



Illinois Municipal Retirement Fund

Suite 500 2211 York Road Oak Brook IL 60523-2337

Member Services Representatives 1-800-ASK-IMRF (1-800-275-4673)

www.imrf.org

August 26, 2011

The Honorable Pat Quinn
Governor of Illinois
James R. Thompson Center
100 West Randolph, Floor 16
Chicago, Illinois 60601

Dear Governor Quinn:

The Illinois Municipal Retirement Fund (IMRF) Board of Trustees is pleased to submit its annual report on Illinois Economic Opportunity Investments made by this retirement system as provided by PA 96-0753. As of June 30, 2011, IMRF employed thirty-five Illinois-based investment managers managing assets with a market value of \$11.4 billion. The assets managed by these investment managers represented 43.2% of the total IMRF investment portfolio.

Table I identifies the economic opportunity investments made by the IMRF with Illinois based Private Equity Partnerships and with Illinois based investment management companies. It also identifies the primary location of the business and the percentage of the Fund's assets in these economic opportunity investments.

Table II identifies the Illinois economic opportunity investments made by the IMRF in Real Estate properties as of March 31, 2011 (latest available information). Table II also identifies the primary location of the business and the percentage of the Fund's assets in these economic opportunity investments.

Table III identifies the Illinois economic opportunity investments made by the IMRF in Hedge Fund Managers and Private Equity Portfolio Companies as of March 31, 2011 (latest available information). Table III identifies the primary location of the business or project. IMRF has indirect holdings in the following investments through commingled, private equity and hedge fund investments.



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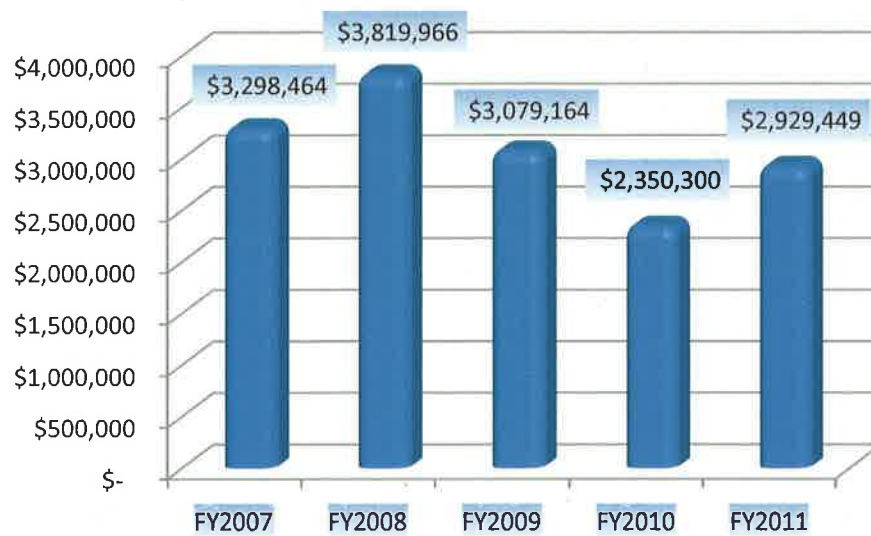
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Additionally, IMRF promotes the economy of the State of Illinois by encouraging its investment managers to use Illinois based broker/dealers. The following graph illustrates the total commissions generated by IMRF trades executed through Illinois based broker/dealers.

IMRF's IL BROKERAGE COMMISSIONS



IMRF's Illinois brokerage commissions increased from fiscal year 2010 to fiscal year 2011 due to an overall increase in trading.



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Importantly, IMRF's Board of Trustees has adopted and implemented the following policy to increase the use of economic opportunity investments in Illinois:

"The Board recognizes that investments made in businesses operating in Illinois and in real estate and other assets in the state may contribute to an improved economic climate in the state. Therefore, where investment characteristics such as competitive rate of return in relation to the risks involved, minimum quality standards, liquidity considerations, and other investment objectives of the Board are equivalent, the Board favors investments which will have a positive impact on the economy of Illinois. However, nothing in this paragraph shall be construed to favor the foregoing of investment return in order to provide a subsidy to a particular group to the detriment of the Fund members, their beneficiaries, or their public employers."

