

MINUTES OF THE
ILLINOIS STATE BOARD OF INVESTMENT

Wednesday, December 9, 2020 – 11:55 A.M.
Remote Board Meeting
Per Public Act 101-0640

Present:

Board Members

Chairwoman Justice Mary Seminara-Schostok
Gisela Attlan
Treasurer Michael Frerichs
Terrence Healy
Comptroller Susana Mendoza
Senator Robert Martwick
Michael Tarnoff
Elizabeth Sanders

Staff

Mary Cahill
Johara Farhadieh
Jansen Hein
Maryann Hong
Jennifer Koelle
Dipesh Mehta
Scott Richards
Alex Somolski
Atul Talwar

Guests

Burke Burns & Pinelli, Ltd.
Sarah Boeckman

Illinois State Comptroller's Office
Andrew Ranck

Illinois State Treasurer's Office
Allen Mayer
Rodrigo Garcia

Meketa Investment Group, Inc.
Alli Wallace

Members of the Public

Matt McCue, Financial News

Patrick Healy
Maya Ben
Monica Khetarpal
Nicholas Simpson

Not Present: Board Members

Jaye Williams

ROLL CALL

Board Chairwoman Schostok called the meeting to order at 12:05 P.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 December 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. Mr. Mehta called the roll and noted a quorum was present.

REPORT OF THE CHAIR

None.

CONSIDERATION AND APPROVAL OF MINUTES

Trustee Healy moved to approve the October 1, 2020 and October 12, 2020 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 Attlan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, and Trustee Sanders. The motion passed unanimously.

Trustee Healy moved to approve and keep closed the Executive Session minutes, as presented, from the October 1, 2020 and October 12, 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: Board Chairwoman Schostok, Trustee Attlan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, and Trustee Sanders. The motion passed unanimously.

Trustee Martwick moved that the Executive Session Minutes recommended by Fiduciary Counsel be opened to the public pursuant to Section 2.06(d) of the Open Meetings Act and that the verbatim records presented by Fiduciary Counsel be discarded pursuant to Section 2.06(c) of the Open Meetings Act. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Attlan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, and Trustee Sanders. The motion passed unanimously.

CONSIDERATION AND APPROVAL OF REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

Investment Policy Committee

Trustee Tarnoff provided the report of the Investment Policy Committee and gave a summary of the actions discussed.

Chairwoman Schostok read through the recommendations approved by the Investment Policy Committee at its December 8, 2020 meeting:

1. To approve the recommendation from Meketa and ISBI Staff to approve the revised Asset Allocation Policy, at such time and manner as ISBI Staff deems prudent;
2. To approve the recommendation from Meketa and ISBI Staff to approve the revised Strategic Partner Allocations and recommended ranges, including any legal revisions, at such time and manner as ISBI Staff deems prudent;
3. To approve the recommendation from ISBI Staff and ISBI's Strategic Partners to approve the Strategic Partners' Annual Plans;
4. To approve the revisions to the High Vista Investment Management Agreement, subject to successful contract negotiations and legal review.

Trustee Tarnoff moved to adopt and ratify the recommendations of the Investment Policy Committee from its December 8, 2020 meeting. Trustee Healy seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atflan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, and Trustee Sanders. The motion passed unanimously.

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 December 9, 2020 meeting:

1. To approve the Financial Statements from June 30, 2020.
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 December 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 Atflan moved to adopt and ratify the recommendations of the Audit and Compliance Committee from its December 9, 2020 meeting. Trustee Mendoza seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atflan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, and Trustee Sanders. The motion passed unanimously.

Defined Contribution Committee

Chairwoman Schostok read through the recommendations approved by the Defined Contribution Committee at its December 9, 2020 meeting:

1. To approve the recommendation from CMS to approve changes to the State of Illinois Deferred Compensation Plan Loan Policy, including implementing any necessary revisions to JCAR deemed necessary by ISBI's General Counsel;
2. To approve the recommendation from ISBI Staff to approve the Project Fee to RVK and the issuance of an RFP for a Recordkeeper to provide recordkeeping and administrative services for the Deferred Compensation Plan;
3. To approve the recommendation from RVK and ISBI Staff to approve the allocation of the Fee Reimbursement as part of the administrative fee holiday until the operating cash reserve balances are near the target outlined within the Administrative Fee Policy, implemented as soon as administratively feasible and at such time and in such manner as deemed prudent by RVK and ISBI Staff;
4. To approve the recommendation from ISBI Staff to approve the revisions to the Deferred Compensation Investment Policy, as presented.

Trustee Martwick moved to adopt and ratify the recommendations of the Defined Contribution Committee from its December 9, 2020 meeting. Trustee Mendoza seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Attan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, and Trustee Sanders. The motion passed unanimously.

REPORT BY GENERAL CONSULTANT – MEKETA INVESTMENT GROUP, INC.

Defined Benefit Performance Review as of September 30, 2020

Ms. Wallace of Meketa referred Trustees to the presentation materials and gave an overview of the Defined Benefit Plan's performance as of September 30, 2020. Ms. Wallace reviewed the Defined Benefit portfolio and noted that ISBI's portfolio was generally outperforming benchmarks and ranked in the top third of its peers. Ms. Wallace asked if there were any questions and there were none.

REVIEW OF BYLAWS AND CODE OF ETHICS (ANNUAL)

Ms. Hong gave the annual review of the Board Bylaws and Code of Ethics to Trustees. Ms. Hong asked if there were any questions, and there were none.

LEGISLATIVE UPDATE

Ms. Cahill referred Board Members to the presentation materials. Ms. Cahill described the contents of several bills that may impact ISBI and noted their current status. Ms. Cahill asked if there were any questions and there were none.

UPDATE REGARDING PERSONNEL MATTER

At 12:40 p.m., Trustee Mendoza moved to go into Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss specific personnel issues. Trustee Martwick seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atflan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, and Trustee Sanders. The motion passed unanimously.

At 2:15 p.m., Chairwoman Schostok moved to return to the open meeting. Trustee Healy seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atflan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, and Trustee Sanders. The motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING/ MOTION TO ADJOURN

Chairwoman Schostok noted that the next meeting will take place March 18-19, 2021. At 2:17 P.M., there being no further business to come before the Board, Trustee Mendoza moved to adjourn the meeting. Trustee Atflan seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer