

MINUTES OF THE
ILLINOIS STATE BOARD OF INVESTMENT

Friday, December 17, 2021 – 11:18 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
Elizabeth Sanders
Justice Mary Seminara-Schostok
Michael Tarnoff
Jaye Williams

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

Meketa Investment Group, Inc.
Alli Wallace Stone
Gloria Hazard
Frank Benham

State Employees' Retirement System
Tim Blair

Members of the Public

Member of the Public, 315-618-8081

Member of the Public, 224-465-3037

ROLL CALL

Board Chairman Healy called the meeting to order at 11:20 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 December 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 AND APPOINTMENT OF COMMITTEES

Board Chairman Healy noted that, in accordance with the ISBI Board Bylaws, the March meeting will be moved from March 17-18 to March 22-23, 2022. Board Chairman Healy asked if there were any questions or concerns and there were none.

Consistent with the Board Bylaws, Board Chairman Healy re-appointed all Board Committees with existing membership, except for removing himself from the Audit and Compliance Committee and the Investment Policy Committee. Board Chairman Healy noted that the Executive Committee was previously established by the Board's appointment and approval at the last Board Meeting in September.

Board Chairman Healy congratulated Trustee Attlan and Trustee Tarnoff for being reappointed as Board Members of ISBI and thanked them for their commitment to ISBI. 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 Attlan moved to approve the September 29, 2021, Board meeting minutes, as presented. Trustee Mendoza seconded, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Attlan, Trustee Frerichs, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, Trustee Sanders, and Trustee Schostok. The motion passed unanimously.

Trustee Tarnoff moved to approve and keep closed the Executive Session minutes, as presented, from the September 29, 2021, Board meeting, pursuant to the recommendation of Fiduciary Counsel. Trustee Mendoza seconded the motion, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Attlan, Trustee Frerichs, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, Trustee Sanders, and Trustee Schostok. The motion passed unanimously.

Trustee Mendoza moved that the Executive Session Minutes recommended by Fiduciary Counsel be opened to the public pursuant to Section 2.06(d) of the Open Meetings Act and that the verbatim records presented by Fiduciary Counsel be discarded pursuant to Section 2.06(c) of the Open Meetings Act. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Attlan, Trustee Frerichs, Trustee Martwick, Trustee

Tarnoff, Trustee Williams, Trustee Mendoza, Trustee Sanders, and Schostok. 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 December 16, 2021 meeting:

1. To approve the Financial Statements from June 30, 2021.
2. To approve and accept for filing, as presented, the Record of Vouchers.
3. To approve the Agent Contact Report.
4. To approve the conferences and trainings listed on the December 2021 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 Schostok moved to adopt and ratify the recommendations of Audit and Compliance Committee. Trustee Williams seconded, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Attlan, Trustee Frerichs, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, Trustee Sanders, and Trustee Schostok. The motion passed unanimously.

Investment Policy Committee

Trustee Tarnoff read through the recommendation approved by the Investment Policy Committee at its December 16, 2021 meeting:

1. To approve the revised Strategic Partner recommended ranges for calendar year 2022, as recommended by Meketa and ISBI Staff.
2. To approve the Strategic Partners' Annual Plans as recommended by ISBI's Strategic Partners and ISBI Staff.

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

Defined Contribution Committee

Trustee Martwick read through the recommendations approved by the Defined Contribution Committee at its December 17, 2021 meeting:

1. To approve RVK to provide implementation support services for the DC Plan's Recordkeeper transition to Empower Retirement, including any legal revisions and at such time and manner as ISBI Staff deems prudent, as recommended by RVK and ISBI Staff.

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

REPORT BY GENERAL CONSULTANT – MEKETA INVESTMENT GROUP, INC.

Defined Benefit Performance Review as of September 30, 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 September 30, 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, the long-term outlook for various asset classes, and performance, noting that the portfolio was performing in the top half of its peer group. Trustees inquired about the presentation data as well as international diversification. Ms. Stone clarified how the data was formulated and answered questions related to international markets. Ms. Stone asked if there were any additional questions and there were none.

REVIEW OF THE BYLAWS AND CODE OF ETHICS

Consideration and Approval of Revisions to the Board Bylaws

Ms. Hong referred Trustees to the Board Code of Ethics and the Board Bylaws, which included a minor revision to the Bylaws to reflect current Committee responsibilities. Ms. Hong 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 Board Bylaws, as presented. Trustee Attlan seconded, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Attlan, Trustee Frerichs, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, Trustee Sanders, and Trustee Justice Schostok. The motion passed unanimously.

CONSIDERATION AND APPROVAL OF HARDSHIP APPEAL RECOMMENDATION FROM HEARING OFFICER

ISBI's General Counsel served as the Hearing Officer in the Hardship Appeal, Case Number 21-044. The Hearing Officer referred Members to the "Report of Hearing Officer's Findings" and

“Recommendation of Hearing Officer.” The Hearing Officer discussed the federal and state regulations for hardship distributions and the findings leading to the recommendation to uphold the Committee’s ruling to deny the Appellant’s Request for distribution.

Trustee Schostok moved that the Board approve the Hardship Appeal Recommendation from the Hearing Officer. Trustee Tarnoff seconded, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Attlan, Trustee Frerichs, Trustee Martwick, Trustee Tarnoff, Trustee Williams, Trustee Mendoza, Trustee Sanders, and Trustee Schostok. The motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING/ MOTION TO ADJOURN

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

Respectfully submitted,

Johara Farhadieh, Executive Director/
Chief Investment Officer