

**MINUTES OF THE
DEFINED CONTRIBUTION COMMITTEE**

Thursday, December 12, 2019 – 2:05 P.M.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:

<u>Committee Members</u>	Committee Chairman Senator Robert Martwick Board Chairwoman Justice Mary Seminara-Schostok Comptroller Susana Mendoza Ronald Powell Elizabeth Sanders
<u>Board Members</u>	Gisela Attlan Michael Tarnoff
<u>Staff</u>	Genette Bacon-Cordova Johara Farhadieh Mitchell Green Heidi Hendricks Maryann Hong James Karls Dipesh Mehta Jessica Revilla Scott Richards Atul Talwar David Zaloga
<u>Guests</u>	Burke Burns & Pinelli, Ltd. Sarah Boeckman State Employees' Retirement System Tim Blair (via Telephone) Illinois State Comptroller's Office Andrew Ranck Illinois State Treasurer's Office Allen Mayer Rodrigo Garcia

RVK, Inc.

Jennifer Sandburg

Mikaylee O'Connor

Governmental Consulting Solutions

Steve Zahn

Not Present:

Committee Members

Treasurer Michael Frerichs

Jaye Williams

ROLL CALL

Committee Chairman Martwick called the meeting to order at 1:55 p.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 a quorum was present.

REPORT OF THE DEFINED CONTRIBUTION COMMITTEE CHAIR

None.

CONSIDERATION AND APPROVAL OF PREVIOUS MEETING MINUTES

Board Chairwoman Schostok moved to approve the meeting minutes from the September 20, 2019 meeting of the Defined Contribution Committee. Trustee Powell seconded, and the motion passed unanimously.

CONSIDERATION AND APPROVAL OF REVISIONS TO THE DEFERRED COMPENSATION INVESTMENT POLICY

Ms. O'Connor from RVK directed Trustees to the presentation materials and discussed the proposed changes to ISBI's Deferred Compensation Investment Policy. Ms. O'Connor explained that the changes were based on RVK's recommendation of best practices, while also allowing flexibility in the language. Ms. O'Connor asked the Trustees if they had any questions and there were none.

Trustee Tarnoff moved that the revisions to the Deferred Compensation Investment Policy be approved as presented, consistent with the recommendations of ISBI Staff and RVK. Trustee Sanders seconded, and the motion passed unanimously.

AUTO-ENROLLMENT UPDATE (PUBLIC ACT 101-0277)

At 2:04 p.m., Board Chairwoman Schostok moved to go into Executive Session pursuant to Section 2(c)(7) of the Open Meetings Act to discuss specific investment contracts. Trustee Powell seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Committee Chairman Martwick, Trustee Mendoza, Trustee Powell, and Trustee Sanders.

After discussion amongst the Committee, Board Chairwoman Schostok rescinded the motion. Committee remained in open session for the remainder of the Defined Contribution Committee meeting.

Auto-Enrollment Implementation Status

Ms. O'Connor from RVK directed Trustees to the presentation materials and discussed updates regarding Auto-Enrollment. Ms. O'Connor stated that the implementation was going as planned and detailed the ongoing communication between T.Rowe Price and the Illinois Department of Central Management Services (CMS). Ms. O'Connor explained how CMS, as plan administrator,

was spearheading this effort and ISBI staff was working closely with CMS to ensure that ongoing efforts were proceeding smoothly.

Consideration and Approval of Default Investment Option

Ms. O'Connor directed Trustees to the presentation materials and discussed the Default Investment Option. Ms. O'Connor explained to the committee that under the legislation and current Plan structure, RVK's recommendation of the Default Investment Option would give participants more flexibility in their enrollment. Ms. O'Connor explained that this would ideally allow any beneficiaries who may not have realized they were enrolled in the Deferred Compensation Plan to have their contributions reimbursed. Ms. O'Connor explained the details of this process, including RVK's suggested options to minimize risk to participants during the initial withdrawal period.

Trustee Mendoza moved that the Default Investment Option be approved as presented, consistent with the recommendations of ISBI Staff and RVK. Trustee Powell seconded, and the motion passed unanimously.

Consideration and Approval of T.Rowe Price Statement of Work

Ms. O'Connor reviewed T.Rowe Price's services and the statement of work with the Trustees. Ms. O'Connor explained RVK's views that the fees were very reasonable, especially for the services that T.Rowe Price is providing. Committee Chairman Marwick asked if there were any questions, and there were none.

Trustee Powell moved to approve the T.Rowe Price Statement of Work, consistent with the recommendations of ISBI Staff and RVK. Trustee Sanders seconded, and the motion passed unanimously.

Consideration and Possible Approval of Revisions to JCAR

Ms. O'Connor directed the Trustees to the presentation materials and explained the proposed changes to the Joint Committee on Administrative Rules concerning the Deferred Compensation Plan. Committee Chairman Marwick asked if there were any questions, and there were none.

Trustee Mendoza moved that the Board, consistent with the recommendations of ISBI Staff and RVK, approve the revisions to JCAR, as presented, substantially in form and subject to the approval of possible revisions by CMS and ISBI's General Counsel. Trustee Sanders seconded, and the motion passed

CONSIDERATION AND APPROVAL OF ISSUANCE OF REQUEST FOR COMPETITIVE PROPOSAL FOR PASSIVE INDEX OPTIONS

Ms. Farhadieh discussed ISBI's recommendation to issue an RFP for Passive Index Investment Manager to provide investment management services for the State of Illinois Deferred Compensation Plan.

Trustee Mendoza moved to approve the issuance of an RFP for Passive Index Options, consistent with the recommendation of ISBI Staff and RVK, at such time and in such manner as deemed prudent by ISBI Staff. Trustee Powell seconded, and the motion passed unanimously.

REPORT BY CONSULTANT – RVK, INC.

Ms. O'Connor directed Trustees to the presentation materials and gave an update on the Deferred Compensation Plan's performance as of September 30, 2019. Ms. O'Connor stated that the plan was performing in line with expectations. Ms. O'Connor informed the Board of the addition of a new Target Date Fund, the 2065 fund, per the existing agreement with the Deferred Compensation Plan's Investment Manager, Vanguard Fiduciary Trust Company, for the Target Date fund series. Ms. O'Connor noted that the 2065 fund will be available to participants beginning July 1, 2020. Ms. O'Connor asked the Trustees if they had any additional questions and there were none.

NEW BUSINESS/OLD BUSINESS

None.

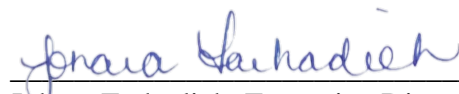
PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairman Martwick noted that the next meeting was scheduled for March 19, 2020 and Committee Members will be notified of the time at a later date. At 2:57 p.m., there being no further business to come before the Committee, Chairwoman Schostok moved to adjourn the meeting. Trustee Mendoza seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer