

**MINUTES OF THE  
INVESTMENT POLICY COMMITTEE**

Friday, February 23, 2018 – 8:30 a.m.  
180 N. LaSalle St., Suite 2015  
Chicago, IL 60601

**Present:**

**Committee Members**

Marc Levine  
Ezequiel Flores  
Katherine Hennessy  
Shari Greco Reiches  
Mary Seminara-Schostok

**Board Members**

James Clayborne  
Michael Frerichs  
Stacey Woehrlé

**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

Hamilton Lane Advisors, L.L.C.  
Sean Barber  
Lars Pace  
T. C. Rolfstad  
Matt Silverio

Meketa Investment Group, Inc.

**Alli Wallace  
Frank Benham**

**State Street Global Advisors, Inc.  
Mary Guy  
Heather Apperson**

**Loop Capital Markets LLC  
Angela Myers**

**Marty McGrorey**

## ***ROLL CALL***

Chairman Levine called the meeting to order at 8:36 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.

Trustee Hennessy 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. Chairman Levine seconded, and the motion passed unanimously. At 8:36 a.m., Justice Schostok and Treasurer Frerichs joined the meeting by conference call.

At 8:39 a.m., Chairman Levine moved that the Committee recess until the conclusion of the Emerging Manager Committee. Trustee Hennessy seconded, and the motion passed unanimously.

At 10:01 a.m., Chairman Levine reconvened the Investment Policy Committee meeting.

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

Chairman Levine thanked Fiduciary Counsel and Ms. Farhadieh for their diligent efforts to negotiate a contract with Perella Weinberg Partners Capital Management LP and for implementing the Board's directives.

## ***CONSIDERATION AND APPROVAL OF MINUTES***

Trustee Hennessy moved to approve the minutes, as presented, from the December 12, 2017 meeting of the Investment Policy Committee. Trustee Flores seconded, and the motion passed unanimously.

Trustee Hennessy moved to approve and keep closed the Executive Session minutes, as presented, from the December 12, 2017 meeting of the Investment Policy Committee, pursuant to the recommendation of Fiduciary Counsel. Trustee Flores seconded, and the motion passed unanimously.

## ***REPORT OF INTERIM GENERAL COUNSEL***

### **Update Regarding Consultant Disclosures Pursuant to Public Act 100-0542**

Fiduciary Counsel noted that the required consultant disclosure was filed on December 29, 2017 in compliance with Public Act 100-0542. She referred Committee Members to the disclosure document, which was previously provided.

## ***REPORT OF STRATEGIC PARTNER: HAMILTON LANE ADVISORS, L.L.C.***

At 10:23 a.m., Trustee Hennessy moved to go into Executive Session pursuant to Section 2(c)(7) of the Open Meetings Act to discuss specific investment contracts. Trustee Flores seconded, and

the motion was called to a roll call vote. All in favor: Trustees Flores, Hennessy, Levine, and Schostok. Nays: None. The motion passed unanimously.

At 10:26 a.m. Trustee Reiches joined the meeting.

At 11:33 a.m., Trustee Flores moved to return to the open meeting. Justice Schostok seconded, and the motion passed unanimously.

Justice Schostok moved that the Committee approve the allocation of Infrastructure Assets to Hamilton Lane Advisors, L.L.C. and that the Committee approve the revised Investment Guidelines for the discretionary Investment Management Agreement with Hamilton Lane Advisors, L.L.C., as presented, consistent with the recommendation of Staff and Meketa Investment Group, Inc. Trustee Reiches seconded, and the motion passed unanimously.

### ***REPORT OF THE CHIEF INVESTMENT OFFICER/SENIOR INVESTMENT OFFICER***

#### **Consideration and Approval of Revisions to The Rock Creek Group, LP Guidelines**

Trustee Reiches moved that the Committee approve the revised Investment Guidelines for the discretionary Investment Manager Agreement with The Rock Creek Group, LP, as presented, consistent with the recommendation of Staff and Meketa Investment Group, Inc. Trustee Hennessy seconded, and the motion passed unanimously.

#### **Consideration and Approval of an Amendment and an Extension to General Consultant Agreement**

Chairman Levine moved that the Committee approve the Amendment to the Scope of Services and the One-Year Extension of the General Consultant Agreement with Meketa Investment Group, Inc., as presented, consistent with the recommendation of Staff. Trustee Hennessy seconded, and the motion passed unanimously.

#### **Update on Investment Reporting Services Search**

Ms. Farahadieh discussed the current status of the investment reporting services search.

#### **Review Matters Relating to Existing Managers/Strategic Partners**

Mr. Richards referred Committee Members to the memorandum, "Matters Relating to Existing Managers." Mr. Richards discussed staff changes at Meketa Investment Group, Inc., Rhumblin Advisors, and Alinda Capital Partners. No formal action was taken by the Committee.

### ***REVIEW OF FACTOR BASED INVESTING BY GENERAL CONSULTANT - MEKETA INVESTMENT GROUP, INC. (EDUCATION SESSION)***

Mr. Benham referred Committee Members to the presentation materials. Mr. Benham outlined the potential benefits of utilizing investment factors. He specifically discussed five of the most widely recognized equity factors (size, value, momentum, low volatility, and quality) and the market performance of indices based on those factors.

### ***PORTFOLIO REVIEW 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 provided a summary of ISBI's investments with SSGA and discussed SSGA's indexing capabilities.

***NEW BUSINESS/OLD BUSINESS***

Ms. Farhadieh noted that in the future there may be a recommendation related to potential co-investments and a recommendation regarding ISBI's current securities lending program.

***PUBLIC COMMENT***

None.

***NEXT MEETING AND ADJOURNMENT***

Chairman Levine 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 12:12 p.m., there being no further business to come before the Committee, Trustee Flores moved to adjourn the meeting. Trustee Hennessy seconded, and the meeting was adjourned.

Respectfully submitted,



Jehara Farhadieh, Executive Director/Chief  
Investment Officer