

**REPORT TO THE
GOVERNOR AND
GENERAL ASSEMBLY**

Emerging Money Managers Annual Report



December 24, 2018

**Illinois State Board of Investment
180 N. LaSalle St., Suite 2015
Chicago, IL 60601**

As Required by Public Act 96-0006



Date: December 24, 2018

To: The Honorable Bruce Rauner, Governor of Illinois
The General Assembly

From: Johara F. Farhadieh, Executive Director/Chief Investment Officer
Shawn Evans, Investment Officer
Illinois State Board of Investment

Subject: Report on Emerging Money Managers (Public Act 96-0006)

In accordance with Public Act 96-0006 (the “Act”), the Illinois State Board of Investment (“ISBI”) and its Board of Trustees (the “Board”), direct the investments for the General Assembly Retirement System, the Judges Retirement System of Illinois, the State Employees’ Retirement System of Illinois, and the Power Agency Trust, are submitting the following report to the Governor and the Illinois General Assembly.

In furtherance of the law governing emerging and minority utilization under the Act, the Board adopted the Diversity Policy (the “Policy”) encouraging emerging¹ and minority utilization. The Policy is continuously reviewed by ISBI Staff and updated accordingly.

A copy of the Policy is attached to this report and a brief explanation is provided below:

To take advantage of emerging and minority organizations, the Board has adopted the Policy, which seeks to increase participation by emerging and minority investment managers. The Policy sets forth minimum goals for the utilization of minority-owned broker/dealers, pledges to use its best efforts to increase the racial, ethnic and gender diversity of its fiduciaries and sets forth goals for the utilization of businesses owned by minorities, females, and persons with a disability for all contracts and services of the Board.

Currently, ISBI either meets or exceeds all of the Policy goals with respect to minority investment managers².

Please refer to the chart on the following page for further detail:

¹ Effective April 3, 2009, Public Act 96-0006 revised the definition of “emerging investment manager.” As a result, the current definition applicable to ISBI is found in 40 Ill. Comp. Stat. § 5/1-109(4) and is defined as “a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a ‘minority owned business’, ‘female owned business’ or ‘business owned by a person with a disability’ as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.”

² For purposes of this Policy, the term “Minority Investment Manager” includes emerging investment managers and/or minority owned business, female owned business, or business owned by a person with a disability as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

Emerging & Minority Utilization

By Classification

Category	Emerging Mgrs. \$	Minority Mgr. \$*	ISBI Goals	Emerging Mgrs. %	Minority Mgr. %*
Minority-Owned	466,839,153	1,602,864,425	5-7%	2.5%	8.6%
Disabled	-	-	0-1%	0.0%	0.0%
Female-Owned***	21,122,560	3,159,225,872	3-5%	0.1%	17.0%
Total	487,961,713	4,762,090,298		2.6%	25.6%

By Asset Class

Asset Class	Emerging Mgrs. \$	Minority Mgr. \$*	ISBI Goals	Emerging Mgrs. %	Minority Mgr. %*
Equity***	235,683,993	3,822,574,930	8-10%	2.5%	40.0%
Fixed Income	-	687,237,648	8-12%	0.0%	11.8%
Alternatives**	252,277,720	252,277,720	1-5%	8.6%	8.6%
Total	487,961,713	4,762,090,298			

^Ending public market values as of 9.30.18, private market ending values as of 6.30.18

*For the purposes of the Policy the term minority investment manager (minority mgrs.) includes emerging investment managers (emerging mgrs.). Minority investment managers include investment managers with over \$10B in AUM.

**Alternatives investments include allocations to real assets, real estate, opportunistic debt, and private equity

***\$3.1 Billion of passively managed assets included

Please refer to the attachment titled, "Listing of Emerging and Minority Investment Managers," for the names, addresses and the percentage of assets under management for each of the Board's current emerging and/or minority investment managers.

In addition, the Policy sets forth minimum goals for the utilization of minority-owned broker/dealers by ISBI's equity and fixed income investment managers, which ISBI Staff regularly monitors. Each manager that reports less than the directed utilization goal is required to submit a written explanation to the Board, outlining the shortfall; in addition, the manager may be brought before the Board as outlined in the Policy. Consistent with the Policy, ISBI does not allow its investment managers to utilize step outs or correspondents.

