

**MINUTES OF THE
DEFINED CONTRIBUTION COMMITTEE**

Thursday, June 17, 2021 – 9:00 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
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
Rodrigo Garcia
Joe Aguilar

Illinois Central Management Services
(CMS)
Chris Colantino
Shiloah Tubbs

State Employees' Retirement System
Tim Blair

RVK, Inc.
Tony Johnson
Stephen Budinsky
Alicia Strehlow

Invesco
Michael Leonberger
Dyice Ellis-Beckham

Members of the Public

Matt McCue, Financial News
Julia DeFalco

Not Present:

Committee Members

Comptroller Susana Mendoza

ROLL CALL

Committee Chairman Martwick called the meeting to order at 9:10 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 ISBI June 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 Frerichs moved to approve the meeting minutes from the March 19, 2021, meeting of the Defined Contribution Committee. Board Chairwoman Schostok seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Board Chairwoman Schostok, Trustee Frerichs, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

PRESENTATION BY INVESCO – STABLE RETURN FUND UPDATE

Mr. Leonberger and Ms. Ellis-Beckham introduced themselves to the Board and gave an overview of Invesco. Mr. Leonberger directed Trustees to the presentation and gave a brief overview of stable value funds, as well as Invesco's approach to stable value. Ms. Ellis-Beckham and Mr. Leonberger also reviewed the fund's stable value crediting rate, the current wrap market, and Invesco's stable value strategy. Mr. Leonberger closed with a portfolio review, as well as an overview of Invesco's efforts related to diversity. Committee Chairman Martwick thanked Mr. Leonberger and Ms. Ellis-Beckham for their presentation.

REPORT BY CONSULTANT – RVK, INC.

Deferred Compensation Performance Review as of March 31, 2021

Representatives from RVK joined the meeting. Mr. Johnson directed Trustees to the presentation materials and gave an update on how the ongoing pandemic affected the market. Mr. Johnson noted that overall, the portfolio was performing very well. Mr. Johnson asked if there were any further questions, and there were none.

Custom Target Date Fund Review

Mr. Johnson gave an introduction on target date retirement funds and explained why they were a popular investment option for DC plans. Mr. Johnson elaborated on RVK's recommendation that the Board continue to offer the off-the-shelf Vanguard Target Date Funds ("TDF") to participants

as the Plan's default investment option. Mr. Johnson explained the risks and benefits of off-the-shelf versus custom funds, and the reasoning behind RVK's recommendation that ISBI keep the current Vanguard TDF. Mr. Johnson also explained that Vanguard TDFs are intended to support a broad participant base and there was no evidence that a custom TDF would improve Plan participants' retirement outcomes, while a custom approach would necessitate additional monitoring and costs. Mr. Johnson asked if there were any further questions, and there were none.

Retirement Income Introduction (Educational Session)

Mr. Budinsky directed Trustees to the presentation. Mr. Budinsky gave an overview of retirement planning, including retirement risks, decision risk, and sources of income. Mr. Budinsky discussed the general challenges that participants face, and how plan sponsors can meet participants' needs for retirement. Mr. Budinsky also gave a general overview of factors that make DC Plans most retirement friendly to participants and potential retirement income solutions for the Plan. Several Trustees noted that the Committee's main objective was to maximize participant benefits, including increasing resources and flexibility while minimizing costs. Committee Chairman Martwick thanked RVK for their presentation.

REPORT OF PLAN ADMINISTRATOR – CENTRAL MANAGEMENT SERVICES (CMS)

CMS DCP Budget Review

Mr. Colantino directed Trustees to the Budget materials and reviewed estimated expenses for the upcoming fiscal year. Mr. Colantino noted that expenses were in line with expectations and had increased marginally to account for standard growth in expenses, including a potential increase in personnel. Committee Chairman Martwick asked about the allocation of expenses to cyber security and Mr. Colantino noted that cybersecurity is handled by the Illinois Department of Innovation and Technology. Chairman Martwick asked if there were any further questions and there were none.

Consideration and Approval of Revisions to JCAR regarding Update to Beneficiary Distributions

Mr. Colantino directed Trustees to the presentation materials. Mr. Colantino gave background on the SECURE Act rules regarding minimum distributions and reminded the Board of their selected distribution provisions in the previous Committee Meeting. Mr. Colantino noted that the changes are expected to be in effect by the end of 2021 and stated that the Plan's administrative rules will need to be updated to accommodate the new provisions.

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

ISBI DCP COST ALLOCATION REVIEW – RVK

At 10:51 a.m., Trustee Frerichs moved to go into Executive Session pursuant to Section 2(c)(1) and (7) of the Open Meetings Act to discuss personnel and 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 Williams, and Trustee Sanders. The motion passed unanimously.

At 11:01 a.m., Board Chairwoman Schostok moved to return to the open meeting. 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 Williams, and Trustee Sanders. The motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.

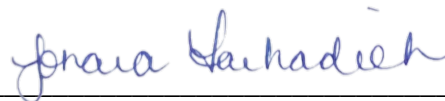
PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairman Martwick noted that the next meeting was tentatively scheduled for September 28-29, 2021, and Committee Members will be notified of the time at a later date. At 11:03 a.m., there being no further business to come before the Committee, Trustee Frerichs moved to adjourn the meeting. Trustee Williams seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer