

MINUTES OF THE
INVESTMENT POLICY COMMITTEE
MEETING HELD
THURSDAY, SEPTEMBER 25, 2008 – 4:00 P.M.

Present: Committee Members Guy Alongi
 Allison Davis
 Michael Goetz
 Jack Mazzotti
 Ronald Powell

Board Members John Bowman

Staff William Atwood
 Johara El-Harazin
 Alex Garcia
 Tim Kominiarek
 Emily Reid
 Scott Richards
 Linsey Schoemehl
 Katherine Spinato

Guests Marquette Associates
 Brian Wrubel

Absent: Committee Member None

ROLL CALL

Chairman Goetz called the meeting to order at 4:10 pm. The Secretary called the roll and noted that a quorum was present.

MINUTES OF PREVIOUS MEETING

Mr. Alongi moved to approve the minutes of the Investment Policy Committee meeting held July 10, 2008 in the forms previously submitted, with the signature being amended from Judge Hoffman to Mr. Mazzotti. Mr. Davis seconded and the motion passed unanimously.

REPORT OF THE CHAIRMAN

Chairman Goetz welcomed Justice John Bowman and reported that Justice Bowman had recently been appointed as proxy for Justice Hoffman.

REPORT OF THE DIRECTOR

None.

INTERNATIONAL SMALL CAP MANAGER PRESENTATIONS

Director Atwood stated that Brian Wrubel of Marquette Associates was present to review the manager presentations.

Review of Consultant – Marquette Associates

The Committee welcomed Mr. Wrubel who referred to the report “International Equity Small-Cap / Developed and Emerging Manager Search”. (Official minutes contain attachment). Mr. Wrubel reviewed the report and stated that two managers would be presenting.

Presentations

Principal Global Investors – Messrs. Pattinson and Grayson 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 Principal representatives thanked the Committee for its time and excused themselves from the meeting.

LSV Asset Management – Messrs. Lakonishok and Young 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 LSV representatives thanked the Committee for its time and excused themselves from the meeting.

Ms. Reid reported that in regards to required disclosures, neither firm had utilized solicitors, no political contributions had been made to any Board Member and LSV reported ownership by The Northern Trust Company of 5.46%.

Discussion ensued regarding small cap equity managers. Following detailed discussion, Mr. Powell moved to recommend to the Board a commitment of approximately \$200 million to LSV Asset Management and to authorize staff to rebalance the international small cap portfolio consistent with portfolio guidelines and objectives. Mr. Mazzotti seconded and the motion passed unanimously.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

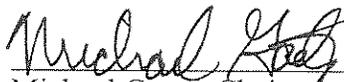
NEXT MEETING AND ADJOURNMENT

At 5:10 p.m., there being no further business to come before the Committee, Mr. Davis moved to adjourn. Mr. Mazzotti seconded and the motion passed unanimously.

Respectfully submitted,



Gordon John Mazzotti, Vice Chairman
Illinois State Board of Investment



Michael Goetz, Chairman
Illinois State Board of Investment