



**ILLINOIS STATE BOARD OF INVESTMENT**

180 North LaSalle Street, Suite 2015

Chicago, Illinois 60601

(312)793-5718

November 14, 2016

Ms. Katie Madonia, CPA

Director of Financial Reporting

Illinois Office of the Comptroller

Dear Ms. Madonia:

Pursuant to 15 ILCS 405/19.5 and to the letter from your Office dated November 4, 2016, Illinois State Board of Investment (ISBI) is submitting a response and corrective action plan related to certain outstanding FY 16 CAFR information.

ISBI is committed to timely financial reporting. Previous financial statements have been submitted on time to the Illinois Office of the Comptroller. The GASB 72 Fair Value Measurement disclosure information cited in your letter is prepared as a joint effort between ISBI and the Custodian for ISBI State Street Bank and Trust. State Street Bank and Trust has had issues in providing ISBI the data necessary to complete the disclosure due to the highly manual nature of their process. This has hampered ISBI's timeline for completion of the required disclosure.

Consistent with the Board's fiduciary duties, ISBI issued a Request for Competitive Proposals ("RFP") from custodial banks ("Respondents" or "Custodian") qualified to provide the Board with comprehensive domestic and international master trust/custodial services (acting in the capacity of a plan fiduciary). At the September 2016 meeting of the Board, Northern Trust was selected to provide Custodial services to commence starting January 1, 2017. Northern Trust's GASB reporting package is a comprehensive automated reporting system. This will speed up the reporting process and eliminate the manual back and forth and issues experienced by ISBI with the current Custodian.

Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Alise White".

Alise White

Director of Operations, Accounting and Audit

Cc: Chairman Marc Levine

Justice Mary Seminara-Schostok

William Atwood, Executive Director