

MINUTES
SPECIAL MEETING OF THE
ILLINOIS STATE BOARD OF INVESTMENT
February 6, 2015 – 11:30 A.M.

Present:	<u>Board Members</u>	Roderick Bashir James Clayborne Mark Cozzi (via telephone) Michael Frerichs (via telephone) Marc Levine Leslie Geissler Munger Steven Powell (via telephone) Shari Greco Reiches Mary Seminara-Schostok
	<u>Staff</u>	Andrew Armonaitis William Atwood Genette Bacon - Cordova Johara Farhadieh Timothy Kominiarek Tondalaya Lewis-Hozier Linsey Schoemehl Payne Katherine Novel Scott Richards
	<u>Guests</u>	Marquette Associates Brian Wrubel, Dave Smith, Kelli Schrade, Nichole Roman-Bhatty
Absent:	<u>Board Members</u>	None

ROLL CALL

Acting Chairman Bashir called the meeting to order at 11:30 a.m. Ms. Payne called the roll and noted that a quorum was physically present. Justice Schostok motioned to allow Mssers. Cozzi and Powell and Treasurer Frerichs to participate via telephone due to matters related to their respective employments. Senator Clayborne seconded and the motion passed unanimously.

REPORT OF THE CHAIRMAN

Chairman Bashir welcomed the newly elected and newly appointed Board Members and asked each to provide a brief introduction.

MINUTES OF PREVIOUS MEETING

Justice Schostok moved to approve the minutes of the Board meeting held December 5, 2014, in the form previously submitted. Senator Clayborne seconded and the motion passed unanimously, with Mssers. Cozzi and Levine, Ms. Reiches, and Comptroller Munger abstaining.

EMERGING AND MINORITY HEDGE FUND OF FUND RFP

Ms. Farhadieh referred Members to the memorandum, "Emerging Hedge Fund Manager Search- Diversity and Brokerage," as previously distributed, and reviewed. Mr. Wrubel, Marquette, distributed a memorandum titled, "Emerging Manager Hedge Fund Search," and reviewed. (Official minutes contain attachments.)

Senator Clayborne asked about the use of minority brokerage by the underlying investment managers of the respective funds. Mr. Wrubel responded that the two funds discussed in the memorandum were addressing the issue of minority brokerage utilization; he further explained that Rock Creek is in the process of organizing a conference to include minority brokerage firms and underlying investment managers regarding outreach and education on this issue. Mr. Levine questioned the liquidity of the two funds in the event the Board is not satisfied with the minority brokerage utilization.

Following discussion, Justice Schostok moved to approve the recommendation provided in the memorandum distributed by Marquette and to hire Rock Creek (.67% allocation) and Appomattox (.33% allocation) for the Emerging Hedge Fund Manager mandate. Senator Clayborne seconded and the motion passed unanimously.

U.S. SMALL CAP GROWTH EQUITY INVESTMENT OPTION (DEFERRED COMPENSATION)

Franklin Templeton

Mssers. Carris and Veddern, Franklin Templeton, were invited to join the meeting following a request for competitive proposal issued by the Board for a U.S. Small Cap Growth Equity Investment Option for the State Employees' Deferred Compensation Plan (the "Plan"). Following review of materials, previously distributed, and answering questions posed by the Members, the Franklin Templeton representatives thanked the Members for their time and excused themselves from the meeting. (Official minutes contain attachment.)

Harbor Fund Distributors

Mssrs. Leedom, Meyers, and Kinney, Harbor Fund Distributors ("Harbor"), were invited to join the meeting following a request for competitive proposal issued by the Board for a U.S. Small Cap Growth Equity Investment Option for the Plan. Following review of materials, previously distributed, and answering questions posed by the Members, the Harbor representatives thanked the Members for their time and excused themselves from the meeting. (Official minutes contain attachment.)

Mr. Wrubel, Marquette, referred Members to the memorandum, "Small-Cap Growth Investment Option Search Recommendation," and reviewed. (Official minutes contain attachments.) Following discussion, Justice Schostok moved to approve the recommendation set forth by Marquette in their memorandum and select Franklin Templeton as an investment option for the Plan. Senator Clayborne seconded and the motion passed unanimously.

UNFINISHED BUSINESS

None.

NEW BUSINESS

Justice Schostok motioned to hold an election for Chairman. Mr. Cozzi seconded and the motion passed unanimously. Ms. Reiches nominated Mr. Levine for the role of Chairman. Senator Clayborne nominated Mr. Powell for the role of Chairman and motioned to close the nominations. Justice Schostok seconded and the motion passed unanimously. Following a roll call vote by Ms. Payne, Mr. Powell was elected Chairman of the Board. Mssrs. Bashir and Powell, Senator Clayborne, Treasurer Frerichs, and Justice Schostok voted in favor of Mr. Powell as Chairman; Mssrs. Cozzi and Levine, Comptroller Munger and Ms. Reiches voted in favor of Mr. Levine as Chairman.

NEXT MEETING AND ADJOURNMENT

Newly elected Chairman Powell thanked everyone for their time and conveyed that he looks forward to working with everyone. The next meeting of the Board is scheduled for March 20, 2015, formal notices to be distributed at a later date. At 12:30 p.m., there being no further business to come before the Board, Justice Schostok moved to adjourn. Ms. Reiches seconded and the meeting was adjourned.

Respectfully submitted,



Steven Powell, Chairman