ISBI's investment managers, as a whole, currently meet or exceed the minority brokerage utilization goals within asset classes outlined in the Policy. Please refer to the chart below for minority brokerage utilization as of September 30, 2018:

Asset Class	MWDBE Utilization (%)	Goal (%)
Domestic Equity	60.8%	30%
International Equity (Developed)	23.1%	20%
International Equity (Emerging)	8.9%	0%
Hedged Equity	100.0%	0 - 5%
Fixed Income	32.5%	20%
Fixed Income (High-Yield)	6.0%	0 - 5%
International Fixed Income	0.0%	0 - 5%

Equity utilization calculated by commission. Fixed Income calculated using par value.

Finally, the Policy sets forth goals for the utilization of Illinois-based broker/dealers by the Board's equity and fixed income investment managers. Please refer to the chart below for the Illinois-based brokerage utilization as of September 30, 2018:

Asset Class	IL-based Utilization (%)	Goal (%)
Equities	6.1%	25%
Fixed Income	8.4%	25%

Equity utilization calculated by commission. Fixed Income calculated using par value.

ISBI's policy states that its investment managers will direct at least 25% of their trading to Illinois-based broker/dealers. ISBI understands that we are currently under the goal as it relates to Illinois-based broker/dealers and we will continue to work with investment managers to achieve the goals outlined in the Policy. ISBI has pushed its Strategic Partners and investment managers to also engage in diversity initiatives within brokerage. As a result of ISBI's Policy and initiatives, BlackRock created an Emerging Broker Program and Council to enhance its broker diversity efforts. ISBI's Executive Director/Chief Investment Officer will sit on the Council and continue to pioneer efforts within BlackRock and our other partners.

Within the Policy, the Board has also pledged to use its best efforts to increase the racial, ethnic and gender diversity of its fiduciaries, including consultants and senior investment staff. Among the staff employed by ISBI, approximately 42% are female and 58% of the overall staff are minority. Additionally, ISBI is led by a female Executive Director/Chief Investment Officer; the first time a woman has held the position of both Executive Director and Chief Investment Officer. ISBI continues to strive to make concerted efforts in its hiring practices. This includes posting job vacancies with diverse affinity organizations, utilizing a diverse hiring slate and ensuring ISBI uses an inclusive interview process.

The Board's composition is 56% female and 33% is minority. Furthermore, the Board recently elected Justice Mary Seminara-Schostok as its new Chairperson. This marked the first time in ISBI history that a woman was elected to the position of Chairperson.

In accordance with the Policy, ISBI requests the racial, ethnic, and gender diversity of its consultants and investment manager's, as well as their respective diversity plans annually.

In furtherance of the Policy and of Public Act 98-1022, ISBI requires the following disclosures from strategic partners, investment advisors, and consultants (collectively, the "Vendor") prior to contracting with or receiving a commitment directly from the Board:

- The number of the Vendor's investment and senior staff and the percentage of its investment and senior staff who are a (i) minority person, (ii) female, or (iii) person with a disability;
- The number of contracts, oral or written, as well as fund expenses to date that the Vendor has in place for investment services, consulting services, and professional and artistic services that constitute a (i) minority owned business, (ii) female owned business, or (iii) business owned by a person with a disability; and
- The number of contracts, oral or written, as well as fund expenses to date that the Vendor has in place for investment services, consulting services, and professional and artistic services where more than 50% of services performed pursuant to contract are performed by a (i) minority person, (ii) female, or (iii) person with a disability but do not constitute a business owned by a minority, female, or person with a disability.

Lastly, the Policy sets forth goals for the utilization of businesses owned by minorities, females, and persons with a disability for all contracts and services of the Board. Staff reviews these goals annually and surveys the list of vendors currently servicing ISBI to determine areas for potential utilization of businesses owned by minorities, females, and persons with a disability.

During the past year, under new leadership, ISBI has created an internal Staff Diversity Committee that seeks to improve diversity initiatives within ISBI as well as influence its Strategic Partners and Consultant. Those initiatives may include creating an Annual Report, an internship program featuring a diverse hiring slate, improved access to MWDBE vendors, and having our Vendors complete a Questionnaire detailing its diversity and inclusion efforts. The Staff Committee reports its progress on a quarterly basis, at a minimum, to the Board's Emerging Manager Committee.

ISBI will continue to comply with and improve upon its policies pertaining to emerging and minority utilization and will review such on an annual basis.

Sincerely,

ILLINOIS STATE BOARD OF INVESTMENT

A handwritten signature in blue ink that reads "Johara Farhadieh". The signature is written in a cursive style with a large initial 'J'.

Johara Farhadieh
Executive Director/ Chief Investment Officer

Enclosures: ISBI Diversity Policy
List of Emerging Money Managers

Listing of Emerging and Minority Investment Managers

Asset Class	Investment Manager	Address	Market Value as of 9/30/18	% of Total
Fixed Income	Payden & Rygel	265 Franklin Street, Floor 16 Boston, MA 02110	\$86,037,772	0.5%
Fixed Income	Garcia Hamilton	5 Houston Center, 1401 McKinney St. Suite 1600 Houston, TX	\$601,199,876	3.2%
Fixed Income Total			\$687,237,648	3.7%
Large-Cap Equity	Rhumbline	265 Franklin St., 21st Floor Boston, MA 02110	\$3,052,065,540	16.4%
Large-Cap Equity Total			\$3,052,065,540	16.4%
Small-Cap Value Equity	Channing Capital	10 S. LaSalle St., Ste. 2650, Chicago, IL 60603	\$189,914,404	1.0%
Small-Cap Value Equity Total			\$189,914,404	1.0%
International Equity	Ariel Investments	200 E. Randolph Dr., Ste. 2900 Chicago, IL	\$287,472,538	1.5%
International Equity	GQG Partners	450 East Las Olas Boulevard Suite 750 Fort Lauderdale, FL 33301	\$247,352,859	1.3%
International Equity Total			\$534,825,397	2.9%
Rock Creek Managers	HG Vora Special Opportunities Fund, Ltd	330 Madison Ave., 23rd Floor New York, NY 10017	\$19,185,132	0.1%
Rock Creek Managers	SRS Partners US, LP	One Bryant Park, 39th Floor New York, NY 10036	\$22,483,386	0.1%
Rock Creek Managers	SRS Partners, Ltd**	One Bryant Park, 39th Floor New York, NY 10036	\$3,292,981	0.0%
Rock Creek Managers Total			\$44,961,499	4.1%
Private Equity	Castle Ventures III, L.P.	930 Winter Street, Suite 500 Waltham, MA 02451	\$2,025,521	0.0%
Private Equity	Clearlake Capital Partners III	233 Wilshire Blvd, Suite 800, Santa Monica, CA 90401	\$33,890,366	0.2%
Private Equity	Clearlake Capital Partners IV	233 Wilshire Blvd, Suite 800, Santa Monica, CA 90401	\$17,864,445	0.1%
Private Equity	Clearlake Capital Partners V	233 Wilshire Blvd, Suite 800, Santa Monica, CA 90401	\$11,684,435	0.1%
Private Equity	Levine Leichtman V	335 North Maple Dr, Suite 130, Beverly Hills, CA 90210	\$19,097,039	0.1%
Private Equity	Valor Fund II	200 S. Michigan Ave., Ste. 1020 Chicago, IL 60601	\$41,086,444	0.2%
Private Equity	Valor Fund III	200 S. Michigan Ave., Ste. 1020 Chicago, IL 60601	\$21,878,026	0.1%
Private Equity	Vista Equity Partners V	401 Congress Ave., Ste. 3100, Austin, TX 78701	\$42,869,146	0.2%
Private Equity Total			\$190,395,422	1.0%
Real Estate	Avanath Affordable Housing II	17901 Von Karman Ave., Ste. 150, Irvine, CA 92614	\$22,317,506	0.1%
Real Estate	Oak Street Capital III	125 S. Wacker Dr., Suite 1220, Chicago, IL 60606	\$12,060,235	0.1%
Real Estate	Oak Street Capital IV	125 S. Wacker Dr., Suite 1220, Chicago, IL 60606	\$6,230,030	0.0%
Real Estate	Tristan Capital IV	3 Bethesda Metro Center, Ste. 1000, Bethesda, MD 20814	\$21,274,527	0.1%
Real Estate Total			\$61,882,298	0.3%
Total Emerging and Minority Managers*			\$4,761,282,207	25.6%
Total Portfolio			\$18,609,575,277	

