

MINUTES OF THE
ILLINOIS STATE BOARD OF INVESTMENT

Friday, June 26, 2020 – 11:05 A.M.
Remote Board Meeting
Per Public Act 101-0640

Present:

<u>Board Members</u>	Chairwoman Justice Mary Seminara-Schostok Gisela Attlan Treasurer Michael Frerichs Comptroller Susana Mendoza Senator Robert Martwick Michael Tarnoff Elizabeth Sanders Jaye Williams
<u>Staff</u>	Johara Farhadieh Mitchell Green Maryann Hong Dipesh Mehta Scott Richards Atul Talwar David Zaloga
<u>Guests</u>	Burke Burns & Pinelli, Ltd. Sarah Boeckman Illinois State Comptroller's Office Andrew Ranck Illinois State Treasurer's Office Allen Mayer Rodrigo Garcia Alliant Insurance Services, Inc. Craig Goesel Bruno Amici Governmental Consulting Solutions Steve Zahn
<u>Members of the Public</u>	Monica Duhaney

ROLL CALL

Board Chairwoman Schostok called the meeting to order at 11:30 a.m. Ms. Hong noted per the recently passed Public Act 101-0640 and the ongoing COVID-19 public health emergency, it was not prudent to conduct the ISBI Board meetings in person. As such, the June Board meeting would be conducted by virtual means. Ms. Hong also noted for the record that ISBI's General Counsel was physically present at the office.

REPORT OF THE CHAIR

Chairwoman Schostok thanked David Zaloga for his service to ISBI as Director of Operations and Accounting, and welcomed the Interim Director of Operations, Accounting and Audit, Jansen Hein, to ISBI.

CONSIDERATION AND APPROVAL OF MINUTES

Trustee Mendoza moved to approve the May 21, 2019 Board meeting minutes, as presented. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atflan, Trustee Frerichs, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, Trustee Sanders, Trustee Williams. The motion passed unanimously.

Trustee Mendoza moved to approve and keep closed the Executive Session minutes, as presented, from the May 21, 2020 Board meeting, pursuant to the recommendation of Fiduciary Counsel. Trustee Tarnoff seconded the motion, and the motion was called to a roll call vote. All in favor: Committee Chairman Tarnoff, Trustee Atflan, Board Chairwoman Schostok, Trustee Sanders, and Trustee Williams. The motion passed unanimously.

CONSIDERATION AND APPROVAL OF REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

Audit and Compliance Committee

Chairwoman Schostok provided the report of the Audit and Compliance Committee and read through the recommendations approved by the Audit and Compliance Committee at its June 25, 2020 meeting:

1. To approve the Financial Statements from December 31, 2019.
2. To approve and accept for filing, as presented, the Record of Vouchers.
3. To approve the Agent Contact Report.
4. To approve the conferences and trainings listed on the June 2020 list of Upcoming Training Opportunities, as presented and supplemented, pursuant to Section 1-150 of the Illinois Pension Code, and that all resulting allowable expenses incurred by Trustees be reimbursed, consistent with ISBI's policies.

Trustee Tarnoff moved to adopt and ratify the recommendations of the Audit and Compliance Committee from its June 25, 2020 meeting. Trustee Attlan seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Tarnoff, Trustee Attlan, Board Chairwoman Schostok, Trustee Sanders, and Trustee Williams. The motion passed unanimously.

PRESENTATION BY ALLIANT INSURANCE SERVICES, INC.

Mr. Goesel of Mesirow referred Trustees to the presentation materials and discussed Alliant Insurance Services fiduciary liability policy. Mr. Goesel confirmed that in his expert opinion, the recommended fiduciary liability policy was appropriate for ISBI's size and provided coverage that is consistent with similarly situated public pension funds.

Consideration and Approval of Fiduciary Liability Insurance Policy

Trustee Attlan moved to approve the renewal of ISBI's Fiduciary Liability Insurance Policy pursuant to the terms discussed on the record. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Tarnoff, Trustee Attlan, Board Chairwoman Schostok, Trustee Sanders, and Trustee Williams. The motion passed unanimously.

ACTUAL VS PROJECTED BUDGET FORECAST AS OF 3/31/20

Mr. Zaloga referred Members to the Actual vs. Projected Budget Forecast as of March 31, 2020 in the meeting materials. Mr. Zaloga stated that expenses were within expectations and overall favorable to the plan. Trustee Tarnoff complimented ISBI staff for managing the budget so well, especially for the portfolio of this size and complexity. Chairwoman Schostok asked the Board if there were any questions and there were none.

REPORT OF THE EXECUTIVE DIRECTOR/ CHIEF INVESTMENT OFFICER

Consideration and Approval of Proposed Fiscal Year 2021 Budget

Ms. Farhadieh discussed personnel updates and the proposed budget for Fiscal Year 2020. Ms. Farhadieh updated Trustees on Mr. Green's promotion to Investment Officer I and the creation of a new position at ISBI, the Business Operations and Government Affairs Analyst. Ms. Farhadieh gave an overview of the budget, noting that the total budget relative to assets under management remains the same as prior year and significantly lower than Fiscal Years 2015 and 2016.

Trustee Marwick moved that the Board, consistent with the recommendation of ISBI Staff, approve the Proposed Fiscal Year 2021 Budget and organizational chart, as presented. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Tarnoff, Trustee Attlan, Board Chairwoman Schostok, Trustee Sanders, and Trustee Williams. The motion passed unanimously.

CONSIDERATION AND POSSIBLE ACTION REGARDING REVISIONS TO BOARD POLICIES

Disaster Recovery Policy

Ms. Hong referred Trustees to the presentation materials and discussed ISBI's efforts to update the Disaster Recovery Policy. Ms. Hong described the various policy updates, which reflected ISBI's efforts and operational changes in response to the ongoing Covid-19 Pandemic.

Trustee Attlan moved that the Board, consistent with the recommendation of ISBI Staff, approve the revised Disaster Recovery Policy as presented. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Tarnoff, Trustee Attlan, Board Chairwoman Schostok, Trustee Sanders, and Trustee Williams. The motion passed unanimously.

LEGISLATIVE UPDATE – STEVE ZAHN

Mr. Zahn referred Board Members to his presentation materials. Mr. Zahn told the Board he would be joining the Illinois Firefighter's Pension Investment Fund and thanked ISBI staff. Mr. Zahn described the contents and status of recently passed legislation, noting that Spring session was greatly abbreviated due to the ongoing Covid-19 pandemic, and described the possible impact on ISBI.

NEW BUSINESS/OLD BUSINESS

Trustee Frerichs informed Trustees that his office would be applying for a grant from the National Association of State Treasurers. Ms. Farhadieh stated that ISBI would be happy to support the Treasurer in his efforts, and several Trustees expressed their support.

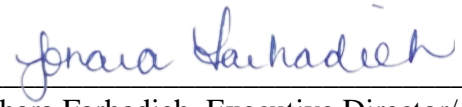
PUBLIC COMMENT

Ms. Duhaney made public comments regarding a personnel matter. Fiduciary counsel thanked Ms. Duhaney for her comments and there were no further comments from the public.

NEXT MEETING/ MOTION TO ADJOURN

Chairwoman Schostok noted that the next meeting will take place September 24-25, 2020. At 12:22 P.M., there being no further business to come before the Board, Trustee Tarnoff moved to adjourn the meeting. Trustee Frerichs seconded, and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in blue ink, reading "Johara Farhadieh". The signature is written in a cursive style with a horizontal line underneath it.

Johara Farhadieh, Executive Director/
Chief Investment Officer