

MINUTES OF THE  
INVESTMENT POLICY COMMITTEE  
MEETING HELD  
Wednesday, July 13, 2016 – 1:00 P.M.

Present:	<u>Committee Members</u>	Marc Levine Mark Cozzi Ezequiel Flores Steven Powell Shari Greco Reiches
	<u>Board Members</u>	Justice Mary Seminara-Schostok
	<u>Staff</u>	William Atwood Scott Richards Tim Kominiarek Tondalaya Lewis-Hozier Katherine Novel Alise White
	<u>Guests</u>	Illinois State Treasurer's Office Garcia Rodrigo  Meketa Investment Group Frank Benham Alli Wallace  Rock Creek Group Afsaneh Beschloss Alifia Doriwala Suddarth Sudhir
Absent:	<u>Committee Members</u>	None

### ***ROLL CALL***

Chairman Levine called the meeting to order at 1:08 p.m. Ms. Lewis-Hozier called the roll and noted that a quorum was present.

### ***REPORT OF THE INVESTMENT POLICY COMMITTEE CHAIR***

Chairman Levine thanked everyone for joining the meeting and commended Johara Farhadieh and Scott Richards for their work with new investment managers recently approved by the Committee.

### ***PRESENTATION BY ROCK CREEK GROUP (Educational Session)***

Msses. Beschloss and Doriwala and Mr. Sudhir, representatives from Rock Creek, joined the meeting and referred the Committee to the presentation materials, "Rock Creek." (Official minutes contain attachment). The representatives gave an overview of the target hedge fund portfolio, which included an increase in opportunistic investment opportunities pursuant to updated investment guidelines approved at the previous Investment Policy Committee meeting. Rock Creek presented ISBI's target hedge fund portfolio, which included (a) 14 managers that were retained from the pre-transition portfolio, (b) a low-cost multi-strategy fund managed by Rock Creek, and (c) several opportunistic debt funds.

Mr. Sudhir noted that he anticipated Rock Creek would add several more high conviction opportunistic debt funds within the following twelve months. Chairman Levine asked Ms. Beschloss if opportunistic debt should be included in the hedge fund allocation or have a separate allocation. Ms. Beschloss stated that she believed either way is appropriate. Rock Creek stated that it currently managed \$107M in the emerging manager space. Ms. Doriwala noted that all of the managers chosen for the low-cost multi-strategy fund have fees that are 100bps or less and that the aggregate fees of all underlying managers in the hedge fund portfolio equal approximately 90bps. Chairman Levine noted that he wanted Rock Creek to inform the Committee of any new managers added to the portfolio. Trustee Flores asked about Rock Creek's process in identifying emerging managers. Ms. Doriwala stated that Rock Creek sources all of its managers through a broad and thorough search of the hedge fund industry. Rock Creek then selects the best managers, which often include emerging managers. Ms. Beschloss noted that ISBI does not pay two layers of carried interest related fees, as is often the case in the fund-of-fund industry. ISBI only pays carry to the underlying managers as well as a flat services fee to Rock Creek. Chairman Levine noted that the 14 retained hedge fund managers had outstanding historical performance. Chairman Levine asked how ISBI's fees are lower than the standard hedge fund industry rates. Ms. Beschloss stated that Rock Creek's business model permits it to allocate its clients' funds to managers for lower fees than the clients would otherwise receive. Following discussion and comments from members of the Committee, the Rock Creek representatives thanked the Committee for its time and excused themselves from the meeting.

### ***NEW BUSINESS/OLD BUSINESS***

None.

***PUBLIC COMMENT***

None.

***NEXT MEETING AND ADJOURMENT***

At 3:30 p.m., there being no further business to come before the Committee, Trustee Flores moved to adjourn the meeting. Trustee Reiches seconded and the meeting was adjourned.

Respectfully submitted,



William Atwood, Executive Director