*Excludes terminated managers with assets less than \$1 million

ISBI ILLINOIS STATE BOARD OF INVESTMENT

DIVERSITY POLICY

Adopted:

September 21, 2001

Amended:

October 24, 2003

June 22, 2005

March 20, 2009

December 18, 2009

March 19, 2010

December 16, 2011

June 21, 2013

September 26, 2014

September 17, 2015

June 16, 2016

March 3, 2017

February 23, 2018

Table of Contents

Objective..... 2

A. Emerging and Minority Investment Managers 2

B. Minority and Illinois Brokerage 4

C. Minority Contract and Service Utilization..... 6

D. Fiduciary Diversification 6

Objective

The Illinois State Board of Investment ("ISBI"), through its Board of Trustees (the "Board"), has adopted this Diversity Policy (the "Policy") to increase access and opportunities for emerging managers and brokers who are minorities, women and persons with a disability as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act and the Illinois Pension Code.

A. Emerging and Minority Investment Managers

It is the primary goal of ISBI to develop and maintain an investment program that will help secure the retirement benefits of the participating retirement plans. In order to achieve this objective, investment advisers are selected based on their long-term records of performance, depth of investment staff, and consistency of approach, among other characteristics.

However, ISBI recognizes that even large, experienced, and successful investment organizations were once small, start-up firms with few assets under management. Today many such firms are owned by minorities, women, and persons with a disability. These firms are often started by experienced investment professionals, who show great promise, but find it difficult to compete with large majority owned organizations. The firms typically do not meet the minimum standards set for investment advisers by large investment programs such as ISBI. Consequently, they are not considered.

In order to gain exposure to these emerging organizations, ISBI has established the following aspirational goals:¹

- To utilize emerging investment managers² and firms owned by minorities, females, and persons with a disability³ for no less than 20% of ISBI's total fund assets.

Goals for Utilization of Emerging and Minority Investment Managers Minority-Owned Businesses, Female-Owned Businesses, and Businesses Owned by Persons with a Disability

It is the goal of ISBI that, subject to its fiduciary responsibility, the use of emerging investment managers shall be significant in each of the broad asset classes in which ISBI is invested and not concentrated in any particular asset class.

ISBI has adopted the following minimum goals for the utilization of emerging and minority investment managers⁴:

¹ Effective January 1, 2016, Public Act 99-0462 requires ISBI to establish certain aspirational goals for the utilization of Minority Investment Managers.

² Effective April 3, 2009, Public Act 96-0006 revised the definition of "emerging investment manager." As a result, the current definition applicable to ISBI is found in 40 Ill. Comp. Stat. § 5/1-109(4) and is defined as "a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a 'minority owned business', 'female owned business' or 'business owned by a person with a disability' as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act."

³ For purposes of this Policy, the term "Minority Investment Manager" includes emerging investment managers and/or minority owned business, female owned business, or business owned by a person with a disability as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

⁴ Public Act 96-0006 requires the establishment of "3 separate goals for (i) emerging investment managers that are minority owned businesses; (ii) emerging investment managers that are female owned businesses; and (iii) emerging investment managers that are businesses owned by a person with a disability."

**Goals for Utilization of Emerging and Minority Investment Managers
By Investment Manager Classification**

Classification	Percent of Total Portfolio	
	Emerging	Minority
Minority-Owned	5% - 10%	5% - 10%
Female-Owned	3% - 8%	3% - 8%
Disabled	0% - 2%	0% - 2%

**Goals for the Utilization of Emerging and Minority Investment Managers
By Asset Class**

Asset Class	Percent of Asset Class	
	Emerging	Minority
Equities	8% - 10%	8% - 10%
Fixed Income	10% - 12%	10% - 12%
Alternatives*	1% - 5%	1% - 5%

* Alternative investments are not subject to the requirements set forth in Public Act 96-0006.

These goals will be reviewed annually by Staff and the Board.

