

MINUTES
SPECIAL MEETING OF THE
ILLINOIS STATE BOARD OF INVESTMENT
July 21, 2015 – 11:30 A.M.

Present:	<u>Board Members</u>	James Clayborne Mark Cozzi Ezequiel Flores Michael Frerichs (via telephone) Marc Levine Shari Greco Reiches Mary Seminara-Schostok (via telephone)
	<u>Staff</u>	William Atwood Ciara Jackson Tim Kominiarek Tondalaya Lewis-Hozier Katherine Novel Linsey Payne Alise White
	<u>Guests</u>	Courtland Partners Steve Novick, Jarod Rapalje
Absent:	<u>Board Member</u>	Leslie Geissler Munger Steven Powell

ROLL CALL

The Special Meeting was called by Members Cozzi, Levine and Reiches. In light of the absence of Chairman Powell, and the vacancy of the Vice Chairman position, Trustee Reiches motioned to allow Mr. Levine to serve as Chairman for the Special Meeting. Trustee Cozzi seconded and the motion passed unanimously. Special Chairman Levine called the meeting to order at 11:30 a.m. Ms. Payne called the roll and noted that a quorum was present.

Senator Clayborn moved to allow Treasurer Frerichs and Justice Schostok to participate in the meeting via telephone due to their respective employments. Trustee Cozzi seconded and the motion passed unanimously.

Special Chairman Levine stated that the Board would go into Executive Session to discuss testimony presented during a closed hearing (5 ILCS 120/2(c)(4)). Senator Clayborne moved to go into Executive Session. Trustee Cozzi seconded and the motion passed unanimously.

Upon returning to Open Session, Justice Schostok moved to approve the recommendation of the Hearing Officer. Trustee Cozzi seconded and the motion passed unanimously.

REAL ESTATE CONSULTANT PRESENTATION: COURTLAND PARTNERS

Mssers. Novick and Rapalje, Courtland, were invited to join the meeting in partial satisfaction of the Board's fiduciary training requirement. Trustees Levine and Cozzi requested detailed information from Courtland with respect to ISBI's real estate portfolio. In response, Courtland focused on Clarion Partners as being a key part of ISBI's real estate portfolio. Questions were raised by various Board Members as to the concentrated nature of the separate account managed by Clarion Partners. Following discussion, there was consensus amongst the Board Members that it would be prudent for Courtland to ask Clarion to temporarily refrain from making any additional real estate investments until such time as the Board finalized its asset allocation plans for the entire ISBI portfolio. Executive Atwood and the General Counsel noted that formal Board action on the issue was not required. Courtland was also asked to review ISBI's exposure in core versus non-core investments and to come back to the Board at a future meeting with recommendations as to how ISBI's core versus non-core real estate portfolio should be constructed. During the discussion some Members expressed reservations regarding Clarion's consideration of a mezzanine debt investment given their concerns about the concentrated nature of the separate account. Members asked questions of ISBI's Staff regarding the mezzanine debt investment under consideration and Staff provided answers which Members found to be incomplete and unsatisfactory. Given the Members' concerns and the inability to get answers to all of their questions, the Members suggested that it would be prudent for Courtland to ask Clarion to temporarily refrain from entering into such investment. Following review of the Board's real estate portfolio, the Courtland representatives thanked the Members for their time and excused themselves from the meeting.

UNFINISHED BUSINESS

None.

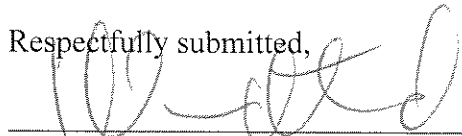
NEW BUSINESS

None.

NEXT MEETING AND ADJOURNMENT

At 2:30 p.m., there being no further business to come before the Board, Trustee Flores moved to adjourn. Trustee Cozzi seconded and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Atwood', written over a horizontal line.

William Atwood, Executive Director

