

**MINUTES OF THE
EMERGING MANAGER COMMITTEE**

Friday, September 20, 2019 – 9:20 A.M.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:

Committee Members

Comptroller Susana Mendoza
Jaye Williams
Senator Robert Martwick
Treasurer Michael Frerichs

Board Members

Michael Tarnoff
Elizabeth Sanders
Chairwoman Justice Mary Seminara-
Schostok

Guests

Burke Burns & Pinelli, Ltd.
Sarah Boeckman

Illinois State Comptroller's Office
Andrew Ranck

Illinois State Treasurer's Office
Allen Mayer
Rodrigo Garcia

Governmental Consulting Solutions
Steve Zahn

Not Present:

Committee Members

Gisela Attlan

ROLL CALL

Trustee Frerichs called the meeting to order at 9:08 a.m. in the Boardroom of the Illinois State Board of Investment office at 180 North LaSalle Street, Suite 2015, in Chicago. Mr. Mehta called the roll and the Board Chairwoman noted that Trustee Frerichs would run the meeting in Committee Chairwoman Attlan's absence.

Mr. Mehta noted that a quorum was now present.

REPORT OF THE EMERGING MANAGER COMMITTEE CHAIRMAN

Ms. Farhadieh read a written report from Committee Chairwoman Attlan, updating the Board on the ENGAGE (Educating the New Generation of Allocators on the Growth of Emerging and Diverse Managers) Forum, which Committee Chairwoman Attlan attended along with Ms. Farhadieh and Trustee Williams.

APPOINTMENT OF STANDING COMMITTEE

Pursuant to Board Bylaws, Chairwoman Schostok appointed the following members to the Emerging Manager Committee: Trustee Attlan as Chair of the Emerging Manager Committee, Trustee Frerichs, Trustee Williams, Trustee Martwick, and Trustee Mendoza. Trustee Frerichs moved that the Board approve the appointments to the Emerging Manager Committee. Trustee Mendoza seconded, and the motion passed unanimously.

CONSIDERATION AND APPROVAL OF PREVIOUS MEETING MINUTES

Trustee Martwick moved to approve the meeting minutes, as presented, from the December 11, 2018 meeting of the Emerging Manager Committee. Trustee Mendoza seconded, and the motion passed unanimously.

REPORT OF THE EXECUTIVE DIRECTOR/CHIEF INVESTMENT OFFICER

Diversity Policy Review

Ms. Farhadieh referred Members to the presentation materials, dated as of June 30, 2019. 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 highlighted a slide that provided the fees paid to MWDBE managers. Several Trustees inquired about ISBI's MWDBE program, legislation, and fees paid, including the fees paid to MWDBE. Ms. Farhadieh clarified that overall fees paid to MWDBE managers had increased but total portfolio fees had decreased. Ms. Farhadieh also gave an update on the internship program, which vetted a diverse pool of candidates and selected an intern who was an excellent fit for ISBI.

UPDATE ON ISBI'S STAFF DIVERSITY COMMITTEE

Ms. Farhadieh updated Members with respect to the progress of ISBI's internal Staff Diversity Committee and their success in increased hiring of MWDBE vendors for ISBI.

UPDATE ON MIDWEST INVESTORS DIVERSITY INITIATIVE

Ms. Hong gave an overview of the Midwest Investors Diversity Initiative ("MIDI") and ISBI's overall diversity and ESG related efforts. Ms. Farhadieh announced to the Board that ISBI would be joining MIDI. Trustee Frerichs described MIDI's philosophy and efforts to increase diversity across corporate boards.

NEW / OLD BUSINESS

Ms. Farhadieh informed the Board of ISBI's presentation at the Senate Special Committee on State and Pension Fund Investments hearings on October 23, 2019.

PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Treasurer Frerichs noted that the next meeting was scheduled for December 12, 2019 and Committee Members will be notified of the time at a later date. At 10:02 a.m., there being no further business to come before the Committee, Trustee Williams moved to adjourn the meeting. Trustee Martwick seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer