbanAmerica Principals III, LLC
219	Victoria 1522 Investments, LP
220	Vision Capital Management, Inc.
221	W3 Partners, LLC
222	Wada Capital Management, LLC
223	Williams Capital Management, LLC
224	Wolf Asset Management
225	Xavier Capital Management, LLC
226	Zevenbergen Capital Investments LLC
227	Zevin Asset Management

**ILLINOIS MUNICIPAL RETIREMENT FUND**

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**EXHIBIT D**





## Brokerage

The firms that are to act as a securities broker-dealer with respect to the purchase and sale of assets for the Fund shall be selected by the investment manager in its sole discretion. The investment manager or any entity controlled by or controlling it, or affiliated with it, shall not act as a securities broker-dealer with respect to purchases and sales of assets allocated to the investment manager unless the Board specifically approves such action.

In the selection of broker-dealers with whom to place orders for the purchase or sale of securities for the Fund, the primary objective of the investment manager shall be to obtain the most favorable results for the Fund. The investment manager's selection of broker-dealers may take into account such relevant factors as (1) price and/or commission; (2) the broker-dealer's facilities, reliability and financial responsibility; (3) the ability of the broker-dealer to effect securities transactions, particularly with respect to such aspects as timing, order size, execution of orders and the ability to complete a transaction through clearance, settlement and delivery; and (4) the research and other services provided by such broker-dealer to the investment manager which are expected to enhance general portfolio management capabilities, notwithstanding the fact that the Fund may not be the direct or exclusive beneficiary of such services. The investment manager's selection of such broker-dealers shall be in accordance with Article I of the Illinois Pension Code (40 ILCS 5/1-101 et seq.), the Investment Advisors Act of 1940 and any other applicable securities laws, rules and regulations.

### Minority Broker/Dealer Utilization Goal

The Illinois Municipal Retirement Fund is committed to providing opportunities for minority owned and female owned broker/dealers and broker/dealers owned by a person with a disability. The Illinois Municipal Retirement Fund Board of Trustees has adopted a policy which sets forth goals for increasing the utilization of these broker/dealers.

The minimum expectations for the utilization of these broker/dealers by investment managers of separately managed investment portfolios, based on asset class, shall be as follows:

<u>Asset Class</u>	<u>Minimum Goal</u>
U.S. Equities	20%
International Equities	20%
Fixed Income	20%
High-Yield Bonds	5%
U.S. Micro-Cap Equities	5%
International Small-Cap Equities	5%
Emerging Market Equities	5%

Investment managers should not use indirect methods such as step-outs to achieve these goals.

Investment managers of pooled investment portfolios are directed to use their best efforts to execute trades with minority owned and female owned broker/dealers and broker/dealers owned by a person with a disability.

All investment managers executing brokerage on behalf of the Illinois Municipal Retirement Fund are directed to meet these minimum goals in their specific portfolios and shall report monthly on their utilization of minority owned and female owned broker/dealers and broker/dealers owned by a person with a disability. Any investment manager failing to meet the minimum goal during the reporting month must provide a written explanation disclosing the reasons for not meeting the goal.

Staff will report to the Board of Trustees annually on the utilization of minority owned and female owned broker/dealers and broker/dealers owned by a person with a disability. Investment managers not meeting the utilization goal will be identified in the report. Failure by an investment manager to meet brokerage expectations will be considered as a factor when evaluating overall performance of the investment manager.

This broker/dealer utilization goal will be reviewed annually.

**ILLINOIS MUNICIPAL RETIREMENT FUND**

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**EXHIBIT E**



**MINORITY, FEMALE AND PERSONS WITH A  
DISABILITY-OWNED BUSINESS ENTERPRISES  
BROKERAGE COMMISSIONS PAID  
October 1, 2011 - September 30, 2012**

<b>Alamo</b> 1777 Botelho Dr., Ste 375 Walnut Creek, CA 94596-5041	\$	<b>1,700</b>
<b>Blaylock Robert Van, LLC</b> 208 S. LaSalle Street, Suite 1331 Chicago, IL 60604	\$	<b>30,861</b>
<b>BOE Securities</b> 440 South LaSalle Street, 4th Floor Chicago, IL 60605	\$	<b>19,044</b>
<b>Cabrera Capital Markets</b> 10 South LaSalle Street, Suite 1050 Chicago, IL 60603	\$	<b>435,668</b>
<b>CastleOak Securities</b> 111 East 58th Street, 6th Floor New York, NY 10022	\$	<b>783,549</b>
<b>Cheevers &amp; Co</b> 440 South LaSalle Street, Suite 415 Chicago, IL 60605	\$	<b>195,112</b>
<b>Chicago Analytic Trading Company</b> 1 South Dearborn Street, Suite 2100 Chicago, IL 60603	\$	<b>73,757</b>
<b>CL King &amp; Associates</b> One Liberty Square, 5th Floor Boston, MA 02109	\$	<b>256,276</b>
<b>Direct Access Partners</b> 14 Wall Street, 18th Floor New York, NY 10005	\$	<b>155,186</b>
<b>Drexel Hamilton</b> 2000 Market Street, Suite 780 Philadelphia, PA 19103	\$	<b>79,723</b>

**MINORITY, FEMALE AND PERSONS WITH A  
DISABILITY-OWNED BUSINESS ENTERPRISES  
BROKERAGE COMMISSIONS PAID  
October 1, 2011 - September 30, 2012**

<b>Duncan Williams Inc.</b> 6750 Poplar Avenue, Suite 300 Memphis, TN 38138	\$	547
<b>Gardner Rich &amp; Company</b> 401 South Financial Place Chicago, IL 60605	\$	88,976
<b>Greentree Brokerage Services</b> 1700 Market Street, Suite 1420 Philadelphia, PA 19303	\$	416
<b>Guzman &amp; Company</b> 101 Aragon Avenue Coral Gables, FL 33134	\$	25
<b>Ivy Securities</b> 320 Northern Boulevard, Suite 21 Great Neck, NY 11021	\$	17,378
<b>Jackson Securities</b> 5 Penn Plaza New York, NY 10001	\$	2,568
<b>Kota Global Securities, Inc</b> 317 Madison Avenue, Suite 1220 New York, NY 10017	\$	808
<b>Loop Capital Markets</b> 200 West Jackson Blvd., Suite 1600 Chicago, IL 60606	\$	1,363,867
<b>M. Ramsey King Securities, Inc</b> 93 Tomlin Circle Burr Ridge, IL 60527	\$	181,705
<b>M.R. Beal &amp; Company</b> 525 West Monroe, Suite 580 Chicago, IL 60661	\$	80,744

**MINORITY, FEMALE AND PERSONS WITH A  
DISABILITY-OWNED BUSINESS ENTERPRISES  
BROKERAGE COMMISSIONS PAID  
October 1, 2011 - September 30, 2012**

<b>Melvin Securities</b> 111 West Jackson Street, Suite 2110 Chicago, IL 60604	\$	<b>15,228</b>
<b>MFR Securities</b> 675 Third Avenue, 11th Floor New York, NY 10017	\$	<b>35,917</b>
<b>Mischler Financial Group</b> 1101 Bayside Drive, Suite 201 Corona del Mar, CA 92625	\$	<b>64,379</b>
<b>Montrose Securities</b> 44 Montgomery Street, Suite 3050 San Francisco, CA 94104	\$	<b>52,372</b>
<b>Muriel Siebert &amp; Co</b> 885 Third Avenue, 17th Floor New York, NY 10022	\$	<b>160,341</b>
<b>NativeOne</b> 30 Broad Street New York, NY 100	\$	<b>2,195</b>
<b>North South Capital</b> 200 W. Adams Street, Suite 2230 Chicago, IL 60606	\$	<b>21,145</b>
<b>Penserra Securities LLC</b> 20 Broad Street, Suite 2602 New York, NY 10005	\$	<b>76,170</b>
<b>Percival Partners</b> 5100 Falls Rd., Village Square, #252 Balitmore,MD 21210	\$	<b>943</b>
<b>Ramirez &amp; Company</b> 61 Broadway, 29th Floor New York, NY 10006	\$	<b>444</b>

**MINORITY, FEMALE AND PERSONS WITH A  
DISABILITY-OWNED BUSINESS ENTERPRISES  
BROKERAGE COMMISSIONS PAID  
October 1, 2011 - September 30, 2012**

<b>Rice Financial Products</b> 208 South La Salle Street Chicago, IL 60604	\$	1,551
<b>Sandgrain Securities</b> 1050 Franklin Avenue, Suite 300 Garden City, NY 11530	\$	9,406
<b>Sturdivant &amp; Co</b> Plaza 1000 at Main St., Suite 200 Voorhees, NJ 08043	\$	18,343
<b>Telsey Advisory Group</b> 535 Fifth Avenue, 12th Floor New York, NY 10017	\$	27,453
<b>Thomas Reynolds</b> 45 Broadway, 31st Floor New York, NY 10006	\$	24,770
<b>Topeka Capital Markets</b> 40 Wall Street New York, NY 10005	\$	8,666
<b>Toussaint Capital Partners</b> 110 Wall Street, 11th Floor New York, NY 10005	\$	3,295
<b>Williams Capital Group, LP</b> 650 Fifth Avenue, 11th floor New York, NY 10019	\$	217,472
<b>TOTAL COMMISSIONS PAID</b>	\$	4,507,997

**ILLINOIS MUNICIPAL RETIREMENT FUND**

**2012 ANNUAL  
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**EXHIBIT F**







# Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook IL 60523-2337

Member Services Representatives 1-800-ASK-IMRF

[www.imrf.org](http://www.imrf.org)

## **POLICY REGARDING RACIAL, ETHNIC, AND GENDER DIVERSITY OF FIDUCIARIES, INCLUDING CONSULTANTS AND SENIOR STAFF**

### **Purpose**

This policy defines IMRF's goals for diversity in its senior staff and fiduciaries.

### **Philosophy**

The Illinois Municipal Retirement Fund is committed to diversity in all hiring, employment, and contracting decisions and to providing opportunities for minorities, women and persons with a disability to have a meaningful role at IMRF.

### **Board of Trustees**

IMRF's goal is to achieve diversity through the current Board election process. Trustees are elected by employers, members, and annuitants. No trustees are appointed or hold office ex-officio. The Board of Trustees encourages individuals who qualify as minority to run for the Board of Trustees. In addition, stakeholder groups representing IMRF members and employers are encouraged to seek out qualified minorities to support in all elections for the IMRF Board of Trustees.

### **Senior Staff**

IMRF's goal is that staff diversity levels mirror the external recruiting area. Senior staff consists of directors, managers, supervisors, and team leaders.

IMRF defines its external recruiting area as six northeast Illinois counties – Cook, DuPage, Kane, Lake, McHenry and Will. The population for comparison is taken from the US Census 2000 "total civilian labor force."

As of the 2000 US Census, the recruiting area is 47% female; 43% minority; and 66% female and minority.

IMRF considers its existing employee population as the primary recruiting base for senior staff positions. By having a diverse staff at all levels of the organization, the Fund offers internal promotion opportunities to reflect diversity on its senior staff.

IMRF has an internal job posting program which requires all open positions to be posted without exception. By providing a variety of training and development programs, all staff members have the opportunity to gain the required education and skills to apply for senior staff openings.



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The programs include a tuition reimbursement program, available upon hire; and a Succession Plan Program, with a separate tuition reimbursement program and training programs, with eligibility after two years of employment.

All staff involved in hiring and employment processes, including Human Resources, must perform their roles with highest integrity as required by IMRF's Code of Conduct and Business Ethics policies.

The IMRF Employee Handbook states the following:

IMRF does not tolerate discrimination towards applicants, employees, visitors, or vendors, on the basis of gender, race, color, religion, family status, military and veteran status, disability, sexual orientation, national origin, age, or political beliefs.

