



### ***ROLL CALL***

Chairman Bruce called the meeting to order at 11:13 a.m. Ms. Lewis-Hozier called the roll and noted that a quorum was present.

### ***COMMUNICATIONS***

None.

### ***REPORT OF THE CHAIRMAN***

Chairman Bruce suggested that June 2015 Board meeting be in Peoria, Illinois. There were no objections. Chairman Bruce also advised Members that a Special Meeting of the Board would be called for the beginning of February, official notices to be distributed at a later date.

### ***MINUTES OF PREVIOUS MEETING***

Justice Schostok moved to approve the minutes of the Board meeting held September 26, 2014, in the form previously submitted. Ms. Bush seconded and the motion passed unanimously.

### ***REPORT OF STANDING COMMITTEES***

#### Emerging Manager Committee

Chairman Clayborne stated that the Emerging Manager Committee had met prior to this meeting and reported the following actions:

- Committee approved the minutes of the September 26, 2014 meeting.
- Committee heard presentations from the finalists of the RFP search for a hedge fund-of-funds investment manager: Appomattox, Aurora Capital Management, and The Rock Creek Group.
- Committee decided to delay the selection of a hedge fund-of-funds investment manager until early February at a Special Meeting of the Board.
- Committee approved the revised Vendor Disclosure Policy and Procurement Policy resulting from the implementation of Public Act 98-1022.

Justice Schostok moved to approve the above recommendations and ratify the actions of the Emerging Manager Committee. Ms. Bush seconded and the motion passed unanimously.

#### Investment Policy Committee

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

- Committee approved the minutes of the September 26, 2014 meeting.
- Committee heard presentations from ULLICO and Chicago Equity and discussed.
- Committee approved an additional commitment of \$60M to the Morgan Stanley Prime Property Fund as set forth in the recommendation provided by Courtland.
- Committee approved revisions to the Clarion Separate Account Investment Guidelines as set forth in the recommendation provided by Courtland.

- Committee approved a \$15M private equity allocation to the 2015 Franklin Park Venture Fund and a \$15M private equity allocation to the 2015 Franklin Park International Series Fund, as set forth in recommendation by Staff.
- Committee accepted the revised private equity benchmark as set forth in the recommendation provided by Franklin Park.
- Committee heard and approved the DC Plan Re-Enrollment recommendation as set forth by Marquette.

Ms. Bush moved to accept the recommendations and ratify the actions of the Investment Policy Committee. Ms. Bashir seconded and the motion passed unanimously.

#### Audit & Compliance Committee

Ms. Bush stated that the Audit & Compliance Committee had met the previous afternoon and reported the following actions:

- Committee approved the minutes of the September 26, 2014 meeting.
- Committee approved the 2014 Annual Report.
- Committee approved the September 30, 2014 Commission Recapture Report.
- Committee approved the Record of Vouchers for the months of July, August, and September 2014.
- Committee approved the revised Vendor Disclosure Policy.
- Committee approved the Placement Agent Report for 2Q15.

Following review, Chairman Bruce moved to approve the above recommendations and ratify the actions of the Audit & Compliance Committee. Mr. Bashir 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 September 2014. Mr. Wrubel gave a brief overview of the Plan summary and investment performance. (Official minutes contain attachments.)

#### ***REPORT OF CONSULTANT – MARQUETTE ASSOCIATES***

##### Investment Performance Report – September 2014

Mr. Wrubel reported that the Investment Performance Report for the quarter ending September 2014 had previously been distributed and reviewed. (Official minutes contain attachments.)

### ***REPORT OF THE DIRECTOR***

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

Guests and Staff were excused from the meeting with the exception of Director Atwood, Messrs. Richards, Kominiarek, Wrubel and Mses. White and Lewis-Hozier.

Upon returning to Open Session, Chairman Bruce prioritized items that required action.

#### Matters Relating to Existing Managers

Director Atwood stated that the matter was discussed during Executive Session. (Official minutes contain attachment.)

#### Watch List

Director Atwood stated that the matter was discussed during Executive Session. (Official minutes contain attachment.)

#### Legal Matters

Ms. Lewis-Hozier stated there was nothing to report.

#### Minority Broker Usage Report – Quarter Ended 09/30/14

Ms. Farhadieh reviewed the minority brokerage commissions for the quarter ended September 30, 2014, as outlined in the memorandum “Minority Broker Commission Report as of September 30, 2014.” Mr. Bashir moved to accept the report. Ms. Bush seconded and the motion passed unanimously. (Official minutes contain attachment.)

#### Laptop Checkout Policy

Chairman Bruce referred Members to the memorandum, “ISBI Laptop Checkout Policy,” previously distributed and reviewed. Mr. Bashir moved to adopt the Laptop Checkout Policy. Ms. Bush seconded and the motion passed unanimously. (Official minutes contain attachment.)

#### Electronic Signature Policy

Chairman Bruce referred Members to the memorandum, “ISBI Electronic Signature Policy,” previously distributed and reviewed. Mr. Bashir moved to adopt the Electronic Signature Policy. Ms. Bush seconded and the motion passed unanimously. (Official minutes contain attachment.)

After all action items were approved by the Board, Chairman Bruce instructed the Members to review the items as previously distributed:

#### Update on Securities Lending – Quarter Ended 09/30/14

Chairman Bruce referred Members to a memorandum “Securities Lending Quarterly Reporting – September 30, 2014” dated November 13, 2014. (Official minutes contain attachment.)

Review of Transaction Cost Analysis

Chairman Bruce referred Members to the memorandum, "Transaction Cost Analysis Summary Report – Equity" for the period ended September 30, 2014, previously distributed. (Official minutes contain attachment.)

Review of Transition

Chairman Bruce referred Members to the memorandum, "Post Transition of Opus Capital Management Account," as previously distributed. (Official minutes contain attachment.)

Review of FX Cost Analysis

Ms. Novel stated that the FX Summary Report for the quarter ended September 30, 2014 was previously submitted, and reviewed. (Official minutes contain attachment.)

Budget Comparison

The item was deferred until the next Board Meeting.

Board Liability and D&O Insurance

Director Atwood referred Members to the memorandum, "Directors and Officers ("D&O") Insurance," dated November 20, 2014, previously distributed. Members were asked to review the proposed premiums and associated information for discussion at the next Board meeting. (Official minutes contain attachment.)

Legislative Update

None.

Update on Corporate Governance Matters

Chairman Bruce referred Members to a memorandum, "2015 Boardroom Accountability Project," previously distributed. (Official minutes contain attachment.)

**REPORT OF ANY BOARD MEMBER**

None.

**UNFINISHED BUSINESS**

None.

**NEW BUSINESS**

None.

**NEXT MEETING AND ADJOURNMENT**

Chairman Bruce noted that the next regularly meeting of the Board is scheduled for March 20, 2015; however, a Special Meeting of the Board will be scheduled for early February, formal notices to be distributed at a later date. At 11:30 a.m., there being no further business to come before the Board, Justice Schostok moved to adjourn. Mr. Clayborne seconded and the meeting was adjourned.

Respectfully submitted,



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Steven Powell, Chairman