

**MINUTES OF THE
ILLINOIS STATE BOARD OF
INVESTMENT**

Wednesday, March 23, 2022 – 11:28 A.M. Remote
Board Meeting
Per Public Act 101-0640

Present:

Board Members

Board Chairman Terrence Healy
Gisela Attlan
Treasurer Michael Frerichs
Senator Robert Martwick
Comptroller Susana Mendoza
Justice Mary Seminara-Schostok
Michael Tarnoff

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
Gloria Hazard
Frank Benham

State Employees' Retirement System
Tim Blair

Members of the Public

Jordan Ash, Private Equity Stakeholder
Project

Joel Salazar, 633-225-21006

Matt McCue, Financial News

Daniel Castellanos, 504-881-6587

Not Present:

Board Members

Elizabeth Sanders

Jaye Williams

ROLL CALL

Board Chairman Healy called the meeting to order at 11:35 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 March 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.

REPORT OF THE CHAIR

Board Chairman Healy noted that, in accordance with the ISBI Board Bylaws, the June meeting will be moved from June 15-16 to June 22-23, 2022. The committee meetings on June 22 would be tentatively scheduled from 12 p.m. to 4 p.m. Board Chairman Healy asked if there were any questions or concerns and there were none.

Board Chairman Healy also congratulated Trustees and staff on various personal milestones. Trustees and staff thanked Chairman Healy for his kind words.

CONSIDERATION AND APPROVAL OF MINUTES

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

CONSIDERATION AND APPROVAL OF REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

Audit and Compliance Committee

Trustee Schostok provided the report of the Audit and Compliance Committee and read through the recommendations approved by the Audit and Compliance Committee at its March 22, 2022 meeting:

1. To approve the Fiscal Year 2021 Annual Report in form, as presented.
2. To approve the Financial Statements from September 30, 2021.
3. To approve and accept for filing, as presented, the Record of Vouchers.
4. To approve the Agent Contact Report.
5. To approve the conferences and trainings listed on the March 2022 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.

Trustee Tarnoff moved to adopt and ratify the recommendations of Audit and Compliance Committee. Trustee Schostok seconded, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Attlan, Trustee Frerichs, Trustee Martwick, Trustee Mendoza, Trustee Schostok, and Trustee Tarnoff. The motion passed unanimously.

Investment Policy Committee

Trustee Tarnoff provided the report of the Investment Policy Committee and read through the recommendation approved by the Investment Policy Committee at its March 22, 2022 meeting:

1. To approve RhumbLine Advisers to manage the Russell 3000 index fund, subject to legal review and successful contract negotiations, as recommended by Meketa and ISBI Staff.

Trustee Mendoza moved to adopt and ratify the recommendations of Investment Policy Committee. Trustee Schostok seconded, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Atlan, Trustee Frerichs, Trustee Martwick, Trustee Mendoza, Trustee Schostok, and Trustee Tarnoff. The motion passed unanimously.

Defined Contribution Committee

Trustee Martwick provided the report of the Defined Contribution Committee and read through the recommendations approved by the Defined Contribution Committee at its March 23, 2022 meeting:

1. To maintain the current default contribution rate of 3% of compensation and implement an auto-escalation of 1% annually to a cap of 10% of compensation, consistent with the recommendation of RVK and ISBI Staff, including any revisions to agreements or JCAR as deemed necessary by ISBI's General Counsel, subject to implementation as recommended by RVK, and at such time and manner as ISBI Staff deems prudent.
2. To approve the revised Deferred Compensation Investment Policy.

Trustee Martwick moved to adopt and ratify the recommendations of Defined Contribution Committee. Trustee Schostok seconded, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Atlan, Trustee Frerichs, Trustee Martwick, Trustee Mendoza, Trustee Schostok, and Trustee Tarnoff. The motion passed unanimously.

REPORT BY GENERAL CONSULTANT – MEKETA INVESTMENT GROUP, INC.

Defined Benefit Performance Review as of December 31, 2021

Ms. Stone and Mr. Benham referred Trustees to the presentation materials and gave an overview of the Defined Benefit Plan's performance as of December 31, 2021. Mr. Benham discussed the current market and how inflation, the pandemic and other factors were impacting the market. Ms. Stone reviewed Actual vs. Target Allocation and performance, noting that the portfolio was performing well with a \$3.3 billion increase in AUM in 2021 as a result of positive investment performance. Trustees inquired about the ongoing situation in Ukraine and Ms. Stone discussed the impact to global markets and ISBI's portfolio. Ms. Stone asked if there were any additional questions and there were none.

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 proposed state operating budget for upcoming Fiscal Year 2023. Ms. Cahill asked if there were any questions and there were none.

CONSIDERATION AND POSSIBLE ACTION REGARDING REVISIONS TO BOARD POLICIES

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

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

NEW BUSINESS/OLD BUSINESS

None.

PUBLIC COMMENT

Jordan Ash from the Private Equity Stakeholder Project gave an introduction on the restoration company ServPro. Mr. Ash then introduced an employee of a ServPro subcontractor, and his translator. Chairman Healy noted the translation previously provided to ISBI would be used for the record. Board Chairman Healy expressed his sympathy and thanked him for his comments.

NEXT MEETING/ MOTION TO ADJOURN

Chairman Healy noted that the next meeting will tentatively take place June 22-23, 2022. At 12:44 P.M., there being no further business to come before the Board, Trustee Schostok moved to adjourn the meeting. Trustee Mendoza seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer