

MINUTES OF THE
ILLINOIS STATE BOARD OF INVESTMENT

Wednesday, September 29, 2021 – 10:00 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
Senator Robert Martwick
Comptroller Susana Mendoza
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
Genette Bacon-Cordova
Nadia Oumata

Guests

Burke Burns & Pinelli, Ltd.
Sarah Boeckman

Illinois State Comptroller's Office
Andrew Ranck

Illinois State Treasurer's Office
Joe Aguilar
Allen Mayer

Meketa Investment Group, Inc.
Alli Wallace Stone

Northern Trust
Michael O'Grady
Jaime Hernandez
Gary Guibert

State Street
Francisco Aristeguieta
Paul Francisco
Dax Johnson
Kim Moynihan
Eloise Tan
Paul McDonough

State Employees' Retirement System
Tim Blair

Members of the Public

Bridget Hickey, Fundfire
Matt McCue, Financial News
Tyler Murphy, JP Morgan
Member of the Public, 442-071-3916-38
Pablo Garcia, Cheesecake Factory
Sophia Um, Cheesecake Factory
Andrew Muntz, Cheesecake Factory
Alicia Valente, Cheesecake Factory
Lindsey Ruck, Cheesecake Factory
Alison Baker, Restaurant Opportunity
Center of Chicago
Jessie Harmon, Restaurant Opportunity
Center of Chicago
Member of the Public, 773-791-6514
(UIC School of Public Health)

ROLL CALL

Board Chairwoman Schostok called the meeting to order at 10:01 A.M. Ms. Hong noted that, in accordance with the Open Meetings Act, ISBI's Chairperson and Executive Director determined that an in-person meeting would be unfeasible. As such, the September 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.

ELECTION OF OFFICERS/CHAIRPERSON

At the annual meeting, Board Chairwoman Schostok nominated Trustee Healy as Chairperson of the Board, effective at the conclusion of the September 2021 Board Meeting. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Frerichs, Trustee Healy, Trustee Martwick, Trustee Mendoza, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously. Trustees thanked Board Chairwoman Schostok extensively for her professionalism and her leadership.

Consistent with the requirements of the Board Bylaws regarding the election of officers, Board Chairman-Elect Healy nominated Trustee Frerichs as Vice Chair, Board Chairwoman Schostok as Recording Secretary, and Trustee Mendoza as Member at Large of the Board, to be effective at the end of the September 2021 Board Meeting. Trustee Martwick moved that the Board approve the slate of officers and their appointments to the Executive Committee consistent with the requirements of the Board Bylaws. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Frerichs, Board Chairman-Elect Healy, Trustee Martwick, Trustee Mendoza, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

Board Chairman-Elect Healy thanked Board Chairwoman Schostok for her work and leadership and asked that she run the remainder of the meeting as Chairwoman. Board Chairman-Elect Healy also thanked Trustee Atlan for serving as Recording Secretary.

Appointment of Standing Committees

Board Chairman-Elect Healy noted that the Bylaws required that the Chair appoint the members of ISBI's Standing Committees. Board Chairman-Elect Healy noted his intention to defer these appointments until he had an opportunity to have individual discussions with all the Trustees with respect to Committee composition and he would formally appoint Trustees at the upcoming December 2021 ISBI Board and Committee Meetings.

Consideration and Approval of Proposed 2022 Schedule of Meetings

Trustee Mendoza moved that the 2022 Schedule of Meetings be approved, as presented. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Frerichs, Board Chairman-Elect Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, and Trustee Sanders. The motion passed unanimously.

CONSIDERATION AND APPROVAL OF MINUTES

Trustee Mendoza moved to approve the June 17, 2021, Board meeting minutes, as presented. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Frerichs, Board Chairman-Elect Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

Trustee Mendoza moved to approve and keep closed the Executive Session minutes, as presented, from the June 17, 2021, Board meeting, pursuant to the recommendation of Fiduciary Counsel. Trustee Sanders seconded the motion, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Frerichs, Board Chairman-Elect Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

CONSIDERATION AND APPROVAL OF REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

Defined Contribution Committee

Trustee Martwick read through the recommendations approved by the Defined Contribution Committee at its September 28, 2021 meeting:

1. To end the administrative fee holiday after three quarters and reinstate fees at the prior fee structure for the fourth quarter of 2021, as recommended by RVK and ISBI Staff.
2. To approve Empower Retirement as the Plan's Recordkeeper to provide recordkeeping and administrative services for the Deferred Compensation Plan, subject to legal review and successful contract negotiations, as recommended by RVK and ISBI Staff.

