

MINUTES OF THE  
EMERGING MANAGER COMMITTEE  
MEETING HELD  
Thursday, June 16, 2016 – 11:00 A.M.

Present:

<u>Committee Members</u>	Senator James Clayborne Marc Levine Mark Cozzi Ezequiel Flores Shari Greco Reiches Treasurer Michael Frerichs (via telephone)
<u>Board Members</u>	Mary Seminara-Schostok Steven Powell
<u>Staff</u>	William Atwood Johara Farhadieh Scott Richards Ciara Jackson Tim Kominiarek Tondalaya Lewis-Hozier Katherine Novel
<u>Guests</u>	Meketa Investment Group Frank Benham, Alli Wallace  Burke Burns & Pinelli, Ltd. Mary Patricia Burns  Illinois State Treasurer's Office Jay Rowell
<u>Committee Members</u>	None

## ***ROLL CALL***

Chairman Clayborne called the meeting to order at 12:22 p.m. Ms. Burns called the roll and noted a quorum was present. Trustee Cozzi moved pursuant to Section 7(a) of the Open Meetings Act to allow Treasurer Frerichs to participate in the meeting via telephone due to his absence as a result of matters relating to his employment. Chairman Clayborne seconded and the motion passed unanimously.

## ***REPORT OF THE CONSULTANT: COURTLAND PARTNERS***

Ms. Farhadieh noted that the Committee previously requested that Staff request that the Board's consultants present on their utilization of emerging managers in their respective asset class category. Representatives from Courtland Partners ("Courtland"), the Board's Real Estate Consultant, referred Members to their presentation materials "Real Estate Small and Emerging Manager ("SEM") Portfolio Review and Outlook. (Official minutes contain attachment.) Courtland representatives noted that emerging managers consist of 1.9% of the real estate portfolio. Discussion ensued amongst the Members.

## ***MINUTES OF PREVIOUS MEETING***

Trustee Reiches moved to approve the minutes of the April 27, 2016 Emerging Manger Committee. (Official Minutes contain attachment.) Trustee Cozzi seconded and the motion passed unanimously.

## ***REPORT OF THE DEPUTY EXECUTIVE DIRECTOR***

Deputy Executive Director Farhadieh referred Members to her memorandum, "Diversity Policy Review". (Official Minutes contain attachment). She noted that the Board's allocation to emerging managers is up 3.2% and that Staff is working to ensure that the recent transitions due to the Board's approved asset allocation has limited impact on the emerging manager allocation. Ms. Farhadieh additionally noted that Staff continues to work with investment managers to identify minority, women, and disabled vendors for managers to utilize.

Ms. Farhadieh referred Members to the proposed revisions to the Diversity Policy. (Official Minutes contain attachment). Ms. Farhadieh noted that her proposed revisions are consistent with other pension funds in Illinois. Ms. Farhadieh outlined the certification process proposed in the Diversity Policy and noted the proposed addition of a hedge equity MWDBE brokerage goal. Ms. Burns noted that she worked closely with Ms. Farhadieh on the revisions and noted that other pension funds subject to the same Illinois law as ISBI require different policies for certification but that the revisions were prudent. She noted that relying on attestations from investment managers creates an inherent risk when certifying the MWDBE numbers to the General Assembly. Further, Ms. Burns noted that she would work with Ms. Farhadieh in developing the attestation to be utilized by investment managers in order to minimize any risk. Ms. Farhadieh noted that ISBI Staff is consistently reviewing managers to ensure they meet the requirements of the Diversity Policy including the matter of ownership. Chairman Clayborne moved to approve the proposed revisions to the Diversity Policy. Trustee Cozzi seconded and the motion passed unanimously.

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

None.

***PUBLIC COMMENT***

None.

***NEXT MEETING AND ADJOURMENT***

Chairman Clayborne stated that the next meeting of the Emerging Manager Committee would be scheduled later this year with official notices to be distributed at a later date. At 12:46 p.m., there being no further business to come before the Committee, Trustee Cozzi moved to adjourn the meeting. Trustee Reiches seconded and the meeting was adjourned.