

MINUTES OF THE
EMERGING MANAGER COMMITTEE
MEETING HELD
MONDAY DECEMBER 16, 2013 – 1:00 P .M.

Present:

Committee Members

James Clayborne
Rod Bashir
John Casey

Board Members

Michele Bush
Devon Bruce
Steve Powell
Mary Seminara-Schostok

Staff

Andrew Armonaitis
William Atwood
Johara El-Harazin
Tim Kominiarek
Scott Richards
Linsey Schoemehl
Lorna Scott
Alise White

Guests

Marquette Associates
Brian Wrubel, Neil Capps, David
Smith, Kelli Schrade

Globeflex

Noah Bretz, Bob Anslow, Qiao Wen

Ariel Investments

John Rogers, Mellody Hobson, Rupal
Bhansali

Lombardia Capital

Kevin Sapanli, Al Marley, Al Polit

Absent:

Committee Members

Dan Rutherford
Judy Baar Topinka

ROLL CALL

Chairman Clayborne called the meeting to order at 1:00 p.m. The Secretary called the roll and noted that a quorum was present.

MINUTES OF PREVIOUS MEETING

Mr. Bashir moved to approve the minutes of the Emerging Manager Committee meeting held September 26, 2013 in the form previously submitted. Mr. Casey seconded and the motion passed unanimously.

REVIEW AND DISCUSSION OF EMERGING PROGRAM

Ms. El- Harazin referred Members to the Emerging & Minority Program Review report, which was previously distributed, and reviewed in conjunction with Mr. Wrubel, Marquette Associates. (Official minutes contain attachment.)

MANAGER PRESENTATION: GLOBEFLEX

Messrs. Bretz and Anslow and Ms. Wen, Globeflex, were invited to join the meeting. Following introductions, written copies of the presentation were distributed. Following review and questions by the Members, including questions by Chairman Clayborne regarding Globeflex's failure to obtain State of Illinois Certification and the firm's apparent lack of sensitivity to the Board's minority brokerage goal, Globeflex representatives thanked the Committee for the opportunity to present and excused themselves from the meeting. (Official minutes contain attachment.)

RFP FINALIST PRESENTATIONS: INTERNATIONAL EQUITY

Ariel Investments ("Ariel")

Mr. Rogers and Meses. Hobson and Bhansali, Ariel, were invited to join the meeting. Following introductions, written copies of the presentation were distributed. Following review and questions by the Members, the Ariel representatives thanked the Committee for the opportunity to present and excused themselves from the meeting. (Official minutes contain attachment.)

Lombardia Capital ("Lombardia")

Messrs. Sapanli, Marley, and Polit, Lombardia, were invited to join the meeting. Following introductions, written copies of the presentation were distributed. Following review and questions by the Members, the Lombardia representatives thanked the Committee for the opportunity to present and excused themselves from the meeting. (Official minutes contain attachment.)

Chairman Clayborne stated that the Committee would go into Executive Session to discuss specific investment manager contracts (5 ILCS 120/2(c)(7)). Mr. Casey moved to go into Executive Session for the above-stated purposes. Mr. Bashir seconded and the motion passed unanimously.

Guests and Staff were excused from the meeting with the exception of Director Atwood, Mr. Wrubel, and Mses. El-Harazin and Schoemehl.

Mr. Bashir moved to return to Open Session. Mr. Casey seconded and the motion passed unanimously. Upon returning to Open Session, Mr. Bashir moved to (i) terminate Globeflex, (ii) allocate \$105M to Ariel, and (iii) allocate \$75M to Lombardia, consistent with the recommendations provided by Marquette and ISBI Staff (Official minutes contain attachments.) Mr. Bashir seconded and the motion passed unanimously.

MARQUETTE ASSOCIATES – DIVERSITY PLAN

Mr. Wrubel, Marquette Associates, discussed the revised Diversity Plan, as previously distributed. (Official minutes contain attachments.) Director Atwood suggested that Staff develop a template, to be used to monitor the diversification of all ISBI consultants on a quarterly basis; the reporting would be distributed to the Board by January 31st for year-end reporting.

UPDATE ON MINORITY CERTIFICATION

Ms. El-Harazin stated there was nothing new to report in terms of legislation regarding the minority certification process; she will continue to keep the Committee apprised.

UPDATE TO FIDUCIARY DIVERSIFICATION POLICY

Ms. El-Harazin referred Members to the revised Fiduciary Diversification Policy, as previously distributed, and reviewed. (Official minutes contain attachment). Mr. Casey moved to approve the amended Fiduciary Diversification Policy. Mr. Bashir seconded and the motion passed unanimously.

REVISED INVESTMENT GUIDELINES – ARIEL INVESTMENTS

Ms. El-Harazin referred Members to the revised investment guidelines, previously distributed, amending the benchmark for the Ariel Macro-Cap Value Account. (Official minutes contain attachment). Mr. Casey moved to approve the proposed revised investment guidelines. Mr. Bashir seconded and the motion passed unanimously.

UNFINISHED BUSINESS

None.

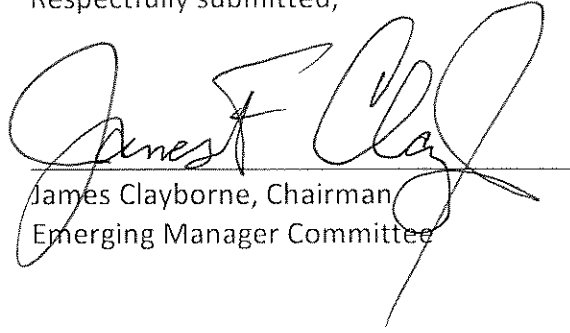
NEW BUSINESS

None.

NEXT MEETING AND ADJOURNMENT

Chairman Clayborne stated that the next meeting of the Emerging Manager Committee would be scheduled prior to the March Board meeting, official notices to be distributed at a later date. At 2:50 p.m., there being no further business to come before the Committee, Mr. Bashir moved to adjourn the meeting. Mr. Casey seconded and the motion passed unanimously.

Respectfully submitted,



James Clayborne, Chairman
Emerging Manager Committee