

**MINUTES OF THE
DEFINED CONTRIBUTION COMMITTEE**

Friday, December 17, 2021 – 9:25 A.M.
Remote Board Meeting
Per Public Act 101-0640

Present:	<u>Committee Members</u>	Committee Chairman Senator Robert Martwick Treasurer Michael Frerichs Comptroller Susana Mendoza Elizabeth Sanders Justice Mary Seminara-Schostok Jaye Williams
	<u>Board Members</u>	Board Chairman Terrence Healy Gisela Attlan Michael Tarnoff
	<u>Staff</u>	Mary Cahill Johara Farhadieh Jansen Hein Maryann Hong Jennifer Koelle Dipesh Mehta Alex Somolski Atul Talwar Genette Bacon-Cordova Nadia Oumata
	<u>Guests</u>	Burke Burns & Pinelli, Ltd. Sarah Boeckman Illinois State Comptroller's Office Andrew Ranck Illinois State Treasurer's Office Joe Aguilar Illinois Central Management Services (CMS) Chris Colantino

RVK, Inc.

Tony Johnson

Stephen Budinsky

Sarah Boctor

Jonathan Kowolik

Erik Painting

Members of the Public

Member of the Public, 309 253 5896

ROLL CALL

Committee Chairman Martwick called the meeting to order at 9:30 a.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 ISBI December 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 Schostok moved to approve the meeting minutes from the September 28, 2021, meeting of the Defined Contribution Committee. Trustee Mendoza seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Trustee Schostok, Trustee Frerichs, Trustee Williams, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

Trustee Mendoza moved to approve and keep closed the Executive Session meeting minutes from the September 28, 2021, meeting of the Defined Contribution Committee, pursuant to the recommendation of Fiduciary Counsel. Trustee Williams seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Trustee Schostok, Trustee Frerichs, Trustee Williams, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously.

REPORT BY CONSULTANT – RVK, INC.

Deferred Compensation Performance Review as of September 30, 2021

Representatives from RVK joined the meeting. Mr. Johnson directed Trustees to the presentation materials and gave a general overview of market performance in the most recent quarter. Next, Mr. Johnson gave an overview of the DC Plan, specifically discussing plan statistics by participant balances, demographics, loan information, and contributions. Mr. Johnson noted that contributions and number of participants had increased over time. Mr. Johnson also reviewed Plan utilization, asset allocation and performance, noting that ISBI's portfolio was performing in line with benchmarks and within expectations. Finally, Mr. Johnson stated that overall, the Plan's fees compared very favorably amongst peers. Mr. Johnson asked if there were any further questions and there were none.

UPDATE ON RECORDKEEPER IMPLEMENTATION PLAN

Mr. Budinsky gave an update on recordkeeper implementation, describing the progress made since Empower was approved as the new recordkeeper at the September 2021 Board Meeting. Mr. Budinsky discussed the transition timing and the phased implementation process for Empower. Mr. Budinsky and Mr. Kowolik also described the communications plan to update participants, as well as next steps. Mr. Budinsky noted that at this time, transition process remains on schedule. Mr. Budinsky asked if there were any questions and there were none.

CONSIDERATION AND APPROVAL OF RECORDKEEPER IMPLEMENTATION SUPPORT PROPOSAL

Ms. Farhadieh explained ISBI's and CMS' recommendation to the Board to engage RVK to provide implementation support services in the transition to a new Recordkeeper. Ms. Farhadieh described the proposed engagement and RVK's expertise, including detailed knowledge and background on the DC plan, experience with plan recordkeeper transitions, and an understanding of industry best practices as it pertains to recordkeeping. Ms. Farhadieh also noted that the requisite fees were in line with industry standards.

Trustee Mendoza moved that the Board approve RVK to provide implementation support services for the DC Plan's recordkeeper transition to Empower Retirement, consistent with the recommendation of CMS and ISBI Staff, including any legal revisions, and at such time and manner as ISBI Staff deems prudent. Trustee Williams seconded, and the motion was called to a roll call vote. All in favor: Committee Chairman Martwick, Trustee Schostok, Trustee Frerichs, Trustee Williams, Trustee Mendoza, and Trustee Sanders. The motion passed unanimously

REPORT ON RETIREMENT INCOME ANALYSIS

Mr. Budinsky introduced RVK's report on retirement income analysis. Mr. Budinsky explained RVK's three-step process to evaluate the retirement income needs of the State of Illinois employees. This includes understanding the participant base, evaluating expected retirement outcomes and the alignment of the Plan's design with participants' retirement needs. Ms. Boctor gave a detailed presentation reviewing the retirement offerings and benefits available to Plan participants from pension, social security, and DC Plan sources, broken down by aggregate employee demographics, including age and employee profile. Ms. Boctor also reviewed DC Plan participation and distribution patterns, and shared analysis around the projected income replacement goals and income replacement expectations. Several Trustees inquired about topics within RVK's presentation, including income replacement goals across demographics, social security benefits, and federal tax assumptions for participants. RVK explained the factors that went into their assessment and added they would provide additional detail and clarity at March's Committee meeting. Committee Chairman Martwick thanked RVK for their comprehensive presentation.

LEGISLATIVE UPDATE

Mr. Budinsky introduced the Regulatory and Legislative Overview. Mr. Budinsky gave an overview on legislation that could affect the Plan, including a bi-partisan bill aimed to build on the SECURE Act and Department of Labor's regulatory activity concerning cybersecurity. Mr.

Budinsky discussed the most relevant provisions to the Plan and potential future action items. Mr. Budinsky also discussed key court cases and how the rulings were relevant to the Plan. Committee Chairman Martwick asked if there were any additional questions and there were none.

NEW BUSINESS/OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairman Martwick 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 11:07 a.m., there being no further business to come before the Committee, Trustee Sanders moved to adjourn the meeting. Trustee Mendoza seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer