

**MINUTES OF THE
EMERGING MANAGER COMMITTEE**

Friday, February 23, 2018 - 11:00 a.m.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:

Committee Members

James Clayborne
Ezequiel Flores
Michael Frerichs
Marc Levine

Board Members

Katherine Hennessy
Mary Seminara-Schostok
Stacey Woehrle

Staff

William Atwood
Genette Bacon-Cordova
Shannon Bond
Shawn Evans
Johara Farhadieh
Ashley Fredrickson
Mitchell Green
James Karls
Scott Richards
Atul Talwar
David Zaloga

Guests

Burke Burns & Pinelli, Ltd.
Mary Patricia Burns

Illinois State Comptroller's Office
Chasse Rehwinkel

Illinois State Treasurer's Office
Rodrigo Garcia
Jay Rowell

Meketa Investment Group, Inc.
Alli Wallace
Frank Benham

State Street Global Advisors, Inc.
Ali Ciccarello
Mary Guy

Northern Trust Corporation
Bob Parise
Fred Porzelt
Chelsea Smith

Loop Capital Markets LLC
Angela Myers

Marty McGrorey

Absent:

Committee Members

Shari Greco Reiches

ROLL CALL

Chairman Clayborne called the meeting to order at 8:39 a.m. in the Board Room of the Illinois State Board of Investment office at 180 North LaSalle Street, Suite 2015, in Chicago. Ms. Bond called the roll and noted a quorum was present.

Board Chairman Levine moved to allow Justice Schostok and Treasurer Frerichs to participate in the meeting via conference call pursuant to Section 7(a) of the Open Meetings Act. Trustee Flores seconded, and the motion passed unanimously. At 8:39 a.m., Justice Schostok and Treasurer Frerichs joined the meeting by conference call.

REPORT OF THE EMERGING MANAGER COMMITTEE CHAIRMAN

None.

CONSIDERATION AND APPROVAL OF PREVIOUS MEETING MINUTES

Trustee Flores moved to approve the open meeting minutes from the October 10, 2017 meeting of the Emerging Manager Committee. Board Chairman Levine seconded, and the motion passed unanimously.

PRESENTATION BY NORTHERN TRUST CORPORATION

Representatives for Northern Trust Corporation were invited to join the meeting. Representatives referred Committee Members to the presentation materials. Representatives discussed Northern Trust's Minority Brokerage Initiative and announced that Northern Trust has set a target to execute 10% of all equity security trading commissions with minority brokers for approximately 120 common and collective investment trusts (CIT) managed by Northern Trust. Representatives noted that Northern Trust maintains ongoing communications with minority brokers, giving them continuous feedback to help them be more competitive.

Chairman Clayborne expressed appreciation for Northern Trust's commitment to diversity.

PRESENTATION BY STATE STREET GLOBAL ADVISORS, INC.

Representatives for State Street Global Advisors, Inc. ("SSGA") were invited to join the meeting. Representatives referred Committee Members to the presentation materials. Representatives discussed SSGA's partnerships with emerging brokerage firms and noted that the number of emerging brokerage firms approved to provide trading services to SSGA has remained stable.

Chairman Clayborne noted that certain emerging brokerage firms had not received trades from SSGA, despite being approved by SSGA for trading. Chairman Clayborne encouraged SSGA to make a greater effort to communicate with emerging brokerage firms and let them know what they can do to be more competitive.

Chairman Clayborne noted that SSGA would benefit from adopting a written policy regarding emerging brokerage firms. Representatives agreed to discuss creating such a written policy with SSGA management.

REPORT OF THE CHIEF INVESTMENT OFFICER

Diversity Policy Review

Ms. Farhadieh referred Members to the presentation materials, dated as of December 31, 2017. Ms. Farhadieh reported on MWDBE investment manager utilization, MWDBE investment management fee allocations, MWDBE investment manager brokerage utilization, MWDBE contracts and service providers, and fiduciary diversification. Ms. Farhadieh noted that MWDBE investment manager utilization increased in the second quarter of 2018 and attributed the increase to continual efforts to improve and find opportunities for inclusion.

Consideration and Approval of Revisions to Diversity Policy

Ms. Farhadieh discussed revisions to the Diversity Policy. The revisions updated the goals, made technical changes, and made other changes to conform with ISBI's current practices, industry best practices, and legal requirements.

Trustee Flores moved to approve the revised Diversity Policy, as presented, consistent with the recommendation of Staff, Investment Consultant, and Interim General Counsel. Board Chairman Levine seconded, and the motion passed unanimously.

NEW / OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURMENT

Chairman Clayborne noted that the next meeting was scheduled for June 15, 2018 and Committee Members will be notified of the time at a later date. At 9:30 a.m., there being no further business to come before the Committee, Board Chairman Levine moved to adjourn the meeting. Trustee Flores seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/Chief
Investment Officer