

**MINUTES OF THE
DEFINED CONTRIBUTION COMMITTEE**

Tuesday, September 28, 2021 – 1:00 P.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

Staff

Mary Cahill
Johara Farhadieh
Jansen Hein
Maryann Hong
Jennifer Koelle
Dipesh Mehta
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
Allen Mayer
Joe Aguilar

Illinois Central Management Services
(CMS)

Chris Colantino
Shiloah Tubbs
Kari Dennison

State Employees' Retirement System
Tim Blair

RVK, Inc.
Tony Johnson
Stephen Budinsky
Alicia Strehlow
Jonathan Kowolik

Empower Retirement
Ann Mahrtd
Stephanie O'Dear
Dan Morrison
Brian Morris
Georgia Ferguson
Steve Stillman
Eric Leavitt
Cory Lampshire
Kristen Pelling

Voya Financial
Trampus Bright
Gavin Gruenberg
Chris Engelhardt
Lea Feleciano
Cate Zimmerman

Members of the Public

Bridget Hickey, Fundfire
The Daily Line, 202-657-8212

ROLL CALL

Committee Chairman Martwick called the meeting to order at 1:05 p.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 ISBI September 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

Committee Chairman Martwick updated the Committee on two awards ISBI received for work on the DC Plan in 2020: the P&I Excellence and Innovation Award, co-sponsored by P&I and the Defined Contribution Institutional Investment Association (DCIIA), and the 2021 Leadership Recognition Award in Plan Design & Administration from the National Association of Government Defined Contribution Administrators (NAGDCA). Committee Chairman Martwick stated that both awards highlight ISBI's efforts to successfully implement auto-enrollment and update the Investment Menu. Committee Chairman Martwick thanked the staff, RVK and CMS for their hard work.

CONSIDERATION AND APPROVAL OF PREVIOUS MEETING MINUTES

Trustee Frerichs moved to approve the meeting minutes from the June 17, 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.

Trustee Frerichs moved to approve and keep closed the Executive Session meeting minutes from the June 17, 2021 meeting of the Defined Contribution Committee, pursuant to the recommendation of Fiduciary Counsel. 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.

REPORT BY CONSULTANT – RVK, INC.

Deferred Compensation Performance Review as of June 30, 2021

Representatives from RVK joined the meeting. Mr. Johnson directed Trustees to the presentation materials and gave a general overview on how the ongoing pandemic affected the market. Next, Mr. Johnson gave an overview of the DC Plan, specifically discussing plan statistics by participant balances, demographics, and loan information. Mr. Johnson also reviewed Asset Allocation and

performance, nothing that overall, ISBI's portfolio was performing very well. Finally, Mr. Johnson noted that overall, the Plan's fees were low and compared very favorably amongst peers. Mr. Johnson asked if there were any further questions, and there were none.

Auto-Enrollment Update

Mr. Johnson referred Trustees to the presentation materials and reviewed auto-enrollment activity over the past year, breaking down participant demographics and plan participation. Mr. Johnson also updated Trustees on Public Act 102-0219, which included updates related to auto-enrollment and the Deferred Compensation Plan. Mr. Johnson noted that ISBI Staff, CMS, and RVK are reviewing the legislation and would advise the Board on appropriate timing and approach for implementation of the auto-escalation provision, as well as whether any adjustments to the auto-enrollment default rate should be considered.

Consideration and Approval of Administrative Fee Holiday Update

Mr. Budinsky provided an update and recommendation related to the Plan's administrative fee holiday that was reviewed and approved during the December 2020 Committee Meeting. At that meeting, the Committee elected to implement an administrative fee holiday beginning in Q1 2021 and for it to continue for three or so quarters until the operating cash reserve balances were near the target outlined within the Administrative Fee Policy. Based on the current operating cash reserves balance and the FY2022 budgeted expenses, Mr. Budinsky explained that ISBI Staff and RVK recommended ending the administrative fee policy after three quarters and reinstating fees at the prior fee structure for the fourth quarter of 2021. Mr. Budinsky stated that RVK will work with ISBI and CMS to continue monitoring Plan participation and reserve balance to determine the appropriate participant administrative fee going forward. Trustee Frerichs asked how this would be communicated to participants, and Mr. Budinsky explained that there would be a written notification sent to participants that would remind them of the fee holiday and explain that fees are being reinstated. Mr. Budinsky asked if there were any additional questions and there were none.

Trustee Sanders moved that the Board approve ending the administrative fee holiday following the conclusion of the third quarter of 2021 and reinstating fees at the prior fee structure for the fourth quarter of 2021, consistent with the recommendation of RVK and ISBI Staff. 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.

CONSIDERATION AND APPROVAL OF RECORDKEEPER

At 1:42 p.m., Trustee Sanders moved to go into Executive Session pursuant to Section 2(c)(7) of the Open Meetings Act to discuss investment contracts. 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.

At 3:47 p.m., Board Chairwoman Schostok moved to return to the open meeting. 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.

Board Chairwoman Schostok moved that the Board 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. 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.

NEW BUSINESS/OLD BUSINESS

None.

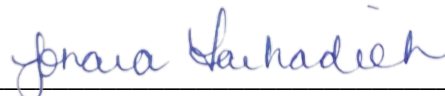
PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairman Martwick noted that the next meeting was tentatively scheduled for December 16-17, 2021, and Committee Members will be notified of the time at a later date. At 3:54 p.m., there being no further business to come before the Committee, Trustee Mendoza moved to adjourn the meeting. Trustee Williams seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer