

MINUTES OF THE
ILLINOIS STATE BOARD OF INVESTMENT
MEETING HELD
Friday, July 22, 2016 – 10:30 A.M.

Present:

Board Members

Marc Levine
Mark Cozzi
Ezequiel Flores
Shari Greco Reiches
Justice Mary Seminara-Schostok
Steve Powell
Treasurer Michael Frerichs

Staff

William Atwood
Genette Bacon
Johara Farhadieh
Scott Richards
Tondalaya Lewis-Hozier
Katherine Novel
Alise White
Chris Brannan

Guests

Burke Burnes & Pinelli, Ltd.
Mary Patricia Burns
Illinois State Treasurer's Office
Jay Rowell
Rodrigo Garcia
State Street Global Advisors
Chris Probyn (and colleague)
Funston Advisory Services LLC
Rick Funston
Tom Cross
Michael Beschloss
Afsaneh Beschloss

Absent:

Board Members

Senator James Clayborne
Comptroller Leslie Munger

ROLL CALL

Vice Chairman Cozzi called the meeting to order at 10:34 a.m. Mr. Brannan called the roll and noted that a quorum was not present. Acting Chairman Cozzi stated that no action was to be taken at the meeting since the meeting was educational in nature, the meeting may proceed. Acting Chairman Cozzi stated that it is standard operating procedure for the Investment Policy Committee to have educational sessions to fully understand the portfolio and that was the reason for the educational session before the Board.

Justice Schostok entered the meeting. Mr. Brannan noted that a quorum was now present.

ETHICS PRESENTATION (Education Session)

Mary Patricia Burns of Burke Burns & Pinelli LLP referred members to her presentation materials, "Ethics Considerations". (Official Minutes contain attachment.) She presented on the current status of Freedom of Information Act laws and how judges in Illinois are interpreting them. Ms. Burns proceeded to discuss best practices regarding use of mobile devices and email accounts. Discussion ensued amongst Ms. Burns and members of the Board. Ms. Burns then briefly discussed matters involving conflicts of interest and the Illinois Gift Ban Act. Following a review of materials, and comments from members of the Board, the members thanked Ms. Burns for her time and requested that Ms. Burns make another educational presentation on ethics matters at the next scheduled Board meeting.

GLOBAL ECONOMICS PRESENTATION (Education Session)

Chris Probyn, the Chief Economist at State Street Global Advisors, referred members to his presentation materials, "More of the Same The Outlook for 2016 & 2017". (Official Minutes contain attachment.) He presented on the status of global macroeconomic factors and their current and likely continued pressure on public pension funds. Mr. Probyn proceeded to focus on individual markets around the world, including the United States, BRIC (Brazil, Russia, India, and China), and the Eurozone. The discussion of the Eurozone primarily focused on Great Britain's recent referendum to exit the European Union. Following a review of materials, and questions from members of the Board and Staff, the members thanked Mr. Probyn for his time and Mr. Probyn left the meeting.

BREAK

Acting Chairman Cozzi stated the Board would break for lunch and reconvene at approximately 1:00 p.m.

Chairman Levine reconvened the meeting at 1:08 p.m.

GOVERNANCE PRESENTATION (Education Session)

Rick Funston of Funston Advisory Services referred members to his presentation materials, "Shift Happens! Preparedness and Governance". (Official Minutes contain attachment.) He presented about laws and best practices in general board governance. This presentation discussed the roles of committees, fiduciary rules, and the general standard of care for fiduciaries of a public pension board. Mr. Funston then discussed the importance of a clear investment policy, including the importance to delineate the matters that the Board should be involved with versus matters that the Board should be removed from. Following a review of materials, and questions from members of the Board and Staff, the members thanked Mr. Funston for his time.

CHAIRMAN PRESENTATION

In the interests of time, Chairman Levine briefly discussed changes made throughout the prior fiscal year, including the hiring of Meketa Investment Group as ISBI's general investment consultant and a new asset allocation. Due to the arrival Mr. Beschloss, the Board agreed to discuss these matters further at the scheduled September Board meeting.

LEADERSHIP PRESENTATION

Michael Beschloss, United States presidential historian, discussed the primary leadership qualities that he has noted in his decades of research and historical publications about presidents of the United States, including guts, the ability to communicate, a knowledge of history, and the ability to work with other political parties and factions. Mr. Beschloss cited specific historical events for each of these factors including George Washington's signing of the Jay Treaty with Great Britain despite domestic opposition, Abraham Lincoln's actions to emancipate the slaves, and John F. Kennedy's application of events leading to World War I to handling the Cuban Missile Crisis. Following questions from members of the Board and Staff, the members thanked Mr. Beschloss for this time.

NEW BUSINESS / OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Chairman Levine stated that the next meeting of the Board would be on September 15, 2016 with official notices distributed at a later date. There being no further business to come before the Board, Chairman Levine moved to adjourn the meeting. Trustee Cozzi seconded and the meeting was adjourned.

Respectfully submitted,



William Atwood, Executive Director

