

ROLL CALL

Chairman Levine called the meeting to order at 9:20 a.m. Ms. Lewis-Hozier called the roll and noted that a quorum was present. Justice Schostok moved pursuant to Section 7(a) of the Open Meetings Act to allow Treasurer Frerichs and Senator Clayborne to participate via telephone due to their absences as a result of matters related to their employment. Comptroller Munger seconded and the motion passed unanimously.

REPORT OF THE CHAIRMAN:

Chairman Levine thanked Tondalaya Lewis-Hozier and Sarah Boeckman for their work on the implementation of the BoardVantage portal. He also thanked ISBI Staff and ISBI's Investment Consultant, Meketa Investment Group ("Meketa"), for organizing the hedge fund educational session for the Investment Policy Committee and other interested Board Members. Ms. Reiches suggested other ideas for investment educational sessions focused on other ISBI asset classes such as Real Estate, Public Debt, TIPS and Fixed Income.

CONSIDERATION AND APPROVAL OF MINUTES

Chairman Levine emphasized the importance of the meeting minutes reflecting major Board discussions to aid with the Board's transparency and pointed out that very significant discussions had been left out of prior minute drafts. He also noted his appreciation with the revisions to various sets of Board minutes provided by Treasurer Frerichs. Chairman Levine suggested that Staff research a new tele-conferencing system that better identifies participants on the phone for attendance purposes.

Comptroller Munger moved to approve the minutes of the September 17, 2015, October 19, 2015, December 18, 2015 and January 29, 2016 Board meetings as presented. Trustee Cozzi seconded and the motion passed unanimously.

Trustee Reiches moved to approve the minutes of the June 19, 2015, July 21, 2015, September 17, 2015, October 19, 2015 and December 18, 2015 Executive Sessions of the Board as presented. Mr. Cozzi seconded and the motion passed unanimously. Justice Schostok inquired as to who edited the minutes. Ms. Boeckman noted that all Members were afforded the opportunity to review and make comments to the minutes prior to the Board meeting and certain Members provided revisions for the Board's consideration.

Chairman Levine noted that the previously approved minutes from the July 21, 2015 Special Meeting of the Board failed to include the Board's lengthy discussion regarding Clarion Partners and as a result he instructed Counsel at the December Board meeting to revise the July 21, 2015 Special Meeting minutes to reflect that discussion. Trustee Flores moved to approve the revision to the minutes of the July 21, 2015 Special Meeting of the Board as presented. Trustee Reiches seconded and the motion passed unanimously.

CONSIDERATION AND APPROVAL OF REPORT OF STANDING COMMITTEES

Investment Policy Committee

Director Atwood stated that the Investment Policy Committee had met on March 9th-10th to hear presentations from the Board's hedge fund of fund managers and to approve

certain implementation steps in relation to the Board's asset allocation. Trustee Reiches asked Meketa to quantify the cost savings if the motions from the Investment Policy Committee would be adopted and ratified by the Board. Mr. Benham said that he can estimate a cost savings of approximately \$35M.

Ms. Boeckman suggested that the Board consider a consent agenda for adopting and ratifying the recommendations from the Investment Policy Committee because of the number of recommendations. She discussed that such a practice was consistent with Roberts Rules and established best practices for public boards. Discussion amongst the Members then ensued regarding the recommendations from the Investment Policy Committee. Trustee Cozzi stated he supported the recommendations from the Investment Policy Committee but noted that Members should keep an open mind when exploring future hedge fund opportunities, particularly opportunities similar to the opportunistic strategies presented by Entrust. Trustee Cozzi also suggested that ISBI should consider expanding their Staff in order to be able to effectively manage such opportunistic strategies.

Treasurer Frerichs expressed his concern regarding certain Investment Policy Committee recommendations that could reduce emerging manager investments. Ms. Farhadieh explained that the \$50M originally allocated to Appomattox will also be transferred to Rock Creek to invest in the emerging manager mandate consistent with their investment guidelines. Trustee Reiches noted that Rock Creek is very strong in the emerging manager space and was a factor in the Investment Policy Committee's decision to utilize them for the transition.

Mr. Rowell, from the Treasurer's Office, inquired how the new reduction in the Board's allocation in hedge funds pursuant to the approved asset allocation would affect emerging managers and what percentage of the remaining \$450M hedge fund allocation will be allocated to emerging managers. Ms. Farhadieh explained that 10% of the currently allocated \$1.5B in hedge funds is allocated to emerging managers and the minimum goal for equities, which includes the hedge fund allocations, is 8-10%. Chairman Levine pointed out that because ISBI was not revising Rock Creek's mandate to maintain at least \$100 million of hedge fund assets in emerging managers, the percentage of the hedge fund portfolio invested in emerging managers would actually increase significantly. Discussion ensued and some concern was expressed with respect to the impact of the proposed changes on emerging managers.

