

MINUTES OF THE
ILLINOIS STATE BOARD OF INVESTMENT

Friday, March 19, 2021 – 11:05 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
Jaye Williams
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

BlackRock Financial Management, Inc.
Michelle Edkins
Andrea Picard

Steven Feldman
Elsa Soderberg

Members of the Public

Matt McCue, Financial News
Member of the Public, Cabrera Capital
Member of the Public, FundFire

ROLL CALL

Board Chairwoman Schostok called the meeting to order at 11:20 A.M. Ms. Hong noted per 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 March 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 Mendoza moved to approve the December 9, 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 Atlan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

Trustee Healy moved to approve and keep closed the Executive Session minutes, as presented, from the December 9, 2020 Board meeting, pursuant to the recommendation of Fiduciary Counsel. Trustee Mendoza seconded the motion, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. 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 March 18, 2021 meeting:

1. To approve the Fiscal Year 2020 Annual Report in form, as presented.
2. To approve the Financial Statements from September 30, 2020.
3. To approve and accept for filing, as presented, the Record of Vouchers.
4. To approve the Agent Contact Report.
5. To approve the conferences and trainings listed on the March 2021 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.

Investment Policy Committee

Trustee Tarnoff read through the recommendation approved by the Investment Policy Committee at its March 18, 2021 meeting:

1. To approve the recommendation from Meketa and ISBI Staff to retain the Rock Creek Group to manage the entirety of 2% allocation to multi sector credit and approve the proposed changes to the Asset Class Ranges and Benchmarks to reflect the Fund's new asset class targets, consistent with the recommendation of Meketa Investment Group, Inc, and ISBI Staff; and take all necessary accompanying actions for implementation at such time and manner as ISBI Staff deems prudent.

Defined Contribution Committee

Trustee Martwick read through the recommendations approved by the Defined Contribution Committee at its March 19, 2021 meeting:

1. To approve the recommendation from CMS to approve changes to the State of Illinois Deferred Compensation Plan rules, including implementing any revisions to JCAR deemed necessary by ISBI's General Counsel based on those approved changes.

Trustee Mendoza moved to adopt and ratify the recommendations of the Audit and Compliance Committee Meeting, Investment Policy Committee Meeting, and Defined Contribution Committee, as a Consent Agenda. Trustee Martwick seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously

REPORT BY GENERAL CONSULTANT – MEKETA INVESTMENT GROUP, INC.

Defined Benefit Performance Review as of December 31, 2020

Ms. Wallace and Mr. Benham referred Trustees to the presentation materials and gave an overview of the Defined Benefit Plan's performance as of December 31, 2020. Mr. Benham reviewed the effect of the ongoing pandemic on the portfolio, noting strong rebounds in certain markets. Ms. Wallace stated that ISBI's portfolio performed well amongst its peers, a byproduct

of having heavier allocation to fixed income and long duration bonds. Ms. Wallace asked if there were any questions and there were none.

REPORT BY BLACKROCK FINANCIAL MANAGEMENT, INC. – INVESTMENT STEWARDSHIP UPDATE

Ms. Picard introduced the BlackRock team and gave an overview to BlackRock's commitment to sustainability. Ms. Edkins introduced herself to the Trustees and gave an overview of Investment Stewardship at BlackRock. Ms. Edkins described the stewardship team's efforts, including encouraging corporate governance practices that support long term value creation in companies and conducting engagement meetings with individual companies to ensure they were making progress on commitments made. Ms. Edkins described BlackRock's various initiatives, including updates to transparency, and BlackRock's various goals for 2021. Trustee Frerichs inquired whether BlackRock would be making any planned changes in the upcoming proxy season to incorporate climate risk in their decision making. Ms. Edkins responded that climate risk is a priority for BlackRock and described its strategy for the upcoming year, including clear expectations for companies to publish plans to transition to a low carbon economy. Board Chairwoman Schostok asked if there were any additional questions and there were none.

CONSIDERATION AND POSSIBLE ACTION REGARDING REVISIONS TO BOARD POLICIES

Ms. Hong referred Board Members to the Disaster Recovery Policy, which included updated procedures that reflected ISBI's more efficient practices during the ongoing pandemic. Ms. Hong asked if there were any questions, and there were none.

Trustee Martwick moved that the Board, consistent with the recommendation of ISBI Staff, approve the revised Disaster Recovery Policy, as presented. 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, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

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. Several Trustees asked about whether ISBI had any concerns of the potential bills. Ms. Farhadieh said that ISBI was still obtaining information on how the potential bills would impact ISBI, but at this time she had no concerns. Ms. Cahill asked if there were any questions and there were none.

UPDATE REGARDING PERSONNEL MATTER

At 12:35 p.m., Trustee Martwick moved to go into Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss specific personnel issues. 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, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

At 2:27 p.m., Trustee Sanders moved to return to the open meeting. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Trustee Healy, Trustee Mendoza, Trustee Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously

NEW BUSINESS/OLD BUSINESS

None.

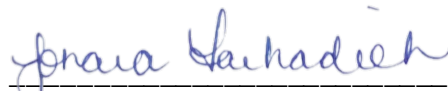
PUBLIC COMMENT

None.

NEXT MEETING/ MOTION TO ADJOURN

Chairwoman Schostok noted that the next meeting will tentatively take place June 17-18, 2021. At 2:29 P.M., there being no further business to come before the Board, Trustee Mendoza moved to adjourn the meeting. Trustee Atlan seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer