

MINUTES OF THE
AUDIT & COMPLIANCE COMMITTEE

Tuesday, March 22, 2022 – 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 Jaye Williams
<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 State Employees' Retirement System Tim Blair

ROLL CALL

Committee Chairwoman Schostok called the meeting to order at 1:04 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 March 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 December 16, 2021, Audit and Compliance Committee meeting. Trustee Atlan seconded, and the motion was called to a roll call vote. All in favor: Committee Chairwoman Schostok, Trustee Atlan, Trustee Mendoza. 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 both portions of the Fiscal Year 2021 had been completed. ISBI received clean audit opinions, with no audit findings on both core annual financial statements and ongoing compliance processes. In addition to ISBI's clean audit opinions, Committee Chairwoman Schostok was pleased to share that she received a positive report from the auditors regarding the ISBI team's cooperation during the execution of audit testing procedures.

Mr. Hein informed the Committee that KPMG has been granted a one-year contract extension with the Office of the Auditor General (OAG) and will be conducting ISBI's Fiscal Year 2022 Audit.

CONSIDERATION AND APPROVAL OF FISCAL YEAR 2021 ANNUAL REPORT AS PRESENTED

Mr. Hein directed Trustees to the presentation materials and briefly described the report. Trustee Tarnoff moved that the Fiscal Year 2021 Annual Report be accepted in form, as presented. Committee Chairwoman Schostok seconded, and the motion was called to a roll call vote. All in favor: Committee Chairwoman Schostok, Trustee Atlan, Trustee Mendoza, Trustee Tarnoff. The motion passed unanimously.

CONSIDERATION AND APPROVAL OF FINANCIAL STATEMENTS (9/30/21)

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

Trustee Mendoza moved that the Financial Statements from September 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 Atlan, Trustee Mendoza, Trustee Tarnoff. The motion passed unanimously.

CONSIDERATION FOR ACCEPTANCE AND FILING OF RECORD OF VOUCHERS (OCTOBER, NOVEMBER, DECEMBER 2021)

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

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

ACTUAL VS PROJECTED BUDGET FORECAST AS OF 12/31/21

Mr. Hein referred Committee Members to the Actual vs. Projected Budget Forecast as of December 31, 2021 in the meeting materials. Mr. Hein stated that expenses were below projections in all major operational expense categories. Mr. Hein also noted that due to favorable contract negotiations with Northern Trust, custodial service fees are also under budget. Following up on last quarter's report, Mr. Hein stated that investment management fee overages against plan, as observed in the first quarter of the fiscal year, are normalizing back toward expected budgeted values, as projected across the entire fiscal year. 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 third quarter of Fiscal Year 2022.

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

Consideration and Approval of Fiduciary Training Opportunities

Mr. Mehta referred Members to the March 2022 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.

Trustee Mendoza moved that the conferences and trainings listed on the March 2022 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 Atlan, Trustee Mendoza, Trustee Tarnoff. The motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.

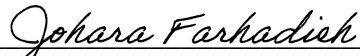
PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairwoman Schostok noted that the next meeting was tentatively scheduled for June 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,



Johara Farhadieh, Executive Director/
Chief Investment Officer