

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

Friday, June 29, 2018 – 10:00 a.m.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:

Board Members

Chairman Marc Levine
Senator James Clayborne
Ezequiel Flores
Treasurer Michael Frerichs
Katherine Hennessy
Comptroller Susana Mendoza
Shari Greco Reiches
Justice Mary Seminara-Schostok
Stacey Woehrle

Staff

Johara Farhadieh
Dipesh Mehta
Atul Talwar

Guests

Burke Burns & Pinelli, Ltd.
Mary Pat Burns

Illinois State Comptroller's Office
Chasse Rehwinkel
Lauren Peters
Kathleen Stralka

Illinois State Treasurer's Office
Rodrigo Garcia
Allen Mayer

ROLL CALL

Chairman Levine called the meeting to order at 10:02 a.m. in the Boardroom of the Illinois State Board of Investment office at 180 North LaSalle Street, Suite 2015, in Chicago. Mr. Mehta 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 10:05 a.m., Trustee Woehrle joined the meeting by conference call.

REPORT OF THE CHAIR

None.

HARDSHIP APPEAL

ISBI's General Counsel served as the Hearing Officer in the Hardship Appeal titled 18-037. The Hearing Officer referred Members to the "Report of Hearing Officer's Findings" and "Recommendation of Hearing Officer." The Hearing Officer discussed the legal and factual findings leading to the recommendation to affirm the Hardship Committee's decision denying the hardship distribution. Justice Schostok moved to approve the recommendation provided by the Hearing Officer with respect to H/S 18-037. Senator Clayborne seconded and the motion passed unanimously.

DISCUSSION AND POSSIBLE ACTION REGARDING PERSONNEL TRANSITION MATTERS INCLUDING APPOINTMENT OF DIRECTOR

At 10:14 a.m., Trustee Reiches moved to go into Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss the employment and performance of specific employees. Treasurer Frerichs seconded, and the motion was called to a roll call vote. All in favor: Trustees Clayborne, Flores, Frerichs, Hennessy, Levine, Mendoza, Reiches, Schostok, and Woehrle. Nays: None. The motion passed unanimously. Staff was excused from the meeting.

At 10:57 a.m., Justice Schostok moved to return to the open meeting. Trustee Hennessy seconded, and the motion passed unanimously.

Trustee Hennessy moved that the General Counsel and Fiduciary Counsel effectuate the necessary transition steps for the outgoing Executive Director. Trustee Reiches seconded. All in favor: Trustees Clayborne, Flores, Frerichs, Hennessy, Levine, Mendoza, Reiches, Schostok, and Woehrle. Nays: None. The motion passed.

Trustee Flores moved that the current position of Executive Director and Chief Investment Officer be combined and re-classified as one position titled the Executive Director/Chief Investment Officer position consistent with the job description reviewed by the Board. Justice Schostok seconded. All in favor: Trustees Clayborne, Flores, Frerichs, Hennessy, Levine, Mendoza, Reiches, Schostok, and Woehrle. Nays: None. The motion passed.

Senator Clayborne moved that Johara Farhadieh be appointed to the position of Executive Director/Chief Investment Officer subject to successful contract negotiations with authority granted to Chairman Levine, Justice Schostok, and Trustee Woehrle to approve such employment terms consistent with the Board's direction.

Discussion ensued amongst the Members. Senator Clayborne noted that while ISBI may conduct an external search, it will add unnecessary expense and may not yield better results. Senator Clayborne stated that Ms. Farhadieh would make an excellent Executive Director/Chief Investment Officer ("ED/CIO"), and that she respects the Board and the Staff supports her. Comptroller Mendoza stated she will vote "no" on the motion because of her concerns regarding the Board appointing an Executive Director/Chief Investment Officer without a formal competitive search. Treasurer Frerichs noted that he would also vote "no" on the motion and that it was his recommendation that as fiduciaries, the Board should conduct an external search. Trustee Reiches stated she would vote "yes" on the motion based on Ms. Farhadieh's competency, knowledge, and fit. She further noted that appointing Ms. Farhadieh would ensure the least amount of disruption for ISBI. Chairman Levine stated that Board Members should vote for Ms. Farhadieh if Board Members believe that appointing Ms. Farhadieh to the position of Executive Director/Chief Investment Officer was in the best interest of ISBI and its participants.

Following the discussion, Justice Schostok seconded the motion made by Senator Clayborne. All in favor: Trustees Clayborne, Hennessy, Levine, Reiches, Schostok, and Woehrle. Nays: Flores, Frerichs, and Mendoza. The motion passed.

At 11:07 a.m., Chairman Levine moved go into Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss the employment and performance of specific employees. Justice Schostok seconded, and the motion was called to a roll call vote. All in favor: Trustees Clayborne, Flores, Frerichs, Hennessy, Levine, Mendoza, Reiches, Schostok, and Woehrle. Nays: None. The motion passed unanimously.

At 11:44 a.m., Reiches moved to return to the open meeting. Trustee Hennessy seconded, and the motion passed unanimously.

Staff was invited back to the meeting.

Chairman Levine introduced Ms. Johara Farhadieh as the new Executive Director/Chief Investment Officer. Ms. Farhadieh thanked the Board of Trustees for the opportunity and said it was an honor to continue to serve ISBI and its beneficiaries/participants.

NEW BUSINESS/OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

At 11:54 a.m., there being no further business to come before the Board, Justice Schostok moved to adjourn the meeting. Trustee Flores seconded, and the meeting was adjourned.

Respectfully submitted,



Dipesh Mehta, General Counsel and
Chief Compliance Officer