Justice Schostok noted that in her opinion the Board should rely on the Consultants and the Investment Staff for recommendations so as to reduce the Board's risk of liability. Mr. Cozzi noted that certain Board Members have many years of investment experience and that there have been specific instances where the Board has taken action contrary to the recommendation of the Board's consultants. Chairman Levine noted that it is perfectly acceptable for trustees to disagree with consultants and/or staff and vote as they see appropriate. Ms. Boeckman noted that individual Board Members have personal fiduciary liabilities and that Members should take into account recommendations of the Consultants and Staff but Board Members must make independent decisions as to what

each individual determines to be in the best interests of the participants of ISBI. Senator Clayborne stated his opinion that the Board should not rely on an individual Board Member's experience for investment decisions. Trustee Cozzi agreed and stated he is simply expressing his viewpoint on the process and not trying to influence any Member's decision regarding any specific investment.

Trustee Cozzi suggested reviewing each decision that will be made by Rock Creek (if approved as transition manager) with respect to which underlying hedge fund managers will be retained and which will be terminated. Chairman Levine said the individual hedge fund manager decisions should be left up to Rock Creek, and if Trustee Cozzi was concerned about Rock Creek he should vote against having Rock Creek serve as transition manager.

Chairman Levine requested that a motion be made by consent agenda to approve and ratify the following actions of the Investment Policy Committee (noted on the consent agenda as items 1-15). Justice Schostok moved to adopt the recommendations and ratify the following actions of the Investment Policy Committee. Trustee Flores seconded and the motion passed unanimously.

- Committee approved the minutes of the December 17, 2015 and January 28, 2016 Investment Policy Committee Meeting.
- Committee approved the minutes of the January 28, 2016 Executive Session.
- Committee approved the revisions to the June 18, 2015 Investment Policy Committee Meeting.
- Committee approved terminating Vontobel Asset Management and transferring the assets to the SSgA MSCI ACWI ex US account.
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to issue a Request for Proposal for one or more Emerging Market Debt (Active) Investment Managers.
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to issue two Requests for Proposals for up to two Emerging Market Debt (Passive) Investment Managers.
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to issue a Request for Proposal for one or more Barclays Aggregate (Passive) Investment Managers.
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to issue a request for Proposal for one or more Barclays Intermediate and Long-term (Passive) Investment Managers.
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to issue a Request for Proposal for one or more Barclays' TIPs (Passive) Investment Managers.
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to fund the new Emerging Market Debt, the Barclays Aggregate (Passive), the Barclays Intermediate & Long-term (Passive) and the Barclays TIPS (Passive) investments from existing allocations.

- Committee approved Meketa's and ISBI's Investment Staff's recommendation to fund the Russell 1000 Growth (Passive), the Russell Mid Cap Core (Passive) and the increased allocation to the Russell 100 Value (Passive) investments from existing allocations.
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to terminate the SSgA Mid Cap Growth (Passive) and the Rhumblin Russell 2000 Value investments.
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to issue a Request for Proposal for one or more MSCI EAFE Small Cap (Passive) Investment Managers.
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to issue a Request for Proposal for one or more MSCI Emerging Markets (Passive) Investment Managers as presented by ISBI Staff and consistent with the Board's previously approved asset allocation .
- Committee approved Meketa's and ISBI's Investment Staff's recommendation to fund the MSCI EAFE Small Cap (Passive), the MSCI Emerging Markets (Passive) and the MSCI EAFE (Passive) from existing allocations.

Following discussion, Trustee Cozzi motioned that the recommendation from Meketa and Investment Staff regarding the termination of Mesirov, consistent with the Board's previously approved asset allocation, and utilizing Rock Creek for the purpose of managing the liquidation and/or transfers of the Mesirov portfolio be adopted and ratified. Justice Shostok seconded and it was called to a roll call vote. All those favor were Trustees Cozzi, Flores, Reiches, Senator Clayborne, Comptroller Munger, Justice Schostok and Chairman Levine. All opposed were: Treasurer Frerichs. The motion passed.

Justice Schostok moved that the recommendation from Meketa and Investment Staff regarding the termination of Appomattox, consistent with the Board's previously approved asset allocation, and utilizing Rock Creek for the purpose of managing the liquidation and/or transfers of the Appomattox portfolio be adopted and ratified. Treasurer Frerichs reiterated his concern that this action would decrease the Board's commitment and goals toward utilizing emerging managers and indicated he would vote against the motion. Trustee Cozzi seconded and it was called to a roll call vote. All in favor were: Trustees Cozzi, Flores, Reiches, Comptroller Munger, Justice Schostok and Chairman Levine. All Opposed were Senator Clayborne and Treasurer Frerichs. The motion passed.

