

ROLL CALL

Chairman Powell called the meeting to order at 9:15 a.m. The Secretary called the roll and noted that a quorum was present.

COMMUNICATIONS

Resolutions for Former Board Member and Staff

Chairman Powell referred Members to the two Resolutions, as previously distributed, recognizing the services of former Board Member, Roderick Bashir, and former ISBI Staff, Andrew Armonaitis. Treasurer Frerichs moved to approve the Resolutions. Ms. Reiches seconded and the motion passed unanimously. (Official minutes contain attachments.)

REPORT OF THE CHAIRMAN

Chairman Powell welcomed the newly appointed Board Member, Ezequiel Flores to the Board. Mr. Flores took a moment to introduce himself to the Board and Staff.

MINUTES OF PREVIOUS MEETING

Justice Schostok moved to approve the minutes of the Board meetings held May 8, 2015, in the form previously submitted. Comptroller Munger seconded and the motion passed unanimously.

REPORT OF STANDING COMMITTEES

Emerging Manager Committee

Ms. Farhadieh stated that the Emerging Manager Committee had met the previous afternoon and reported the following actions:

- Committee approved the minutes of the March 20, 2015 meeting.
- Approved a private equity investment of up to \$30M to Clearlake Capital Partners IV, L.P.
- Approved a real estate investment of up to \$30M not to exceed 10% of the fund commitments, and contingent upon agreeing to obtain third party ratings for non-rated investments, to Oak Street Real Estate Capital Fund III, L.P.
- Committee approved the Minority Brokerage Report for quarter ended March 31, 2015.

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

Investment Policy Committee

Director Atwood stated that the Investment Policy Committee had met the previous afternoon and reported the following actions:

- Committee approved the minutes of the March 19, 2015 meeting.
- Committee approved the continued retention of Franklin Park Associates for private equity consulting services and request that StepStone keep their bid

open as the Board discusses future investment policy regarding international private equity.

- Committee approved to temporarily adjust the Board's real estate target to 10.4% of the plan assets.
- Committee approved the Statement of Risk Policy.

Treasurer Frerichs moved to accept the recommendations and ratify the actions of the Investment Policy Committee. Ms. Reiches seconded and the motion passed unanimously.

Audit & Compliance Committee

Chair Schostok stated that the Audit & Compliance Committee had met earlier that morning and reported the following actions:

- Committee approved the minutes of the March 19, 2015 meeting.
- Committee approved the Record of Vouchers for the months of January, February, and March 2015.
- Committee approved the Placement Agent Report for 4Q15.

Comptroller Munger moved to approve the above recommendations and ratify the actions of the Audit & Compliance Committee. Mr. Levine seconded and the motion passed unanimously.

DEFERRED COMPENSATION

Report of Consultant – Marquette Associates

Ms. Roman-Bhatty, Marquette Associates, referred Members to the "Illinois State Board of Investment Deferred Compensation Executive Summary" for the quarter ending March 2015. Ms. Roman-Bhatty gave a brief overview of the Plan summary and investment performance, discussed matters relating to existing investment options and stated that Wellington had been added to the Plan's Watch List and will therefore present to the Board at its next regularly scheduled meeting. (Official minutes contain attachments.)

Going forward, Ms. Roman-Bhatty will adjust the reporting to reflect Ariel's historical performance.

Update on Reenrollment

Ms. Farhadieh informed Members that the Plan reenrollment is complete. The Board commended Ms. Farhadieh on the success of the reenrollment process.

Update on Implementation of Roth Contributions and In-plan Rollovers

Ms. Farhadieh informed Members that she is continuing to work with Central Management Services, the Plan's Recordkeeper, and Ms. Payne to ensure that implementation remains on schedule for rollout next year.

REPORT OF CONSULTANT – MARQUETTE ASSOCIATES

Investment Performance Report – March 2015

Mr. Wrubel reported that the Investment Performance Report for the quarter ending March 2015 had previously been distributed and reviewed. (Official minutes contain attachments.)

REPORT OF THE DIRECTOR

Chairman Powell stated that the Board would go into Executive Session to discuss specific investment contracts (5 ILCS 120/2(c)(7)), review of closed session minutes (5 ILCS 120/2 (21)), employment of specific employees (5 ILCS 120/2(c)(1), and potential Board litigation (5 ILCS 120/2(c)(11). Mr. Cozzi moved to go into Executive Session for the above-stated purposes. Ms. Reiches seconded and the motion passed unanimously.

Guests and Staff were excused from the meeting with the exception of Director Atwood, Messrs. Richards and Kominiarek and Mses. Farhadieh, Payne and White.

Upon returning to Open Session, Director Atwood continued with his report.

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. Payne stated there that the matter was discussed during Executive Session.

Personnel Matters

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

Approval of Closed Session Minutes

Comptroller Munger moved to continue to maintain the confidentiality of the Board's Closed Session Minutes. Justice Schostok seconded and the motion passed unanimously.

Proposed FY16 Budget

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

Update on Securities Lending – Quarter Ended 03/31/15

Ms. Farhadieh referred Members to the memorandum "Securities Lending Quarterly Reporting – March 31, 2015," as previously distributed, and reviewed. (Official minutes contain attachment.)

Approval of Revised Securities Lending Policy

Ms. Farhadieh referred Members to the memorandum "Securities Lending Policy," as previously distributed, and reviewed. (Official minutes contain attachment.) Mr. Levine moved to approve the revised Securities Lending Policy. Ms. Reiches seconded and the motion passed unanimously.

Review of Transaction Cost Analysis

Ms. Farhadieh referred Members to the memoranda, "Transaction Cost Analysis Summary Report – Equity" and "Transaction Cost Analysis Summary Report – Fixed Income" for the period ending March 31, 2015, as previously distributed, and reviewed. (Official minutes contain attachment.)

Review of FX Cost Analysis

Ms. Novel stated that the FX Summary Report for the quarter ending March 31, 2015 was previously submitted, and reviewed. (Official minutes contain attachment.)

Review of Transition

Ms. Farhadieh referred Members to the memorandum, "List of Transition Activity – Calendar Year 2015," as previously distributed, and reviewed. (Official minutes contain attachment.)

Budget Comparison

Ms. White stated that the Budget Comparison for the quarter ending March 31, 2015 was previously distributed. (Official minutes contain attachment.)

Review of Financial Statements

Ms. White referred Members to the Financial Statements, ending December 31, 2014 and March 31, 2015, as previously distributed, and reviewed. Senator Clayborne moved to approve the Financial Statements. Comptroller Munger seconded and the motion passed unanimously. (Official minutes contain attachment.)

Approval of Revised Employee Directives Manual

Ms. White referred Members to the revised Employee Directives Manual, as previously distributed, and reviewed. (Official minutes contain attachment.) Mr. Levine moved to approve the revised Employee Directives Manual. Ms. Reiches seconded and the motion passed unanimously.

Approval of Revised Disaster Recovery Policy

Ms. White referred Members to the revised Disaster Recovery Policy, as previously distributed, and reviewed. (Official minutes contain attachment.) Comptroller Munger moved to approve the revised Disaster Recovery Policy. Ms. Reiches seconded and the motion passed unanimously.

Legislative Update

Director Atwood informed Members that Staff is currently following legislation regarding emerging and minority manager utilization and divestment of companies boycotting Israel; he will continue to keep the Board apprised.

Adoption of iPad Policy

Ms. Payne referred Members to the iPad Policy, as previously distributed, and reviewed. (Official minutes contain attachment.) Comptroller Munger moved to approve the iPad Policy. Justice Schostok seconded and the motion passed unanimously. Justice Schostok further noted that the Board should secure WiFi for all future meetings.

Executive Order 15-09 and Approval of Revised Staff and Board Codes of Ethics

Ms. Payne referred Members to the revised Codes of Ethics for Staff and Board Members, as previously distributed, and reviewed. (Official minutes contain attachment.) Justice Schostok moved to approve the revised Codes of Ethics for Staff and Board Members to reflect the changes implemented under Executive Order 15-09. Comptroller Munger seconded and the motion passed unanimously.

REPORT OF ANY BOARD MEMBER

None.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

NEXT MEETING AND ADJOURNMENT

Chairman Powell noted that the next regular meeting of the Board is scheduled for September 25, 2015, formal notices to be distributed at a later date. At 12:00 p.m., there being no further business to come before the Board, Comptroller Munger moved to adjourn. Mr. Levine seconded and the meeting was adjourned.

Respectfully submitted,



Marc Levine, Chairman