

**MINUTES OF THE  
DEFINED CONTRIBUTION COMMITTEE**

Friday, March 19, 2021 – 9:25 A.M.  
Remote Board Meeting  
Per Public Act 101-0640

Present:

Committee Members

Committee Chairman Senator Robert  
Martwick  
Board Chairwoman Justice Mary  
Seminara-Schostok  
Treasurer Michael Frerichs  
Comptroller Susana Mendoza  
Jaye Williams  
Elizabeth Sanders

Board Members

Gisela Attlan  
Terrence Healy  
Michael Tarnoff

Staff

Mary Cahill  
Johara Farhadieh  
Jansen Hein  
Maryann Hong  
Jennifer Koelle  
Dipesh Mehta  
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

Illinois Central Management Services  
(CMS)  
Chris Colantino

RVK, Inc.

Tony Johnson

Stephen Budinsky

Alicia Strehlow

Becky Gratsinger

Vanguard

Timothy Walsh

Marty Kleppe

Members of the Public

Matt McCue, Financial News

Member of the Public, 202 938 7311

## ***ROLL CALL***

Committee Chairman Martwick called the meeting to order at 9:25 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, March 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***

Trustee Mendoza moved to approve the meeting minutes from the December 9, 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, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

Board Chairwoman Schostok moved to approve the Executive Session meeting minutes from the December 9, 2020 meeting of the Defined Contribution Committee, pursuant to the recommendation of Fiduciary Counsel. 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, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

## ***REPORT OF PLAN ADMINISTRATOR – CENTRAL MANAGEMENT SERVICES (CMS)***

### **Consideration and Approval of Updates to the Plan's Hardship Distribution Rules**

Mr. Colantino gave an overview of CMS' recommendation for updates to the Plan's Unforeseeable Emergency distribution policy, which are intended to align with current best practices. These updates include adding a Federal Emergency Management Agency (FEMA) declared disasters to the current Safe Harbors List and eliminating the Plan rule which automatically suspends participant contributions for six months in the event of an Unforeseeable Emergency distribution. Mr. Colantino explained how these changes would benefit participants. Committee Chairman Martwick praised ISBI and CMS for their work. Mr. Colantino asked if there were any questions and there were none.

Board Chairwoman Justice Schostok moved that the Board approve the changes to the State of Illinois Deferred Compensation Plan rules, consistent with the recommendations from CMS, including implementing any revisions to JCAR deemed necessary by ISBI's General Counsel based on those approved changes. 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, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

### ***UPDATE ON PLAN FEE HOLIDAY***

Mr. Budinsky provided an update related to the Plan's Administrative Fee Holiday and Policy that were approved during the previous December Committee Meeting. Per the Policy, the fee holiday would begin as soon as administratively feasible and continue until operating cash reserve balances were near the outlined target. Mr. Budinsky explained that after considering the reserve account balances and anticipated expenses, ISBI Staff, RVK, and CMS determined that a fee holiday will be implemented at the end of March 2021, in order to bring the operating cash reserve close to policy target. Mr. Budinsky confirmed that participants were informed about the fee holiday, and that they would continue to monitor operating cash reserves and make future recommendations regarding next steps. Mr. Budinsky asked if there were any questions, and there were none.

### ***REPORT BY CONSULTANT – RVK, INC.***

#### Deferred Compensation Performance Review as of December 31, 2020

Mr. Johnson introduced Ms. Gratsinger, the CEO of RVK, to the Trustees. Ms. Gratsinger introduced the RVK relationship team. Mr. Johnson then directed Trustees to the presentation materials, explained how the ongoing pandemic affected the market, and noted that overall, the portfolio did very well. Mr. Johnson also reviewed participant demographics, as far as contributions. Mr. Johnson then reviewed participants' asset allocation by management and asset class as well as investment manager performance. Mr. Johnson asked if there were any further questions, and there were none.

#### Target Date Fund Review

Mr. Budinsky gave an overview of the Default Investment Alternative Market and how target date funds were impacted throughout 2020 amidst heightened volatility. Mr. Budinsky noted that the current data favored utilizing target date funds for the Plan. Mr. Budinsky then reviewed the Plan's Investment Structure and RVK's overall strategy, including their rating of the Vanguard Target Retirement Funds. Mr. Budinsky briefly summarized Vanguard's asset allocation and investment management strategy. Committee Chairman Martwick also inquired whether RVK believed, in their capacity as consultant, that the Plan was making its best efforts to communicate best practices and advice to participants. Mr. Budinsky stated that ISBI was doing very well compared to peers and that most participants were utilizing target date funds, as recommended. Mr. Johnson concluded with an overview of the Fund's performance, noting that it was overall performing very well despite market volatility. Mr. Johnson asked if there were any further questions, and there were none.

### ***PRESENTATION BY THE VANGUARD GROUP, INC. – TARGET DATE FUNDS***

Mr. Walsh introduced himself to the Board and gave an overview of Vanguard's leadership and approach to investment. Mr. Walsh and Mr. Kleppe explained Vanguard's framework for constructing target-date portfolios and Vanguard's investment strategy for helping investors reach their goals while balancing risk. Several Trustees inquired about Vanguard's approach to ESG, and Mr. Walsh highlighted Vanguard's commitment to ESG principles and focus on diversity. Committee Chairman thanked Mr. Walsh and Mr. Kleppe for their presentation.

### ***NEW BUSINESS/OLD BUSINESS***

Ms. Koelle gave an update regarding the upcoming Request for Competitive Proposals (RFP) for recordkeeper and third-party administrative firms to provide the Deferred Compensation Plan with recordkeeping and administrative services. Ms. Koelle stated that the RFP would be published in May, and reiterated ISBI's commitment to ensuring costs are competitive while also selecting a recordkeeper that was well aligned to meet the long-term needs of participants. Ms. Koelle stated that further updates would be provided at the next meeting. Committee Chairman Martwick asked if there were any further questions and there were none.

### ***PUBLIC COMMENT***

Members of the public, who did not identify themselves, made public comments regarding a personnel matter. There were no further comments from the public.

### ***NEXT MEETING AND ADJOURNMENT***

Committee Chairman Martwick noted that the next meeting was tentatively scheduled for June 17-18, 2021, and Committee Members will be notified of the time at a later date. At 11:13 a.m., there being no further business to come before the Committee, Trustee Mendoza moved to adjourn the meeting. Trustee Sanders seconded, and the meeting was adjourned.

Respectfully submitted,



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Johara Farhadieh, Executive Director/  
Chief Investment Officer