Justice Schostok moved that the recommendation from Meketa and Investment Staff regarding the termination of Entrust, consistent with the Board's previously approved asset allocation, and utilizing Rock Creek for the purpose of managing the liquidation and/or transfers of the Entrust portfolio be adopted and ratified. Trustee Cozzi seconded and it was called to a roll call vote. Trustee Cozzi reiterated his comments that Entrust brings a lot to the table and noted that he hopes that Entrust will be interested in doing business with ISBI in the future. All in favor were: Trustees Cozzi, Flores, Reiches, Comptroller Munger, Justice Schostok and Chairman Levine. Senator Clayborne voted "Present". All Opposed were Treasurer Frerichs. The motion passed.

Justice Schostok moved that the recommendation from Meketa and Investment Staff that the assets realized from the termination of Mesirow and Entrust be transferred to Rock Creek Group, LP and that the assets realized from the Appomattox account be transferred to Rock Creek Group, LP Emerging Manger account with authorization to Rock Creek Group, LP to invest such assets consistent with Rock Creeks' exiting investment guidelines, in a manner that optimizes value while managing liquidity and cost and return be adopted and ratified. Treasurer Frerichs reiterated his concern that this action would decrease the Board's commitment and goals toward utilizing emerging managers and indicated he would vote against the motion. Trustee Cozzi seconded and it was called to a roll call vote. All in favor were: Trustee Flores, Comptroller Munger, Ms. Reiches, Justice Schostok and Chairman Levine. Senator Clayborne and Mr. Cozzi voted "Present". All Opposed were Treasurer Frerichs. The motion passed.

On each vote involving the recommendation from Meketa and Investment Staff regarding ISBI's hedge fund allocation, Treasurer Frerichs reiterated his support for reducing the hedge fund allocation but noted that without clarity on whether this vote would reduce the amount of money invested by minority managers he would vote against the motions.

Justice Schostok moved that the recommendation from Meketa and Investment Staff that Rock Creek Group LP's assets be reduced consistent with the Board's previously approved asset allocation and that Rock Creek continue to invest the remaining assets consistent with Rock Creek's exiting investment guidelines in a manner that optimizes value while managing liquidity and cost, be adopted and ratified. Trustee Reiches seconded and it was called to a roll call vote. All in favor were: Trustees Flores, Reiches, Cozzi, Treasurer Frerichs, Comptroller Munger, Justice Schostok and Chairman Levine. Senator Clayborne voted "Present". The motion passed.

Audit and Compliance Committee

Chairwoman Schostok stated that the Audit and Compliance Committee had met earlier that morning and reporting the following actions:

- Committee approved the Record of Vouchers (January, February and March) for filing as recommended by ISBI Staff.
- Committee approved the Contact Agent Report for Q3 2016 as recommended by ISBI Staff.

Justice Schostok requested that a motion be made to approve and ratify the actions of the Audit & Compliance Committee. Trustee Reiches moved to adopt and ratify the actions of the Audit & Compliance Committee. Comptroller Munger seconded and the motion passed unanimously.

DEFERRED COMPENSATION

Report of Staff

Ms. Farhadieh referred members to the memorandum, "Deferred Compensation Plan – Watch List", previously distributed and reviewed. (Official minutes contain attachments.) Ms. Farhadieh gave a brief overview of the investment performance and discussed matters relating to the Plan's Watch list. Discussion ensued regarding the Board's Deferred Compensation Plan. Ms. Farhadieh also discussed the status of the Deferred Compensation Plan RFP. To date, ISBI has received six submittals and five of the six submittals passed the initial legal review. Ms.

Farhadieh stated that the finalists selected by ISBI Staff will present at the April Investment Policy Committee meeting.

***REPORT OF INVESTMENT CONSULTANT: MEKETA INVESTMENT GROUP
("MEKETA")***

Mssers. Benham and Wooley and Ms. Wallace from Meketa were invited to join the meeting to present the proposed implementation steps for the approved asset allocation for the Board's consideration. Meketa referred Members to the "Quarterly Review" memorandum previously distributed and reviewed. (Official Minutes contain attachment.) Discussion ensued amongst the Members.

REPORT OF THE DIRECTOR

Actual vs. Projected Budget Review through 12/31/2015

Ms. Bacon Cordova stated there were no significant issues regarding the budget to report to the Board.

