



MXOTech  
George Mirov  
Joanna Sobran  
Michael Wozny

State Employees' Retirement System  
Tim Blair

Members of the Public

Matt McCue, Financial News  
62222349628, Fundmail  
Julia DeFalco

Board Members  
Not Present:

Comptroller Susana Mendoza

## ***ROLL CALL***

Board Chairwoman Schostok called the meeting to order at 11:12 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 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. 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 March 19, 2021, Board meeting minutes, as presented. Trustee Frerichs seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Trustee Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

Trustee Tarnoff moved to approve and keep closed the Executive Session minutes, as presented, from the March 19, 2021, Board meeting, pursuant to the recommendation of Fiduciary Counsel. Trustee Healy 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 Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

Trustee Tarnoff 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. Fiduciary counsel noted for the record that the December 9, 2020 Minutes, which were mistakenly labeled as December 9, 2021, should remain closed. Trustee Healy seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Trustee Healy, 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 June 16, 2021 meeting:

1. To approve the Financial Statements from December 31, 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 June 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

Ms. Farhadieh reviewed the Investment snapshot presented at the June 2021 Investment Policy Committee Meeting, noting that returns were strong over the past fiscal year. Ms. Farhadieh thanked Trustee Tarnoff for his contribution.

Trustee Tarnoff read through the recommendation approved by the Investment Policy Committee at its June 16, 2021 meeting:

1. To approve the recommendation from Meketa and ISBI Staff to approve the revised Multi-Sector Credit Guidelines for the Rock Creek Group, subject to successful contract negotiations and for 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 June 17, 2021 meeting:

1. To approve the revisions to JCAR, including any revisions deemed necessary by ISBI's General Counsel, reflecting updates to the State of Illinois Deferred Compensation Plan's Beneficiary Provisions.

Trustee Martwick moved to adopt and ratify the recommendations of the Audit and Compliance Committee Meeting, Investment Policy Committee Meeting, and Defined Contribution Committee Meeting, as a Consent Agenda. 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 Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously

#### ***PRESENTATION BY ALLIANT INSURANCE SERVICES, INC.***

Mr. Goesel of Alliant referred Trustees to the presentation materials and discussed ISBI's proposed fiduciary liability policy. Mr. Goesel explained the purpose of insurance and the coverage options. Several Trustees inquired about the extent of coverage and Mr. Goesel confirmed that in his expert opinion, the recommended fiduciary liability policy was appropriate for ISBI's needs and provided coverage that is consistent with similarly situated public pension funds. Board Chairwoman Schostok asked if there were any additional questions, and there were none.

### Consideration and Approval of Fiduciary Liability Insurance Policy

Trustee Atlan moved to approve the renewal of ISBI's Fiduciary Liability Insurance Policies pursuant to the terms discussed on the record. 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 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 March 31, 2021

Ms. Wallace referred Trustees to the presentation materials and gave an overview of the Defined Benefit Plan's performance as of March 31, 2021. Ms. Wallace reviewed the effect of the ongoing pandemic on the portfolio and noted that overall, ISBI's portfolio was performing well and in line with expectations. Ms. Wallace asked if there were any questions and there were none.

### ***INFORMATION TECHNOLOGY ENVIRONMENT OVERVIEW***

Mr. Hein directed Trustees to the presentation. Mr. Hein introduced ISBI's Information Technology ("IT") department and the role of ISBI's Chief Information Officer, Mr. Talwar. Mr. Talwar then gave a general overview of IT at ISBI and the current IT Infrastructure, as well as key activities, and responsibilities. Representatives from MXOtech introduced themselves to the Trustees. Ms. Sobran gave an overview of MXOtech and described their background as a women-owned technology company with a diverse roster of clients, including ISBI. Ms. Sobran gave an overview of the services that MXOtech provides and how MXOtech supports ISBI's technological needs. Ms. Sobran also gave an overview of their cybersecurity capabilities and strategy pertaining to back up and disaster recovery. Several Trustees inquired about the back up process and Mr. Wozny and Ms. Sobran explained MXOtech's procedures. Board Chairwoman Schostok thanked MXOtech and ISBI staff for their presentation.

### ***CONSIDERATION AND APPROVAL OF ISSUANCE OF REQUEST FOR COMPETITIVE PROPOSAL FOR CUSTODIAL SERVICES***

Mr. Hein referred Trustees to the presentation materials and presented ISBI's recommendation for the issuance of a Request for Competitive Proposals (RFP) from custodial banks to provide custodial services for the Fund. Mr. Hein outlined the projected timeline and noted that ISBI and Meketa would follow ISBI's procurement policy. Mr. Hein asked if there were any questions and there were none.

Trustee Sanders moved that the Board approve the issuance of a Defined Benefit Plan Custody RFP on the Fund's behalf, consistent with the recommendation of Meketa Investment Group and ISBI Staff. Trustee Healy seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Trustee Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

## ***REPORT OF EXECUTIVE DIRECTOR/ CHIEF INVESTMENT OFFICER***

### **Consideration and Approval of Proposed Fiscal Year 2022 Budget/Review of Job Descriptions**

At 12:47 p.m., Trustee Tarnoff moved to go into Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss personnel matters and compensation. 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 Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

At 1:19 p.m., Trustee Healy moved to return to the open meeting. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atflan, Trustee Frerichs, Trustee Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

Trustee Tarnoff moved that the Board, consistent with the recommendation from ISBI Staff, approve the Proposed Fiscal Year 2022 Budget and organizational chart, 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 Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

### ***CONSIDERATION AND POSSIBLE ACTION REGARDING REVISIONS TO BOARD POLICIES***

Mr. Mehta referred Board Members to the revised Agency Directives Manual, which had been reviewed and approved by ISBI's employment counsel. Mr. Mehta described the nature of the updates as well as the rationale for the changes. Mr. Mehta asked if there were any questions, and there were none.

Trustee Healy moved that the Board, consistent with the recommendation of ISBI Staff, approve the revised Agency Directives Manual as presented. Trustee Williams seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atflan, Trustee Frerichs, Trustee Healy, 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 were relevant to ISBI and noted their current status. Trustee Martwick discussed some of the approved bills and thanked Trustee Frerichs for their work together on several bills. Ms. Cahill asked if there were any questions and there were none.

***CONSIDERATION AND APPROVAL OF HARDSHIP APPEAL RECOMMENDATION FROM HEARING OFFICER***

ISBI's General Counsel served as the Hearing Officer in the Hardship Appeal, Case Number 21-022. The Hearing Officer referred Members to the "Report of Hearing Officer's Findings" and "Recommendation of Hearing Officer." The Hearing Officer discussed the legal and factual findings leading to the recommendation to uphold the decision of the Hardship Committee. Mr. Mehta asked if there were any questions and there were none.

Trustee Martwick moved that the Board, consistent with the recommendation of ISBI's General Counsel, approve the Hardship Appeal Recommendation from the Hearing Officer. 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 Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

***UPDATE REGARDING PERSONNEL MATTER***

At 1:47 p.m., Trustee Sanders moved to go into Executive Session pursuant to Section 2(c)(1) of the Open Meetings Act to discuss specific personnel issues. Trustee Williams seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Trustee Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

At 2:15 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 Martwick, Trustee Tarnoff, Trustee Sanders, and Trustee Williams. The motion passed unanimously.

***NEW BUSINESS/OLD BUSINESS***

None.

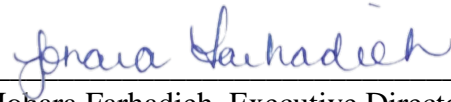
***PUBLIC COMMENT***

None.

***NEXT MEETING/ MOTION TO ADJOURN***

Chairwoman Schostok noted that the next meeting will tentatively take place September 28-29, 2021. At 2:17 P.M., there being no further business to come before the Board, Trustee Martwick moved to adjourn the meeting. Trustee Healy seconded, and the meeting was adjourned.

Respectfully submitted,



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Johara Farhadieh, Executive Director/  
Chief Investment Officer