

**MINUTES OF THE
DEFINED CONTRIBUTION COMMITTEE**

Wednesday, December 9, 2020 – 10:00 A.M.
Remote Board Meeting
Per Public Act 101-0640

Present:

<u>Committee Members</u>	Committee Chairman Senator Robert Martwick Board Chairwoman Justice Mary Seminara-Schostok Treasurer Michael Frerichs Comptroller Susana Mendoza Elizabeth Sanders
<u>Board Members</u>	Gisela Attlan Michael Tarnoff
<u>Staff</u>	Mary Cahill Johara Farhadieh Jansen Hein Maryann Hong Jennifer Koelle Dipesh Mehta Alex Somolski Atul Talwar
<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 Illinois Central Management Services (CMS) Chris Colantino Kari Dennison Shiloah Tubbs

RVK, Inc.

Jennifer Sandberg

Mikaylee O'Connor

Stephen Budinsky

Members of the Public

Maya Ben, Journalist

Patrick Healy

Gary Plourd, Empower Retirement
Services

Bob Wallace

Not Present:

Committee Members

Jaye Williams

ROLL CALL

Committee Chairman Martwick called the meeting to order at 10:01 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, December Defined Contribution Committee 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 that 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 30, 2020 meeting of the Defined Contribution Committee. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Board Chairwoman Schostok, Trustee Frerichs, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

Board Chairwoman Schostok moved to approve the Executive Session meeting minutes from the September 30, 2020 meeting of the Defined Contribution Committee, pursuant to the recommendation of Fiduciary Counsel. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Board Chairwoman Schostok, Trustee Frerichs, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

REPORT OF PLAN ADMINISTRATOR – CENTRAL MANAGEMENT SERVICES (CMS)

Consideration and Approval of Deferred Compensation Loan Policy

Mr. Colantino gave an overview of CMS' recommendation for updates to the State of Illinois Deferred Compensation Plan Loan Policy. The suggested updates include implementing a waiting period between participant loan requests and allowing Roth contributions to be utilized in loan distributions. Committee Chairman Martwick asked Mr. Colantino to elaborate on the current loan process and the reasoning for the suggested changes, as well as the potential implications of these changes. Mr. Colantino addressed the questions and further explained the rationale for the recommendation. Mr. Colantino asked if there were any further questions, and there were none.

Update Pertaining to CARES Act Implementation

Mr. Colantino gave an update on the implementation of the Loan Repayment Suspension and Coronavirus Related Distribution provisions. Mr. Colantino noted that the number of claims had decreased since September and CMS continues to process a small number of claims related to these provisions. Mr. Colantino asked if there were any further questions, and there were none.

REPORT BY CONSULTANT – RVK, INC.

Deferred Compensation Performance Review as of September 30, 2020

Ms. Sandberg directed Trustees to the presentation materials and gave an update on the Deferred Compensation Plan's performance as of September 30, 2020. Ms. Sandberg noted that the Plan was performing well and showing strong returns despite market volatility due to the ongoing pandemic and recent election. Ms. Sandberg asked the Trustees if they had any additional questions and there were none.

CONSIDERATION AND APPROVAL OF ISSUANCE OF REQUEST FOR COMPETITIVE PROPOSAL FOR RECORDKEEPER AND PROJECT FEE

Ms. Farhadieh referred Trustees to the presentation materials and presented ISBI's recommendation for the issuance of a Request for Competitive Proposals (RFP) from recordkeeper and third-party administrative firms to provide the Deferred Compensation Plan with recordkeeping and administrative services. Ms. Farhadieh reminded the committee, ISBI Staff and RVK initially sought approval to delay the recordkeeping RFP and perform an RFI instead to timely implement the legislatively mandated auto-enrollment. Ms. Farhadieh stated that it is best practice to conduct an RFP for recordkeeping services every 5-7 years. ISBI Staff is recommending the engagement of RVK to assist in executing the RFP process for recordkeeping services, and that the targeted release date for the RFP is tentatively scheduled for April 2021. Ms. Farhadieh noted that the additional project fee is in line with industry standards and ISBI's consulting agreement with RVK.

Trustee Sanders moved that the Board approve the Project Fee to RVK, Inc. and the issuance of an RFP for a Recordkeeper to provide recordkeeping and administrative services for the Deferred Compensation Plan, consistent with the recommendation of ISBI Staff. Trustee Frerichs seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Board Chairwoman Schostok, Trustee Frerichs, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

CONSIDERATION AND APPROVAL OF PLAN EXPENSE REVIEW

At 10:35 a.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 Sanders seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Board Chairwoman Schostok, Trustee Frerichs, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

At 11:34 a.m., Board Chairwoman Schostok moved to return to the open meeting. Trustee Mendoza seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Board Chairwoman Schostok, Trustee Frerichs, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

Trustee Sanders moved that the Board approve the allocation of the Fee Reimbursement as part of an administrative fee holiday until the operating cash reserve balances are near the target outlined within the Administrative Fee Policy, consistent with the recommendation of RVK. This administrative fee holiday may be implemented as soon as administratively feasible and at such time and in such manner as deemed prudent by RVK and ISBI Staff. Trustee Mendoza seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Board Chairwoman Schostok, Trustee Frerichs, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

Trustee Mendoza moved that the Board, consistent with the recommendation of ISBI Staff, approve the revised Deferred Compensation Investment Policy, as presented. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Board Chairwoman Schostok, Trustee Frerichs, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.


PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairman Martwick noted that the next meeting was tentatively scheduled for March 18-19, 2021, and Committee Members will be notified of the time at a later date. At 11:38 a.m., there being no further business to come before the Committee, Trustee Mendoza moved to adjourn the meeting. Trustee Frerichs seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer