

ROLL CALL

Vice Chairman Bashir called the meeting to order at 8:15 a.m. The Secretary called the roll and noted that a quorum was present.

Justice Schostok motioned to allow Chairman Clayborne to participate in the meeting via telephone for reasons related to the Chairman's employment. Mr. Casey seconded and the motion passed unanimously.

MINUTES OF PREVIOUS MEETING

Justice Schostok moved to approve the minutes of the Emerging Manager Committee meeting held June 26, 2014 in the form previously submitted. Mr. Casey seconded and the motion passed unanimously.

REPORT OF THE EMERGING MANAGER COMMITTEE CHAIRMAN

Nothing to report.

REAL ESTATE CONSULTANT PRESENTATION: COURTLAND

Mssers. Blakney and Rapalje, Courtland, referred Members to the presentation, "Investing With Institutional Quality Real Estate Emerging Managers," which was previously distributed, and reviewed. (Official minutes contain attachment.)

REAL ESTATE PRESENTATION: AVANATH AFFORDABLE HOUSING II, LLC ("AVANATH")

Mssers. Blakney and Rapalje, Courtland, referred Members to the memoranda "Evaluation of a Proposed Investment of \$20 Million in Avanath Affordable Housing II, LLC" and "Proposed Investment of \$20 Million in Avanath Affordable Housing II, LLC," previously distributed, and reviewed. (Official minutes contain attachments).

Mssers. Carter and Williams, Avanath, were invited to join the meeting. Following review of materials, previously distributed, and answering questions posed by the Members, the Avanath representatives thanked the Members for their time and excused themselves from the meeting. (Official minutes contain attachment.)

Ms. Schoemehl reported that Avanath had completed a Vendor Disclosure Policy Statement; there was nothing material to report.

Mr. Casey moved to allocate \$20 million to Avanath, consistent with the recommendation provided by Courtland. Justice Schostok seconded and the motion passed unanimously.

REPORT OF THE CONSULTANT: MARQUETTE ASSOCIATES

Performance Report- June 2014

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

Recommendation re Opus Capital Management (“Opus”)

Mr. Wrubel, Marquette Associates, referred Members to the memorandum, “ISBI’s Active Small-Value Managers,” previously distributed, and reviewed. (Official minutes contain attachment.) Following discussion, Mr. Casey moved to accept the recommendation of Marquette, as set forth in the aforementioned memorandum, and to terminate Opus, reallocating the assets to Channing Capital Management and the Rhumblin Russell 2000 Small Cap Value Index. Justice Schostok seconded and the motion passed unanimously.

STATUS OF EMERGING MANAGER PROGRAM

Revised Emerging and Minority Investment Manager and Minority and Illinois Brokerage Policy (the “Policy”)

Ms. Farhadieh referred Members to the revised Policy, as previously distributed, and reviewed. (Official minutes contain attachment.) Ms. Farhadieh explained that the adjusted goal for minority utilization in the equities space is a more realistic reflection of the industry, given that ISBI’s largest allocation in that space, Rhumblin, is no longer considered a minority-owned firm. The revised goal reflects industry standard and is comparable to the goals set by similar public plans. Following discussion, Mr. Casey moved to accept the revised Policy. Justice Schostok seconded and the motion passed unanimously.

Status of the Hedge Fund of Fund Search

Ms. Farhadieh advised the Members that ISBI has received 15 responses to the Request for Competitive Proposal: Emerging & Minority Hedge Fund of Funds. Of the responses, 4 firms were selected for interviews. Ms. Farhadieh will present the finalists to the Committee at its December meeting.

UNFINISHED BUSINESS

None.

NEW BUSINESS

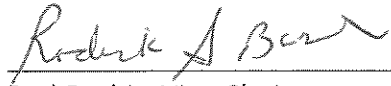
Vice Chairman Bashir invited Director Atwood to discuss his recent visit to Washington D.C., where he discussed the Board’s Emerging and Minority Manager Program with certain members of Congress in an effort to adopt a similar program at the federal level.

Ms. Farhadieh advised the Committee that ISBI is currently preparing for the Illinois Senate Committee Hearings on minority utilization, scheduled to occur in October.

NEXT MEETING AND ADJOURNMENT

Vice Chairman Bashir stated that the next meeting of the Emerging Manager Committee would be scheduled by the Chairman at a later date. At 8:45 a.m., there being no further business to come before the Committee, Justice Schostok moved to adjourn the meeting. Mr. Casey seconded and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rod Bashir". The signature is written in a cursive style with a horizontal line extending to the right from the end of the name.

Rod Bashir, Vice Chairman
Emerging Manager Committee