Even though IMRF is not subject to annual filing requirements of the Equal Employment Opportunity Commission (EEOC), we will annually complete an "EEO-1 form" to monitor the racial, ethnic and gender diversity of the entire staff.

## **Other Fiduciaries**

In addition to the Board of Trustees and IMRF staff, other third party consultants act as fiduciaries to the Fund. When searching for consultants, IMRF is committed to diversity in hiring such firms. IMRF will also work to ensure that majority firms acting as fiduciaries hire and promote minorities into top management and ownership positions. IMRF will obtain EEO-1 forms from the consultants to monitor the racial, ethnic and gender diversity of their staff and owners.

**ILLINOIS MUNICIPAL RETIREMENT FUND**

**2012 ANNUAL  
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**EXHIBIT G**





# Illinois Municipal Retirement Fund

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## **Diversity Procurement Policy**

The purpose of this policy is to establish a framework for the utilization of businesses owned by minorities, females, and persons with a disability (collectively known as MFPDOB firms) in the procurement activities of the Illinois Municipal Retirement Fund (IMRF).

The goal of the policy is to promote utilization of businesses owned by minorities, females, and persons with a disability in procurement activities.

The objectives of the policy are to:

- Increase competition through a diverse source of suppliers and consultants
- Maintain and strengthen the overall competitiveness of IMRF procurements
- Assure compliance with Illinois Public Act 96-0006

## **Policy**

The IMRF Purchasing Unit strives to insure that members, employers, and taxpayers receive the maximum value for each dollar spent by purchasing products and services from responsive suppliers and consultants at the lowest reasonable cost. The Purchasing Unit manages the bidding process to insure compliance with policies. IMRF is committed to ensuring fair consideration of all suppliers and consultants in its day-to-day purchase of goods and services. IMRF recognizes that working with a wide range of suppliers and consultants provides an open, competitive and diverse business environment.

It is the policy of the IMRF Board of Trustees to include qualified minority and female owned business enterprises and businesses owned by a person with a disability in the Fund's procurement process and to objectively evaluate all qualified businesses regardless of race, gender or handicap.

IMRF is committed to including firms among prospective providers of purchased goods and services. Special efforts will be made to insure identification of eligible firms for inclusion in the bid process, including monitoring of MFPDOB -related listings to identify possible MFPDOB contractors and service providers. It is IMRF's policy to take affirmative action to ensure that certified minority-owned, female-owned and disabled-owned business enterprises are given the opportunity to demonstrate their ability to provide the Fund with products and services at competitive prices.



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We will ask our vendors to refrain from unlawful discrimination and discrimination based on citizenship status in employment and to undertake affirmative action to assure equality of employment opportunity and compliance with the Department of Human Rights' regulations concerning equal employment opportunities and affirmative action.

MFPDOB firms will be identified using resources such as the City of Chicago Certification and Compliance System MFPDOB Directory and other public agency resources. All new suppliers and consultants seeking to do business with IMRF will be asked to complete a form to certify the diversity of their business. Ownership of suppliers and consultants will be tracked by the Purchasing Unit. IMRF staff will seek and encourage MFPDOB businesses to submit bids each time IMRF publishes a request for bids or proposals.

IMRF has set a minimum goal of 18% for contracts and purchases from businesses owned by minorities, females, and persons with a disability as a share of all of its contracts and purchases. These goals are based on the percentage of total dollar amount of all purchasing contracts let, excluding payments such as postage, rent (utilities), insurance premiums, and single-source technology solutions.

IMRF typically awards bids to the lowest cost vendor. However to meet the goals set for this diversity policy bids may be awarded to a vendor other than the low bidder, if it is a MFPDOB vendor and its bid is within 15% or \$10,000 ( whichever is lower ) of the low bid.

The Purchasing Unit will track the usage of MFPDOB businesses in order to meet the goal and review and analyze it each year. The goal may be modified by IMRF to further increase the usage of MFPDOB businesses as IMRF gains experience and knowledge using the diversity guidelines set to meet Public Act 96-0006. These goals shall be reviewed by the IMRF Board of Trustees annually.

## **Definitions**

(1) "Minority person" shall mean a person who is a citizen or lawful permanent resident of the United States and who is:

- (a) African American (a person having origins in any of the black racial groups in Africa);
- (b) Hispanic (a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race);



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- (c) Asian American (a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent or the Pacific Islands); or
- (d) Native American or Alaskan Native (a person having origins in any of the original peoples of North America).
- (2) "Female" shall mean a person who is a citizen or lawful permanent resident of the United States and who is of the female gender.
- (2.05) "Person with a disability" means a person who is a citizen or lawful resident of the United States and is a person qualifying as being disabled under subdivision (2.1) of this subsection (A).
- (2.1) "Disabled" means a severe physical or mental disability that:
- (a) results from: amputation, arthritis, autism, blindness, burn injury, cancer, cerebral palsy, Crohn's disease, cystic fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary dysfunction, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, musculoskeletal disorders, neurological disorders, including stroke and epilepsy, paraplegia, quadriplegia and other spinal cord conditions, sickle cell anemia, ulcerative colitis, specific learning disabilities, or end stage renal failure disease; and
  - (b) substantially limits one or more of the person's major life activities.  
Another disability or combination of disabilities may also be considered as a severe disability for the purposes of item (a) of this subdivision (2.1) if it is determined by an evaluation of rehabilitation potential to cause a comparable degree of substantial functional limitation similar to the specific list of disabilities listed in item (a) of this subdivision (2.1).
- (3) "Minority owned business" means a business concern which is at least 51% owned by one or more minority persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority persons; and the management and daily business operations of which are controlled by one or more of the minority individuals who own it.



# Illinois Municipal Retirement Fund

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- (4) "Female owned business" means a business concern which is at least 51% owned by one or more females, or, in the case of a corporation, at least 51% of the stock in which is owned by one or more females; and the management and daily business operations of which are controlled by one or more of the females who own it.
- (4.1) "Business owned by a person with a disability" means a business concern that is at least 51% owned by one or more persons with a disability and the management and daily business operations of which are controlled by one or more of the persons with disabilities who own it. A not-for-profit agency for persons with disabilities that is exempt from taxation under Section 501 of the Internal Revenue Code of 1986 is also considered a "business owned by a person with a disability".
- (9) "Control" means the exclusive or ultimate and sole control of the business including, but not limited to, capital investment and all other financial matters, property, acquisitions, contract negotiations, legal matters, officer-director-employee selection and comprehensive hiring, operating responsibilities, cost-control matters, income and dividend matters, financial transactions and rights of other shareholders or joint partners. Control shall be real, substantial and continuing, not pro forma. Control shall include the power to direct or cause the direction of the management and policies of the business and to make the day-to-day as well as major decisions in matters of policy, management and operations. Control shall be exemplified by possessing the requisite knowledge and expertise to run the particular business and control shall not include simple majority or absentee ownership.
- (10) "Business concern or business" means a business that has average annual gross sales over the three most recent calendar years of less than \$31,400,000 as evidenced by the federal income tax return of the business. A firm with gross sales in excess of this cap may apply to the Business Enterprise Council for Minorities, Females, and Persons with



# Illinois Municipal Retirement Fund

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Disabilities for certification for a particular contract if the firm can demonstrate that the contract would have significant impact on businesses owned by minorities, females, or persons with disabilities as suppliers or subcontractors or in employment of minorities, females, or persons with disabilities.

- (B) When a business concern is owned at least 51% by any combination of minority persons, females, or persons with disabilities, even though none of the three classes alone holds at least a 51% interest, the ownership requirement for purposes of this Act is considered to be met. The certification category for the business is that of the class holding the largest ownership interest in the business. If 2 or more classes have equal ownership interests, the certification category shall be determined by the Department of Central Management Services.