ILLINOIS STATE BOARD OF INVESTMENT
Responses to Submitted Questions: General Consultant

This document serves as a formal response to the questions submitted through the process established by the Illinois State Board of Investment ("ISBI" or the "Board"). As stated in the Request for Competitive Proposals ("RFP"), questions concerning the RFPs had to be submitted in writing via e-mail to the Search Contact by **3:00 PM, CST, Monday, August 17, 2015**. Responses to questions properly submitted are consolidated into a single Q & A document as detailed below and posted on the Board's website on or about **August 26, 2015**. The Q & A document does not identify the source of the query.

1. What prompted your desire to conduct a search at this time?

The Board decided to conduct the search for a General Consultant in furtherance of its fiduciary duty.

2. What are the selection criteria for this search? How will the criteria be weighted in importance?

All specific qualifications are set forth in the RFP.

3. Is the current consultant being considered as part of this process?

If the Board's current Consultant responds to the RFP, they will be considered along with all Respondents.

4. What are the annual fees for existing contract that the Board is paying to its current consultant? Are there project related fees associated with the current arrangement that are not part of the base fee?

Such information is exempt under the Freedom of Information Act since disclosure may frustrate the procurement process (5 ILCS 140/7(h)).

5. Do you have any specific issues in regards to your current consultant?

No.

6. What do you think is the single most important characteristic of an investment consulting firm?

Please refer to the RFP for the specific qualifications and scope of services, all of which are important characteristics of the Board's General Consultant.

7. How many in person meetings per year are anticipated? Do you have a preliminary schedule of the meetings?

The Board has scheduled meetings on a quarterly basis with ad hoc meetings in between for topics that need to be addressed. The Board's General Consultant should expect to meet with either the Board or ISBI Staff at least five (5) times per year.

8. Do you currently use fund of funds or direct funds for your alternative investments?

Yes.

9. Do you anticipate making any changes to the asset allocation of the Plan? Are you considering any new asset classes?

The General Consultant's first project will be to conduct an asset allocation study. Evaluating new asset classes will be part of the project.

10. What is the most important investment issue your plan is currently facing?

Achieving the 7.25% actuarial rate of return.

11. The Attachments section of the RFP requires a candidate to submit an annual financial report. What if the candidate is not a public company and as such, does not produce an annual report; it has been company policy since the inception of the firm not to disclose our financial data unless and until the company's confidentiality agreement has been signed.

At this time, ISBI is not willing to sign a confidentiality agreement in order to receive financial data from a Respondent.

12. What is the role of the generalist consultant with regard to alternative investments?

The role of the General Consultant in the private equity and real estate space is minimal; however, other alternative investments, such as hedge fund and infrastructure, fall under the General Consultant's responsibilities.

13. Our understanding is that interactions with the consultant and ISBI staff would be daily. Please confirm or modify.

The General Consultant will not be contacted daily, but should be available every day.

14. Does the ISBI staff meet with managers together with its consultant or are the meetings done separately, or both? How frequent are the meetings done together?

Both. Meetings between ISBI Staff and the Board's managers are conducted on an as needed basis.

15. To what degree does the consultant interact directly with ISBI's legal counsel and other experts that provide counsel on aspects of the investments made? Does the consultant meet with

the beneficiaries other than those that attend the Board meetings? The legislature? Other constituent's other than in the Board meetings?

The General Consultant will consult with ISBI's legal counsel on an as needed basis. The General Consultant is not expected to meet with beneficiaries, other than those present at Board meetings. The General Consultant is expected to meet with legislators on an as needed basis, which may also involve meeting with other constituents.

16. If applicable, how would the selected consultant work or interact with ISBI's other consultants?

ISBI's General Consultant works directly with its Real Estate and Private Equity Consultants.

17. What is the structure of ISBI staff?

ISBI Staff currently consists of 12 positions: An Executive Director, a Deputy Executive Director, a General Counsel/Chief Compliance Officer, 3 Portfolio Managers, a Manager of Risk & Analytics, an Investment Compliance Officer, a Chief Fiscal Officer, a Chief Information Officer, and 2 administrative assistants.

18. What, if any, are the on-going disclosure requirements for the consultant selected?

Please refer to the RFP for the specific disclosure requirements of the Board's General Consultant.

19. How many manager searches does ISBI anticipate each year? How is this broker out across public and private markets?

The number of manager searches conducted by the Board will vary depending on ISBI's structure and requirements going forward; it is not possible to break out an exact number at this time. The searches will involve both public and private markets.

20. What are the strategic mandates for ISBI and are there target allocations for strategic mandates? For example, a strategic target for emerging managers?

Please refer to the Board's Investment Policy, which is posted to ISBI's website at http://www.illinois.gov/isbi/Documents/Investment-Policy.pdf.

21. Regarding Section G in the scope of services, what does ISBI currently use for software and how does ISBI envision the selected investment consultant will participate in the search for new software?

ISBI currently uses Bloomberg, Burgiss's Private I, Global Trading Analytics, and Wilshire's Compass software systems. These systems are in addition to various web-based applications provided by ISBI's asset managers and Custodian. ISBI periodically reviews

its existing software and service-provider relationships and would expect its General Consultant to be involved in the decision-making process for the retention or replacement of these service-providers. Involvement would most likely entail industry research, due diligence, meetings with potential service-providers and staff, and providing written recommendations.

22. What is an example of an additional research project, as outlined in Section E, Question 2.

Examples include the following: commission recapture, MLP's as an investment and fees paid in relation to peers.

23. Do signatures for the RFP have to be original (i.e. wet signatures) or will copies of the original be acceptable?

Copies of the original will be accepted.