

ROLL CALL

Chairman Bruce called the meeting to order at 9:30 a.m. The Secretary called the roll and noted that a quorum was present. The Chairman thanked everyone for attending. Mr. Casey moved to allow Treasurer Rutherford to participate via telephone due to matters relating to Treasurer Rutherford's employment. Mr. Powell seconded and the motion passed unanimously.

COMMUNICATIONS

Resolution of Appreciation

Chairman Bruce presented the Honorable Thomas E. Hoffman with a Resolution of Appreciation for nearly 13 years Board service. (Official minutes contain attachment.) Mr. Bashir moved to adopt the Resolution of Appreciation. Comptroller Topinka seconded and the motion passed unanimously. Comptroller Topinka further presented Justice Hoffman with a Resolution from the Office of the Comptroller, thanking him for his years of dedicated service to the Board. The Board thanked Justice Hoffman and wished him well on his future endeavors.

Election of Officers

Mr. Casey moved to elect the following officers:

Chairman- Mr. Bruce
Vice Chairman- Mr. Bashir
Recording Secretary- Justice Schostok
Member at Large- Michele Bush

Mr. Powell seconded and the motion passed unanimously.

Informational Presentation: Jim Reynolds, President of Loop Capital

Following introduction by Chairman Bruce and Director Atwood, Mr. Reynolds presented the history of the Board's Emerging and Minority Manager Program and commended the Board for leading the charge on emerging and minority investments. The Board thanked Mr. Reynolds for his presentation.

REPORT OF THE CHAIRMAN

Chairman Bruce referred the Members to the proposed 2014 Schedule of Meetings and noted that Rockford would be the location of the June 2014 Board meeting. Following discussion, Chairman Bruce stated that if there were any conflicts to please notify Director Atwood and that the Schedule would be finalized and posted prior to year end. Mr. Powell moved to approve the Schedule of Meetings, pending the availability of Justice Schostok in December. Comptroller Topinka seconded and the motion passed unanimously.

Chairman Bruce thanked the Board for the re-election as Chairman; reflecting upon the past year, he noted the importance of having managers present to the Board regardless of their performance. Chairman Bruce welcomed Justice Schostok to the Board and stated that due to Justice Schostok's inability to attend the scheduled December 13, 2013 Board meeting, such would be rescheduled.

MINUTES OF PREVIOUS MEETING

Mr. Powell moved to approve the minutes of the Board meeting held June 21, 2013, in the form previously submitted. Comptroller Topinka seconded and the motion passed unanimously.

REPORT OF STANDING COMMITTEES

Emerging Manager Committee

Ms. El-Harazin stated that the Emerging Manager Committee has met the previous afternoon and reported the following actions:

- Committee approved the minutes of the April 5, 2013 meeting.
- Committee heard a presentation from Levine Leichtman Capital Partners V, LP and approved the allocation of \$20 million to the female-owned private equity fund.
- Committee approved the termination of Credo Capital Management.
- Committee adopted the Resolution pertaining to State of Illinois Certification.
- Committee adopted the revised Emerging and Minority Investment Manager and Minority and Illinois Brokerage Policy.

Following review, Mr. Bashir moved to approve the above recommendations and ratify the actions of the Emerging Manager Committee. Mr. Powell seconded and the motion unanimously.

Investment Policy Committee

Chairman Bruce stated that the Investment Policy Committee had also met the previous afternoon and reported the following actions:

- Committee approved the minutes of the June 20, 2013 meeting.
- Committee heard a presentation from Standish Mellon Asset Management and approved retention of the investment advisor for an emerging market fixed income mandate.
- Committee approved the revised guidelines for the Board's hedge fund-of-fund managers (Entrust Capital Partners, Mesirov Financial, and the RockCreek Group).
- Committee approved the termination of Ironbridge Capital Management.

Following review, Mr. Powell moved to approve the above recommendations and ratify the actions of the Investment Policy Committee. Comptroller Topinka seconded and the motion passed unanimously.

Audit & Compliance Committee

Ms. Bush stated that the Audit & Compliance Committee had met prior to this meeting and reported the following actions:

- Committee approved the minutes of the June 21, 2013 meeting.
- Committee heard a presentation from Deloitte regarding the internal risk assessment study and adopted the Succession Planning Policy, the revised position description for the Board's Deputy Executive Director, the Password Policy, and the Software Policy.
- Ms. White reviewed the FY2013 Deferred Compensation Audit.
- Ms. Schoemehl reported there were no exceptions to report to the Staff's Monthly Personal Transactions Report through June 2013.
- Committee approved the Commission Recapture Report for the quarter ending June 2013.
- Committee approved the Records of Vouchers for the months of June, July, August 2013.
- Committee reviewed and accepted the report on placement agent contacts and ex parte communications for FY 2014 1st Quarter.
- Committee approved third party travel reimbursement for Director Atwood.
- Chairman Bush requested appointed Board Members to submit quarterly timesheets.
- Committee approved revised Rules and Regulations of the Board.
- Committee reviewed Marquette's Diversity Plan and requested a more aggressive, forward-looking plan to be presented at the next Committee meeting.

Mr. Powell moved to approve and ratify the actions of the Audit & Compliance Committee as outlined above. Comptroller Topinka seconded and the motion passed unanimously.

DEFERRED COMPENSATION

Report of Consultant – Marquette Associates

Mr. Wrubel, Marquette Associates referred the Board Members to the "Illinois State Board of Investment Deferred Compensation Executive Summary" for the quarter June 2013. (Official minutes contain attachments.)

Mr. Wrubel reviewed the capital markets, the Plan summary and investment performance.

Mr. Wrubel reviewed the Watch List. (Official minutes contain attachments.) Chairman Bruce suggested the Deferred Compensation Plan adopt a Watch List Policy similar to that of the Board. In furtherance of such policy, Chairman Bruce recommended that Columbia Acorn present to the Board at its next meeting in December.

REPORT OF CONSULTANT – MARQUETTE ASSOCIATES

Investment Performance Report – June 2013

Mr. Wrubel reported that the Investment Performance Report for the quarter ending June 2013 had previously been distributed. (Official minutes contain attachments.)

Director Atwood notified the Members that Courtland Partners, the Board's real estate investment consultant, would be presenting to the Board at its December meeting.

REPORT OF THE DIRECTOR

Chairman Bruce stated that the Board would go into Executive Session to discuss specific investment manager contracts (5 ILCS 120/2(c)(7)), review of closed session minutes (5 ILCS 120/2 (21)) and current Board litigation (5 ILCS 120/2(c)(11)). Comptroller Topinka moved to go into Executive Session for the above-stated purposes. Mr. Powell seconded and the motion passed unanimously.

Guests and Staff were excused from the meeting with the exception of Director Atwood, Mr. Richards, and Mses. Schoemehl and White.

Mr. Powell moved to return to the Open Session. Ms. Bush seconded and the motion passed unanimously.

Mr. Powell moved that the need for confidentiality of the minutes of the Executive Session meetings still exists. Ms. Bush seconded and the motion passed unanimously.

Watch List

Mr. Richards reported that the Watch List was previously distributed and reviewed. (Official minutes contain attachment.)

Matters Relating to Existing Managers

Director Atwood stated that a memorandum was previously distributed. (Official minutes contain attachment.)

Legal Matters

Director Atwood stated that this was discussed during the Executive Session.

Update on Securities Lending – Quarter Ended 06/30/13

Ms. El-Harazin referred the Members to a memorandum "Securities Lending Reporting – June 30, 2013" dated September 27, 2013 and reviewed. (Official minutes contain attachment.)

Minority Broker Usage Report – Quarter Ended 06/30/13

Ms. El-Harazin reviewed the minority brokerage commissions for the quarter ended June 30, 2013, as outlined in the memorandum "Minority Broker Commission Report as of June 30, 2013. Mr. Bashir moved to accept the report. Ms. Bush seconded and the motion passed unanimously. (Official minutes contain attachment.)

Review of Transaction Cost Analysis

Ms. El-Harazin referred the Members to “Transaction Cost Analysis (TCA) Summary Report – Equity and Fixed Income Reports” for the period ended June 30, 2013, and reviewed. (Official minutes contain attachment.)

Review of FX Cost Analysis

Ms. Scott stated that the FX Summary Report for the quarter ended June, 2013 was previously submitted, and reviewed. (Official minutes contain attachment.)

List of Forbidden Entities and Scrutinized Companies

Director Atwood referred the Members to the memoranda “List of Forbidden Entities-Public Act 95-0521” and “List of Scrutinized Companies-Public Act 95-616” dated September 3, 2013. Following review, Mr. Powell moved to approve the lists of Forbidden Entities and Scrutinized Companies as distributed. Justice Schostok seconded and the motion passed unanimously. (Official minutes contain attachments.)

Budget Comparison

Ms. White stated that the Budget Comparison for the quarter ended June, 2013 was previously distributed. The Chairman ordered the report filed. (Official minutes contain attachment.)

Approval of Revised Disaster Recovery Plan

Mr. Armonaitis referred the Members to the memorandum “Revised Disaster Recovery Plan” dated September 5, 2013, and reviewed. (Official minutes contain attachment.) Mr. Powell moved to adopt the revised Disaster Recovery Plan. Mr. Bashir seconded and the motion passed unanimously.

Legislative Update

Director Atwood reported that no new action had been taken regarding pension reform legislation.

Update on Corporate Governance Matters

Ms. Schoemehl informed the Members that the Board will continue its work with the Harvard Law School Shareholder Rights Project (the “SRP”) for the 2014 proxy season. Chairman Bruce suggested inviting Professor Lucian Bebchuk to the Board’s meeting in March to present the work of the SRP. Ms. Schoemehl further updated the Members of her work, on the Board’s behalf, with other institutional investors to engage Wal-Mart and other similar retailers regarding human capital issues.

REPORT OF ANY BOARD MEMBER

None.

UNFINISHED BUSINESS

None.

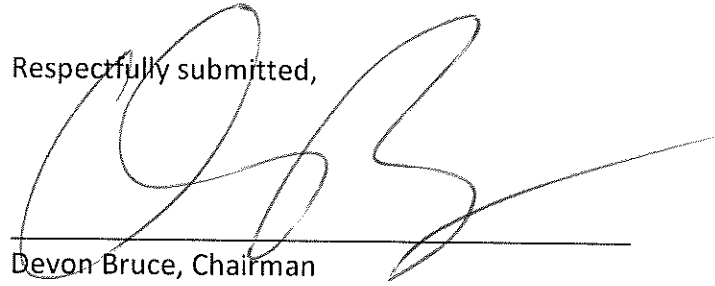
NEW BUSINESS

None.

NEXT MEETING AND ADJOURNMENT

Chairman Bruce noted that Director Atwood would be circulating revised dates for the December meeting. At 11:15 a.m., there being no further business to come before the Board, Mr. Powell moved to adjourn. Mr. Casey seconded and the meeting was adjourned.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read 'DB', is written over a horizontal line.

Devon Bruce, Chairman
Illinois State Board of Investment