For purposes of this Policy, the emerging and/or minority investment manager must provide documentation of a current State of Illinois certification⁵ or documentation of a current state issued certification. For emerging and/or minority investment manager without a state issued certification, an attestation by the investment manager or General Partner stating that the investment manager or advisor is a "minority owned business", "female owned business" or "business owned by a person with a disability", as those terms are defined by the Illinois Business Enterprise for Minorities, Females and Persons with Disabilities Act⁶ must be provided. The emerging and/or minority investment manager is required to immediately notify ISBI as to any change in the matters covered by any such attestation. On an annual basis, the emerging and/or minority investment manager must certify to ISBI that its state-issued certification is in good standing or, alternatively, that nothing in its attestation stating that the investment manager or advisor is a "minority owned business", "female owned business" or "business owned by a person with a disability", as those terms are defined by the Illinois Business Enterprise for Minorities, Females and Persons with Disabilities Act, has changed. ISBI and the Board are relying on certifications and/or investment manager attestations for reporting purposes. In the event it is discovered an investment manager

⁵ A "State of Illinois certification" is a certification granted by the Illinois Department of Central Management Services to a Minority Business Enterprise, a Female Business Enterprise or a Person with Disabilities Enterprise under the Business Enterprise Program for Minorities, Females, and Persons with Disabilities.

⁶ 30 ILCS 575

has misrepresented information to ISBI, such misrepresentation shall be grounds for termination of the relationship.

Minority investment managers may represent any asset class within ISBI's asset allocation. Allocations to minority investment managers will be made in accordance with the fiduciary standards under which all ISBI investment advisers operate.

Asset Management

1. Staff will review the statistical requirements for investment adviser searches as needed to provide better access to minority investment managers that have appropriate products.
2. Staff will use reasonable best efforts to include at least one minority investment manager in final Staff interviews, consistent with the requirements of the Illinois Pension Code. Staff will inform the Board of all minority investment manager candidates.
3. Staff will regularly meet with Illinois-based minority investment managers on-site and learn more about the Illinois-based minority investment manager community.
4. Staff will encourage ISBI consultants and strategic partners to be proactive and use creative approaches in achieving the Board's objectives with respect to the use of minority investment managers.

B. Minority and Illinois Brokerage

ISBI seeks to increase access and business with state certified, minority-owned broker/dealers and Illinois-based broker/dealers; therefore, ISBI, as a part of this Policy, has adopted minimum expectations for the use of minority-owned broker/dealers⁷ by investment advisers. The minimum expectations are established based on the asset class in which the investment adviser invests. In addition, ISBI will encourage its investment advisers to direct 25% of their trades to Illinois-based⁸ broker/dealers. It is further the policy objective of ISBI to encourage its investment advisers to seek to obtain best price execution to ensure that all transactions are executed in a manner that the total explicit and implicit costs of such transactions are the most favorable under the circumstances.

For purposes of this Policy, in order to be considered a minority-owned broker/dealer, documentation of a current State of Illinois certification or documentation of a current state issued certification must be provided to the Board.

Transactions completed with minority-owned broker/dealers on behalf of ISBI must be completed at rates fully competitive with the market. Subject to best execution, investment advisers for ISBI's separately managed investment portfolios are strongly encouraged to direct the below percentages of total eligible commission dollars or eligible trading volume to minority-owned broker/dealers.

<u>Asset Class</u>	<u>Minimum Goal as a Percentage</u>
U.S. Equity	30%

⁷ In accordance with Public Act 96-0006, "minority-owned broker dealer" means "a qualified broker-dealer who meets the definition of 'minority owned business', 'female owned business', or 'business owned by a person with a disability', as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act."

⁸ The definition of an "Illinois-based" firm is consistent with the Illinois Pension Code which defines "Illinois business" as "a business, including an investment adviser, that is headquartered in Illinois." 40 Ill. Comp. Stat. § 5/1A-108.5(a).

<u>Asset Class</u>	<u>Minimum Goal as a Percentage</u>
International Developed Equity	20%
Emerging Market Equity	0-5%
Domestic Investment Grade Fixed Income	20%
Domestic Below Investment Grade Fixed Income	0 – 5%
International Developed and Emerging Market Fixed Income	0 – 5%
Hedged Equity	0 - 5%

These goals will be reviewed annually by Staff.

