

MINUTES OF THE
AUDIT & COMPLIANCE COMMITTEE

Wednesday, December 16, 2021 – 1:00 P.M.
Remote Board Meeting
Per Public Act 101-0640

Present:

<u>Committee Members</u>	Committee Chairwoman Justice Mary Seminara-Schostok Gisela Attlan Comptroller Susana Mendoza Michael Tarnoff
<u>Board Members</u>	Board Chairman Terrence Healy Senator Robert Martwick Elizabeth Sanders
<u>Staff</u>	Genette Bacon-Cordova Mary Cahill Johara Farhadieh Jansen Hein Maryann Hong Jennifer Koelle Dipesh Mehta Nadia Oumata Alex Somolski Atul Talwar
<u>Guests</u>	Burke Burns & Pinelli, Ltd. Sarah Boeckman Illinois State Comptroller's Office Andrew Ranck Illinois State Treasurer's Office Joe Aguilar Allen Mayer State Employees' Retirement System Tim Blair
<u>Members of the Public</u>	Matt McCue, Financial News

ROLL CALL

Committee Chairwoman Schostok called the meeting to order at 1:01 p.m. Ms. Hong noted that, in accordance with the Open Meetings Act, ISBI's Chairperson and Executive Director had determined that an in-person meeting would be unfeasible. As such, the December Audit and Compliance Committee meeting would be conducted by virtual means. Ms. Hong also stated for the record that ISBI's General Counsel was physically present at the office. Mr. Mehta called the roll and noted a quorum was officially present for the Audit and Compliance Committee.

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE CHAIR

None.

CONSIDERATION AND APPROVAL OF MINUTES

Trustee Mendoza moved to approve the minutes, as presented, from the September 29, 2021, Audit and Compliance Committee meeting. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Committee Chairwoman Schostok, Trustee Attlan, Trustee Mendoza, Trustee Tarnoff. The motion passed unanimously.

REPORT ON STATUS OF FISCAL YEAR 2021 AUDIT

Mr. Hein gave an update on the Fiscal Year 2021 Audit. Mr. Hein reported that ISBI received a clean audit report on core financial statements. Additionally, Mr. Hein noted that the compliance portion of the audit was substantially completed and a final report will likely be issued in January. Committee Chairwoman Schostok stated she had heard a positive report from the auditors, who were very pleased with the working relationship with ISBI Staff.

Mr. Hein informed the Committee that KPMG's contract with the Office of the Auditor General (OAG) would be coming to an end and it will be up to the OAG to either retain KPMG or select another firm to perform future period audits. Mr. Hein noted that he would update the Committee when he received more information about future audits from the OAG's office.

CONSIDERATION AND APPROVAL OF FINANCIAL STATEMENTS (6/30/21)

Mr. Hein referred Trustees to the Financial Statements from June 30, 2021. Mr. Hein asked if there were any questions, and there were none.

Trustee Mendoza moved that the Financial Statements from June 30, 2021 be approved and accepted for filing, as presented, consistent with the recommendation of ISBI's Staff. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Committee Chairwoman Schostok, Trustee Attlan, Trustee Mendoza, Trustee Tarnoff. The motion passed unanimously.

***CONSIDERATION FOR ACCEPTANCE AND FILING OF RECORD OF VOUCHERS
(JULY, AUGUST, SEPTEMBER 2021)***

Mr. Hein referred Committee Members to the Record of Vouchers paid in July, August, and September 2021. Committee Chairwoman Schostok asked members of the Committee if there were any questions and there were none.

Trustee Mendoza moved that the Record of Vouchers be approved and accepted for filing, as presented, consistent with the recommendation of ISBI's Staff. Trustee Atflan seconded, and the motion was called to a roll call vote. All in favor: Committee Chairwoman Schostok, Trustee Atflan, Trustee Mendoza, Trustee Tarnoff. The motion passed unanimously.

ACTUAL VS PROJECTED BUDGET FORECAST AS OF 9/30/21

Mr. Hein referred Committee Members to the Actual vs. Projected Budget Forecast as of September 30, 2021 in the meeting materials. Mr. Hein stated that expenses were below projections in most categories, except for investment management fees primarily due to timing. Mr. Hein also noted that custody service fees were under budget, due to ISBI negotiating an improved fee agreement with Northern Trust after the Custody RFP. Committee Chairwoman Schostok asked the Committee if there were any questions and there were none.

ETHICS MATTERS

Consideration and Approval of Agent Contact Report

Mr. Mehta directed Committee Members to the Agent Contact Report for the second quarter of Fiscal Year 2022. Trustee Mendoza asked for background on the report and Mr. Mehta explained ISBI's process for documenting and complying with the requirements of the Illinois Pension Code.

Trustee Mendoza moved that the Agent Contact Report as presented be approved and accepted for filing as recommended by ISBI Staff. Trustee Atflan seconded, and the motion was called to a roll call vote. All in favor: Committee Chairwoman Schostok, Trustee Atflan, Trustee Mendoza, Trustee Tarnoff. The motion passed unanimously.

Consideration and Approval of Fiduciary Training Opportunities

Mr. Mehta referred Members to the December 2021 list of Upcoming Training Opportunities, previously provided, and noted that travel expenses are reimbursable if approved in advance, consistent with the requirements of the Illinois Pension Code and ISBI's policies. Mr. Mehta noted that many of the trainings continued to be virtual, to account for the ongoing COVID-19 Pandemic.

Trustee Tarnoff moved that the conferences and trainings listed on the December 2021 list of Upcoming Training Opportunities as presented be approved pursuant to Section 1-150 of the Illinois Pension Code and that all resulting allowable expenses consistent with ISBI's policies be reimbursed. Committee Chairwoman Schostok seconded, and the motion was called to a roll call vote. All in favor: Committee Chairwoman Schostok, Trustee Atflan, Trustee Mendoza, Trustee Tarnoff. The motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.

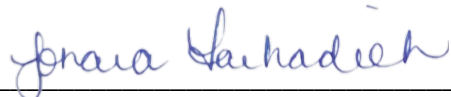
PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairwoman Schostok noted that the next meeting was tentatively scheduled for March 22-23, 2022, and Committee Members will be notified of the time at a later date. At 1:22 p.m., there being no further business to come before the Committee, Trustee Mendoza moved to adjourn the meeting. Trustee Tarnoff 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