

**MINUTES OF THE
ILLINOIS STATE BOARD OF INVESTMENT**

Thursday, April 19, 2018 – 2:00 p.m.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:

Board Members

Chairman Marc Levine
Ezequiel Flores
Katherine Hennessy
Shari Greco Reiches
Justice Mary Seminara-Schostok
Stacey Woehrle

Staff

William Atwood
Shannon Bond
Johara Farhadieh
Dipesh Mehta

Guests

Funston Advisory Services LLC
Rick Funston

Absent:

Senator James Clayborne
Treasurer Michael Frerichs
Comptroller Susana Mendoza

ROLL CALL

Chairman Levine called the meeting to order at 2:05 p.m. in the Boardroom of the Illinois State Board of Investment office at 180 North LaSalle Street, Suite 2015, in Chicago. Ms. Bond called the roll and noted that a quorum was present.

Chairman Levine moved to allow Trustee Woehrle to participate in the meeting via conference call pursuant to Section 7(a) of the Open Meetings Act. Trustee Reiches seconded, and the motion passed unanimously. At 2:05 p.m., Trustee Woehrle joined the meeting by conference call.

REPORT OF THE CHAIR

Chairman Levine noted that Mr. Funston previously gave a fiduciary presentation to the Board Members found the information very valuable. Chairman Levine re-introduced Mr. Funston to the Board for his educational presentation to the Board on fiduciary and governance topics.

PRESENTATION BY FUNSTON ADVISORY SERVICES LLC – RICK FUNSTON (EDUCATION SESSION)

Mr. Funston directed the Members attention to his book, “*One of a Kind! A Practical Guide for 21st Century Public Pension Trustee,*” and his presentation materials. Mr. Funston discussed what makes a board successful and gave examples of diverse groups that were able to move from “diversity of opinion” to “unity of direction.” Mr. Funston encouraged Members to have an open dialogue with Staff. Discussion ensued amongst Members and Staff, regarding how matters are discussed with Staff and each other and ways the process could be improved. Justice Schostok stated that the meetings with Staff before Board meetings to go over the agendas is very helpful. Mr. Funston noted that ISBI’s utilization of Strategic Partners is a leading best practice, because it allows Members to use their time more efficiently and focus on the big picture governance issues. Mr. Funston suggested keeping a board calendar to help Members and Staff know what to expect throughout the year and noted that the board calendar would drive agendas and committee meetings. Mr. Funston also suggested that the Board’s conflict of interest or ethics policy be reviewed and updated, if necessary.

Mr. Funston cautioned that assumptions are the biggest source of risk, because assumption bias leads people to suppress evidence that is contrary to their assumptions. He suggested that Members and Staff consciously take note of any assumptions being made prior to making investment decisions.

Mr. Funston discussed methods to improve the Members’ engagement. Discussion ensued amongst the Members. Trustees Reiches and Woehrle volunteered to work together to create an outline for a Member’s training guide.

NEW BUSINESS/OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

At 4:06 p.m., there being no further business to come before the Board, Trustee Flores moved to adjourn the meeting. Trustee Reiches seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/Chief
Investment Officer