Brokerage

1. Staff will strongly encourage, verbally and in writing, ISBI's public markets' investment advisers to directly utilize minority-owned brokers/dealers. Staff will add additional asset classes when appropriate.
2. Staff will strongly encourage, verbally and in writing, investment advisers to direct 25% of their trades to Illinois-based broker/dealers.
3. Staff will strongly encourage, verbally and in writing, investment advisers to obtain best price execution to ensure that all transactions are executed in a manner that the total explicit and implicit costs of such transactions are the most favorable under the circumstances.
4. Staff will provide to minority-owned broker/dealers the contact information for ISBI's public markets' investment advisers.
5. Staff will monitor the use of Illinois-based broker/dealers and minority-owned broker/dealers by ISBI's investment advisers, and report results to the Board on a quarterly basis. If an investment adviser reports less than their encouraged percentage of minority-owned broker/dealer utilization, Staff will require the adviser to state the reason for the shortfall. The Board will decide if the adviser's practices are in accordance with this Policy.
6. Staff will consider the use of Illinois-based broker/dealers and minority-owned broker/dealers when evaluating existing investment advisers.
7. Step-outs and correspondence are prohibited. With regard to international developed and emerging market fixed income, below investment grade domestic fixed income, emerging market equity, and hedged equity allocations, best efforts by ISBI's investment advisers shall be applied. Consistently with regards to commingled fund structures, best efforts by ISBI's investment advisers shall be applied.

Consequences of Non-Compliance

ISBI continuously monitors investment advisers' compliance with this Policy and has established a series of consequences for those advisers who continually fail to meet expectations. The investment advisers are expected to achieve the desired levels of brokerage usage over a fiscal year period. The following steps will occur if the investment adviser continues to fall short of expectations:

1. A follow-up letter will be distributed to the investment advisers not achieving the minimum level of minority-owned broker/dealer usage. The investment advisers will be reminded of the brokerage usage expected by the Board.
2. Staff will conduct a meeting with the investment adviser to discuss the reasons for not achieving the desired level of brokerage usage.
3. Investment advisers not achieving the expected levels of minority-owned broker/dealer usage may be subject to a moratorium on additional funding.
4. If an investment adviser fails to comply with the request, they may be invited to appear before the Board to explain why they are unable to achieve the desired level of brokerage usage.
5. The investment adviser may be placed on the Investment Advisers Watch List.

C. Minority Contract and Service Utilization

Public Act 96-0006 states that ISBI shall adopt a policy which sets forth goals for the utilization of businesses owned by minorities, females, and persons with disabilities for all contracts and services. According to PA 96-0006, "The goals shall be based on the percentage of total dollar amount of all contracts let to minority owned businesses, female owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act."

In furtherance of the Act, ISBI, subject to its fiduciary responsibility, has set forth a minimum goal of 0-1% of the total dollar amount for all contracts for the utilization of businesses owned by minorities, females, and persons with disabilities.

In addition, pursuant to Public Act 99-0462, ISBI has set an aspirational goal to have no less than 20% of the total service contracts awarded for information technology, accounting, insurance brokerage, and legal services to be let to businesses owned by minorities, females, and persons with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

D. Fiduciary Diversification

ISBI acts as fiduciary for the General Assembly Retirement System, the Judges' Retirement System of Illinois and the State Employees' Retirement System of Illinois. As a fiduciary, ISBI is responsible for managing, investing, reinvesting, preserving and protecting fund assets.⁹

It is the policy objective of ISBI to comply with all federal and state statutes, rules and regulations pertaining to ISBI's investments. PA 96-0006 encourages ISBI to increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence.¹⁰

In furtherance of the Act, it is the goal of ISBI to use its best efforts to increase the racial, ethnic, and gender diversity of its fiduciaries, including its consultants, strategic partners and senior staff, within the bounds of financial and fiduciary prudence.

⁹ See 40 ILCS 5/1-101.2

¹⁰ See 40 Ill. Comp. Stat. § 5/1-109.1

As vacancies occur, ISBI will make every effort to increase the racial, ethnic, and gender diversity of its consultants, strategic partners and senior staff in accordance with this Policy and within the bounds of financial and fiduciary prudence.

In accordance with its Affirmative Action Plan, ISBI submits quarterly Workforce Analysis and Workforce Transaction Reports to the Department of Human Rights. ISBI will continue to report to the Department of Human Rights on both a quarterly and an annual basis.

This goal will be monitored and reviewed annually in conjunction with the annual Affirmative Action Plan.