

ROLL CALL

Chairman Powell called the meeting to order at 8:30 a.m. The Secretary called the role and noted that a quorum was present.

Mr. Casey moved to allow Board Members Bush and Hoffman to participate via telephone. Ms. Parish seconded and the motion passed unanimously.

UNFINISHED BUSINESS

Director Atwood referred the Board Members to his memorandum “Real Estate Allocation – CB Richard Ellis (CBRE) / ING Clarion (ING)” dated April 19, 2010. Following review and detailed discussion, Mr. Montgomery moved to rescind the \$100 million allocation to CBRE and re-direct the allocation to ING, for a total allocation of \$200 million to ING. Mr. Casey seconded and the motion passed unanimously. (Official minutes contain attachment.)

DEFERRED COMPENSATION INVESTMENT OPTION PRESENTATIONS

Large Cap Core

Review of Consultant – Marquette Associates – Ms. Roman referred the Board Members to the report “Illinois State Board of Investment Deferred Compensation Plan Investment Manager Finalists” dated April 20, 2010. Following review, Ms. Roman stated that three large cap core managers would be making presentations. (Official minutes contain attachment.)

Lord, Abnett & Co. LLC – Messrs. Frascarelli and Savage were invited to join the meeting. Following introductions, copies of written presentations were distributed. (Official minutes contain attachment.) Following the presentation and answering questions posed by Committee members, the Lord Abnett representatives thanked the Committee for its time and excused themselves from the meeting.

Victory Capital Management – Messrs. Babin and Ohmacht were invited to join the meeting. Following introductions, copies of written presentations were distributed. (Official minutes contain attachment.) Following the presentation and answering questions posed by Committee members, the Victory representatives thanked the Committee for its time and excused themselves from the meeting.

Pyramis Global Advisors – Messrs. Treacy and Schollmeyer were invited to join the meeting. Following introductions, copies of written presentations were distributed. (Official minutes contain attachment.) Following the presentation and answering questions posed by Committee members, the Pyramis representatives thanked the Committee for its time and excused themselves from the meeting.

International Small Cap

Review of Consultant – Marquette Associates – Ms. Roman referred the Board Members to the report “Illinois State Board of Investment Deferred Compensation Plan Investment Manager Finalists” dated April 20, 2010. Following review, Ms. Roman stated that three international small cap managers would be making presentations. (Official minutes contain attachment.)

Pyramis Global Advisors – Messrs. Steward and Schollmeyer were invited to join the meeting. Following introductions, copies of written presentations were distributed. (Official minutes contain attachment.) Following the presentation and answering questions posed by Committee members, the Pyramis representatives thanked the Committee for its time and excused themselves from the meeting.

Dimensional Fund Advisors – Ms. Wardlaw and Mr. Barlow were invited to join the meeting. Following introductions, copies of written presentations were distributed. (Official minutes contain attachment.) Following the presentation and answering questions posed by Committee members, the Dimensional Fund representatives thanked the Committee for its time and excused themselves from the meeting.

William Blair & Company – Messrs. McLaughlin and Urbina were invited to join the meeting. Following introductions, copies of written presentations were distributed. (Official minutes contain attachment.) Following the presentation and answering questions posed by Committee members, the William Blair representatives thanked the Committee for its time and excused themselves from the meeting.

Following both sets of presentations, Ms. Schoemehl disclosed the ownership structures of each firm and stated that William Blair made political contributions of \$850 to Comptroller Hynes and \$100 to Treasurer Giannoulis.

Chairman Powell called for a motion to go into Executive Session to discuss specific investment manager contracts (5 ILCS 120/2(c)(7)). Mr. Montgomery moved to go into Executive Session. Ms. Parish seconded and the motion passed unanimously.

Mr. Casey moved to return to open session. Ms. Parish seconded and the motion passed unanimously.

Ms. Bush moved to approve terminating the Legg Mason investment option in the State Employees’ Deferred Compensation Plan and engage Lord Abbett as a replacement investment option. Mr. Casey seconded and the motion passed unanimously.

Ms. Parish moved to approve engaging William Blair as an international small cap equity investment option in the State Employees’ Deferred Compensation Plan. Mr. Casey seconded and the motion passed with Comptroller Hynes voting present.

PRIVATE EQUITY

RFP Review and Recommendation

Director Atwood referred to a memorandum “Private Equity Consultant Recommendation” dated February 10, 2010. Following discussion, Mr. Casey moved to approve the Staff recommendation to retain Franklin Park as consultant for the private equity portfolio. Ms. Parish seconded and the motion passed unanimously. (Official minutes contain attachment.)

Franklin Park 2010 Venture Fund of Funds Allocation

The Director referred Board Members to a memorandum “Venture Capital – Franklin Park Recommendation” dated February 10, 2010. Following review and discussion, Ms. Parish moved to approve a commitment of \$10 million to the Franklin Park Venture Fund Series 2010, L.P. Ms. Bush seconded and the motion passed unanimously. (Official minutes contain attachment.)

REAL ESTATE RFP REVIEW AND RECOMMENDATION

Director Atwood referred to a memorandum “Real Estate Consultant Recommendation” dated February 10, 2010. Following discussion, Mr. Montgomery moved to approve the Staff recommendation to retain The Townsend Group as consultant for the real estate portfolio. Ms. Bush seconded and the motion passed unanimously. (Official minutes contain attachment.)

ADOPTION OF ILPA PRIVATE EQUITY PRINCIPLES

Following review and discussion of the memorandum “ILPA Principles” dated March 31, 2010, Ms. Bush moved to approve endorsement of the principles issued by the Institutional Limited Partners Association (ILPA). Mr. Montgomery seconded and the motion passed unanimously. (Official minutes contain attachment.)

UNFINISHED BUSINESS

None.

NEW BUSINESS

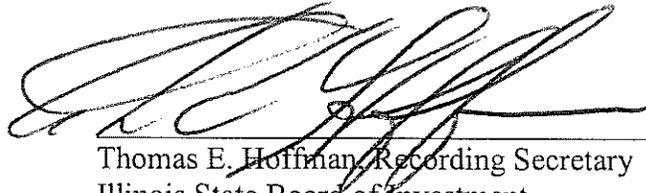
Ms. Spinato distributed a memorandum “Third Party Travel Reimbursement” dated April 20, 2010. Following review, Mr. Casey moved to approve Director Atwood’s attendance and acceptance of third party reimbursement to attend the Ai5000 Chief Investment Officer Summit in New York, May 20-21, 2010, pending a legal and compliance review. Ms. Bush seconded and the motion passed unanimously. (Official minutes contain attachment.)

NEXT MEETING AND ADJOURNMENT

Chairman Powell stated that the next meetings of the Audit & Compliance Committee and Board were scheduled to be held Friday, June 25, 2010 at 8:30 a.m. and 8:45 a.m., respectively.

At 11:20 a.m., there being no further business to come before the committee, Mr. Casey moved to adjourn. Mr. Montgomery seconded and the motion passed unanimously.

Respectfully submitted,



Thomas E. Hoffman, Recording Secretary
Illinois State Board of Investment



Ronald E. Powell, Chairman
Illinois State Board of Investment