Investment Policy Committee

Trustee Tarnoff read through the recommendation approved by the Investment Policy Committee at its September 28, 2021 meeting:

1. To approve the consolidation of the Russell Top 200 Index, Russell MidCap Index, and S&P 600 Index, to the Russell 3000 Index, as recommended by Meketa and ISBI Staff.
2. To approve the issuance of an RFP for a qualified investment management firm to provide non-discretionary passive index management services for the Defined Benefit Plan, as recommended by Meketa and ISBI Staff.

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 September 29, 2021 meeting:

1. To approve the Financial Statements from March 31, 2021.
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 September 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.

Emerging Manager Committee

Trustee Mendoza provided the report of the Emerging Manager Committee and read through the recommendations approved by the Emerging Manager Committee at its September 29, 2021 meeting:

1. To approve the revised Diversity Policy, as presented.

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

REPORT BY GENERAL CONSULTANT – MEKETA INVESTMENT GROUP, INC.

Defined Benefit Performance Review as of June 30, 2021

Ms. Stone referred Trustees to the presentation materials and gave an overview of the Defined Benefit Plan's performance as of June 30, 2021. Ms. Stone reviewed the effect of the ongoing pandemic on the portfolio and noted that overall, ISBI's portfolio was performing well and outperforming benchmarks. Ms. Stone reviewed the Strategic Partners' performance and strategy, noting that overall the portfolio was strong. Ms. Stone asked if there were any questions and there were none.

CONSIDERATION AND APPROVAL OF CUSTODIAN

At 10:47 a.m., Trustee Martwick moved to go into Executive Session pursuant to Section 2(c)(7) of the Open Meetings Act to discuss investments and investment contracts. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Board Chairman-Elect Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

At 11:52 a.m., Trustee Mendoza 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 Atlan, Trustee Frerichs, Board Chairman-Elect Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

Board Chairman-Elect Healy moved that the Board approve Northern Trust as ISBI's Custodian to provide the Defined Benefit Fund with custodial services, subject to legal review and successful contract negotiations. Trustee Mendoza seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Board Chairman-Elect Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, 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 upcoming bills that were relevant to ISBI and gave updates on legislation covered at the last meeting. Ms. Cahill also described the relevant provisions of the updated auto-enrollment bill. Ms. Cahill asked if there were any questions and there were none.

CONSIDERATION AND POSSIBLE ACTION REGARDING REVISIONS TO BOARD POLICIES

Mr. Hein referred Board Members to the revised Agency Directives Manual and the updates to ISBI's IT Policy within the Manual. Mr. Hein described the nature of the updates as well as the rationale for the changes. Mr. Hein asked if there were any questions, and there were none.

Trustee Mendoza moved that the Board, consistent with the recommendation of ISBI Staff, approve the revised Agency Directives Manual as presented. Trustee Martwick seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Board Chairman-Elect Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

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 21-038. 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 approve the Appellant's request. Mr. Mehta asked if there were any questions and there were none.

Board Chairman-Elect Healy moved that the Board approve the Hardship Appeal Recommendation from the Hearing Officer. Trustee Martwick seconded, and the motion was called to a roll call vote. All in favor: Board Chairwoman Schostok, Trustee Atlan, Trustee Frerichs, Board Chairman-Elect Healy, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

UPDATE REGARDING PERSONNEL MATTER

None.

NEW BUSINESS/OLD BUSINESS

None.

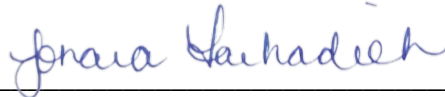
PUBLIC COMMENT

Several restaurant workers from a California location of the Cheesecake Factory and members of the public described their concerns with the working conditions at their employer during the ongoing pandemic. Board Chairwoman Schostok expressed her sympathy for their working conditions and thanked the members for their comments.

NEXT MEETING/ MOTION TO ADJOURN

Chairwoman Schostok noted that the next meeting will tentatively take place December 16-17, 2021. At 12:26 P.M., there being no further business to come before the Board, Trustee Mendoza moved to adjourn the meeting. Trustee Sanders seconded, and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in blue ink, reading "Johara Farhadieh", written over a horizontal line.

Johara Farhadieh, Executive Director/
Chief Investment Officer