IMRF continues to seek out and promote economic development within the State of Illinois. The IMRF policy encourages economic opportunity investments in Illinois and the high percentage of IMRF's assets allocated to Illinois based investment managers demonstrates our commitment to promoting economic activity in our State.

Sincerely,

Louis W. Kosiba
Executive Director

LWK:nlb



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Table I
Illinois Based Investment Management Companies

<i>Illinois-Based Managers</i>	<i>City</i>	<i>Market Value as of 6/30/2011 (in millions)</i>	<i>Percentage of Total IMRF's Assets Under Management as of 6/30/2011</i>
Ariel Investments	Chicago	56.9	0.2%
Ativo Capital Management	Chicago	29.7	0.1%
ARCH Venture Partners	Chicago	2.9	0.0%
Channing Capital Management	Chicago	90.6	0.3%
Code, Hennessey & Simmons	Chicago	3.6	0.0%
Cozad/Westchester (1)	Champaign	98.0	0.4%
Bauer Farm (1)	Christian County	-	-
Seggebruch Farm (1)	Woodford County	-	-
Van Buskirk Farm (1)	Vermillion County	-	-
Essex Woodlands Health Ventures	Chicago	4.5	0.0%
Fortaleza	Chicago	32.2	0.1%
Grosvenor Institutional Partners	Chicago	120.9	0.5%
GTCR Golder Rauner LLC	Chicago	32.0	0.1%
Aurora Investment Management	Chicago	142.7	0.5%
Harris Investment Management	Chicago	706.7	2.7%
Holland Capital Management	Chicago	694.1	2.6%
Lake Capital Partners II, LP	Chicago	2.8	0.0%
LSV Asset Management	Chicago	692.8	2.6%
Madison Dearborn Partners	Chicago	32.7	0.1%
Mesirov Advanced Strategies	Chicago	124.3	0.5%
Muller & Monroe Asset Management (2)	Chicago	50.0	0.2%
DN Partners (2)	Chicago	-	-
Hispania Private Equity Fund II (2)	Chicago	-	-
HKW Capital Partners (2)	Chicago	-	-
Hopewell Ventures (2)	Chicago	-	-
LaSalle Capital Group (2)	Chicago	-	-
MK Capital II (2)	Chicago	-	-
Prism Mezzanine Fund (2)	Chicago	-	-
Rock Island Partners (2)	Oak Brook	-	-
Smith Whiley II (2)	Evanston	-	-
Smith Whiley III (2)	Evanston	-	-
Northern Trust Investments	Chicago	7,480.2	28.4%
Pfingsten Partners III, LP	Chicago	4.6	0.0%
Water Street Healthcare Partners	Chicago	0.8	0.0%
William Blair & Company	Chicago	960.6	3.7%
Willis, Stein & Partners	Chicago	10.0	0.0%
Total		\$ 11,373.7	43.2%

(1) Farmland included in Cozad/Westchester Portfolio

(2) Muller & Monroe is an Illinois-based, African American private equity fund-of-funds manager whose first fund (ILPEFF) invests in minority, women, IL and Mid west Muller & Monroe's second fund (M2PEFF) invests in emerging funds in the US and Canada.



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Table II

Illinois Investments in Real Estate

<i>Real Estate Fund</i>	<i>City</i>	<i>Market Value as of 3/31/2011</i>	<i>Percentage of Total IMRF's Assets Under Management as of 3/31/2011</i>
<u>Buckhead</u>			
Carol Point III	Carol Stream	15,400,000	0.06%
Mallard Lakes	Hanover Park	15,600,000	0.06%
DuPage County Industrial	Glendale Heights	26,300,000	0.10%
<u>Granite</u>			
Southgate Market	Chicago	2,943,360	0.01%
<u>TA Associates Fund IX</u>			
The Preserve at Osprey	Gurnee	1,847,410	0.01%
1360 Madeline Lane	Elgin	402,472	0.00%
Total		\$62,493,242	0.24%



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Table III Illinois Based Hedge Fund Managers and Private Equity Portfolio Companies

<i>Illinois Based Company</i>	<i>City</i>
Acme Industries, Inc.	Des Plaines
Acura Pharmaceuticals	Palatine
Addison Search	Chicago
Addus Healthcare, Inc.	Palatine
Allston Trading	Chicago
Alyeska Investment Group*	Chicago
Aquion Water Treatment Products	Elk Grove Village
Big Machines, Inc.	Chicago
BWAY Holding Company	Oak Brook
Canopy Financial, Inc.	Chicago
Castle Creek Convertible Arbitrage LLC*	Chicago
CDW Corporation	Vernon Hills
Central Can Company	Chicago
Chicago Fundamental Partners LLC*	Chicago
Chinada Holdings, Inc.	Chicago
Citadel Kensington Ltd.*	Chicago
Claire's Stores	Hoffman Estates
Closet Holding	Elmhurst
Collaborative Learning, Inc.	Oakbrook Terrace
CompassCare, Inc.	Bannockburn
ComPsych Corporation	Chicago
CoolEdge Lighting	Champaign
Coskata	Woodridge
Coupon Cabin, Inc.	Chicago
Coyote Logistics Holdings LLC	Lake Forest
CSMG, Inc.	Chicago
Dotomi	Chicago
Edline	Chicago
EN Engineering, LLC	Downers Grove
Entertainment Cruises	Chicago

*Illinois Based Hedge Fund Managers



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Evanston Capital	Evanston
ExteNet Systems, Inc	Lisle
FCA, Inc.	Moline
Fenwal Holdings	Lake Zurich
Fidelis SeniorCare	Schaumburg
Fieldglass, Inc.	Chicago
Forefront Education, Inc.	Barrington
Goss International	Bolingbrook
Grosvenor Capital Management	Chicago
Groupon	Chicago
Happ Controls	Elk Grove
Heartland Dental Care	Effingham
Hess Print Solutions	Woodstock
Hill & Valley Inc.	Rock Island
Hi-Tech Manufacturing Inc.	Schiller Park
Horizon Pharma	Northbrook
Hub international Ltd.	Chicago
Innerworkings, Inc.	Chicago
Innovation Group Investors, L.P.	Rolling Meadows
InStadium, Inc.	Chicago
Intellisys Technology	Oak Brook
iTRACS	Westchester
Izar Solar	Champaign
JHL Capital Group, LLC*	Chicago
Jimmy John's Gourmet Sandwich Shops	Champaign
Juice Tyme Acquisition Corp.	Chicago
Keely Asset Management	Chicago
Kettle Partners	Chicago
Kinetek, Inc.	Deerfield
K.R. Drenth Trucking, Inc.	Lynwood
Language Stars, LLC	Chicago
M&M Pump and Supply, Inc.	Flora
Magnetar Constellation *	Evanston
Magnetar Fund II Ltd.*	Evanston
Morton Industrial Group, Inc.	Morton
Narrative Science, Inc.	Evanston
National Pasteurized Eggs, Inc.	Lansing
Netcom, Inc.	Wheeling
North America Sports Media	Bannockburn

*Illinois Based Hedge Fund Managers



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Nuveen Investments, Inc.	Chicago
NXT Capital Holdings	Chicago
Peacock Engineering	Geneva
Poggled, Inc.	Chicago
Potbelly Sandwich Works, Inc.	Chicago
Powervar Holdings	Waukegan
PrepMe	Chicago
Professional Service Industries	Oakbrook Terrace
Promo Works Holdings	Schaumburg
R.J. O'Brien & Associates,LLC	Chicago
Revenue Cycle Solutions, Inc.	Westchester
Revolution Healthcare Group LLC (TLContact, Inc.)	Chicago
Roundkeep Capital Advisors LLC*	Chicago
RPK Capital	Chicago
Scotsman Industries, Inc.	Vernon Hills
Service Logic	Chicago
Skinny Corp	Chicago
SolarBridge Technologies	Champaign
Solo Cup Company	Highland Park
Sorbent Therapeutics	Vernon Hills
Sportvision	Chicago
Sprout Social	Chicago
ST Residential	Chicago
Sun Trading LLC	Chicago
SunSource Technology Services	Addison
Talent Partners	Chicago
Timelines, Inc.	Chicago
TransUnion Corporation	Chicago
TravelCLICK	Schaumburg
Univa UD	Lisle
U.S. Foodservice, Inc.	Rosemont
VHT, Inc.	Des Plaines
VSA Partners, Inc.	Chicago
Warranty Group	Chicago
Wilton Products, Inc.	Woodridge

*Illinois Based Hedge Fund Managers

These holdings are privately placed investments through commingled private equity and hedge fund investments. Therefore, IMRF does not have individual company valuations.