Review of Financial Statements

Ms. Bacon Cordova stated there were no significant issues to report. Justice Schostok moved that the Board approve the Financial Statements as presented and recommended by the Executive Director. Chairman Levine seconded and the motion passed unanimously.

Consideration and Approval of Private Equity Consultant RFP

Ms. Boeckman stated that Fiduciary Counsel and the Executive Director met with the Treasurer's office and discussed the importance of having a consistent scoring process to ensure that the process of selecting a respondent is efficient, diligent and fair. Discussion ensued among the members regarding developing a scoring criteria and Chairman Levine suggested that the Executive Committee meet to approve a scoring criteria, consistent with the recommendation from Treasurer Frerichs, prior to issuing the Private Equity Consultant RFP. Treasurer Frerichs also suggested that ISBI Staff consider expanding the locations where the RFP is posted in order to ensure as many respondents as possible. Trustee Reiches moved that the Private Equity Consultant RFP be approved subject to the Executive Committee meeting to review and approve the RFP criteria developed by ISBI Staff. Justice Schostok seconded and the motion passed unanimously.

Update on General Counsel Search

Director Atwood stated that ISBI planned to advertise for the position of a General Counsel. Ms. Boeckman noted that Illinois law did not require the Board to issue a RFP for artistic services such as legal candidates for the General Counsel position but suggested that the Board adopt a process for selecting a General Counsel that is efficient, diligent and fair. Ms. Boeckman also noted that Members could distribute the General Counsel job description to any candidates they deem qualified for the position. Discussion ensued among the Members regarding the best locations to post the advertisement seeking qualified respondents for the General Counsel position.

Appointment of Interim General Counsel

Justice Schostok moved that the Board's Fiduciary Counsel, Burke Burns & Pinelli, Ltd., be designated to act as interim General Counsel during the Board's search for a permanent General Counsel. Ms. Boeckman noted the importance of Burke Burns & Pinelli serving in a temporary status as interim General Counsel because their role as Fiduciary Counsel to the Board is distinct and separate from the obligations of a General Counsel. Ms. Reiches seconded and the motion passed unanimously.

Justice Schostok moved that the Board go into Executive Session pursuant to Section 2(c)1, 2(c)(7), 2(c)(11) and 2(c)(21) of the Open Meetings Act to discuss employment of specific employees, specific investment contracts, pending litigation and minutes of meetings lawfully closed. Comptroller Munger seconded and the motion was called to a Roll Call vote. All in Favor were: Trustees Cozzi, Flores, Reiches, Senator Clayborne, Treasurer Frerichs, Comptroller Munger, Justice Schostok and Chairman Levine. The motion passed unanimously.

Guests and Staff were excused from the meeting with the exception of Director Atwood and Ms. Boeckman.

Chairman Levine moved to return to the open meeting. Trustee Cozzi seconded and the motion passed unanimously.

Trustee Flores moved that consistent with the recommendation of the Executive Director, that Johara Farhadieh be designated as Deputy Executive Director-Investments, effective immediately. Ms. Reiches seconded and the motion passed unanimously.

Trustee Reiches moved that the revised Organizational Chart be approved and that the Board direct the Executive Director to prepare job descriptions consistent with the revised Organizational Chart for review and approval by the Board. Justice Schostok seconded and the motion passed unanimously.

Trustee Cozzi moved that based on the recommendation of Fiduciary Counsel that the Semi-Annual Review of the Closed Session Minutes and the Destruction of the Verbatim Records pursuant to Section 2.06(d) of the Open Meetings Act is approved as presented. Justice Schostok seconded and the motion passed unanimously.

NEW/OLD BUSINESS

Chairman Levine noted that he has worked with Staff, Fiduciary Counsel and fellow Members on certain items for the Board's consideration at the April and June meetings. Chairman Levine also noted that one of those items involves the Board's consideration of fiduciary insurance and that Fiduciary Counsel will contact an industry provider to present to the Board at its next meeting. Several Members noted that they were unaware the Board did not currently have fiduciary insurance for the Members. Chairman Levine also noted that a policy regarding potential conflicts of interest on investment contracts and a communication policy would also be discussed at the April board meeting.

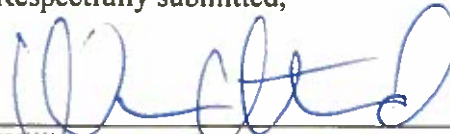
PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Chairman Levine noted that there will be a special meeting of the Board scheduled for April 27, 2016, formal notices to be distributed at a later date. At 11:34 a.m., there being no further business to come before the Board, Justice Schostok moved to adjourn. Trustee Cozzi seconded and the meeting was adjourned.

Respectfully submitted,



William Atwood, Executive Director