

MINUTES OF THE
ILLINOIS STATE BOARD OF INVESTMENT

Friday, September 30, 2022 – 10:10 A.M.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:

Board Members

Chairman Terrence Healy
Gisela Attlan
Treasurer Michael Frerichs (via audio
conference)
Senator Robert Martwick
Comptroller Susana Mendoza (via audio
conference)
Elizabeth Sanders
Michael Tarnoff
Judge Debra Walker
Jaye Williams

Staff

Genette Bacon-Cordova
Mary Cahill
Johara Farhadieh
Jansen Hein
Maryann Hong
Jennifer Koelle
Dipesh Mehta
Nadia Oumata
Alex Somolski
Atul Talwar

Guests

Burke Burns & Pinelli, Ltd.
Sarah Boeckman (via audio
conference)

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

State Employees' Retirement System
Tim Blair (via audio conference)

ROLL CALL

Chairman Healy called the meeting to order at 10:18 a.m. at the Illinois State Board of Investment office, 180 N. LaSalle St., Suite 2015, Chicago. Mr. Mehta called the roll and noted that a quorum was present.

Trustee Martwick moved that Trustees Mendoza and Frerichs be allowed to participate in the meeting via audio conference pursuant to Section 7(a) of the Open Meetings Act. Trustee Walker seconded, and the motion passed unanimously.

REPORT OF THE CHAIR

Chairman Healy began the meeting by congratulating ISBI staff and Trustees on some recent birthdays and personal milestones. Trustees and staff thanked Chairman Healy for his kind words.

PRESENTATION AND APPROVAL OF BOARD RESOLUTION HONORING JUSTICE MARY SEMINARA-SCHOSTOK

Ms. Farhadieh read the resolution honoring Justice Schostok for her dedication and service as both trustee and chairperson of ISBI. Chairman Healy then offered words of thanks to Justice Schostok for her years of service and leadership on the Board, and her dedication to all the participants and beneficiaries of the fund.

Trustee Walker moved that the resolution honoring Justice Schostok for her service as a board member of ISBI, as read on the record, be approved and entered into the permanent record of ISBI. Trustee Mendoza seconded, and the motion passed unanimously.

APPOINTMENT OF STANDING COMMITTEES

Consistent with the Board Bylaws, Chairman Healy informed the Board that he had appointed the committee members for Fiscal Year 2023 at each respective committee meeting.

ELECTION OF OFFICER – RECORDING SECRETARY

Chairman Healy nominated Trustee Attlan to serve as Recording Secretary for the remainder of the term previously held by Justice Schostok. Trustee Sanders moved to approve the nomination, consistent with the requirements of the Board Bylaws. Trustee Mendoza seconded, and the motion passed unanimously.

Consideration and Approval of Proposed 2023 Schedule of Meetings

Trustee Walker moved that the 2023 Schedule of Meetings be approved as presented. Trustee Tarnoff seconded, and the motion passed unanimously.

CONSIDERATION AND APPROVAL OF MINUTES

Trustee Martwick moved to approve the minutes from the June 23, 2022 Board meeting as presented. Trustee Atlan seconded, and the motion passed unanimously, with Trustee Walker abstaining.

Trustee Martwick moved to approve and keep closed the Executive Session minutes, as presented, from the June 23, 2022 Board meeting, pursuant to the recommendation of Fiduciary Counsel. Trustee Williams seconded, and the motion passed unanimously, with Trustee Walker abstaining.

CONSIDERATION AND APPROVAL OF REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

Defined Contribution Committee

Trustee Martwick provided the report to the Board and read through the recommendations approved by the Defined Contribution Committee at its September 29, 2022 meeting:

1. To approve the revised Deferred Compensation Loan Policy, as recommended by CMS.
2. To approve the revisions to JCAR, including any further revisions deemed necessary by ISBI's General Counsel.

Trustee Walker moved to adopt and ratify the recommendations of the Defined Contribution Committee. Trustee Williams seconded, and the motion passed unanimously.

Investment Policy Committee

Trustee Tarnoff provided the report to the Board and read through the recommendations approved by the Investment Policy Committee at its September 29, 2022 meeting:

1. To approve the revised Asset Allocation Policy and Total Fund Policy Benchmark, as recommended by Meketa and ISBI Staff, including increasing the target allocations to Private Equity and Private Credit by 1% each and taking necessary implementation actions to fund the new allocations, at such time and manner as ISBI staff deems prudent.
2. To approve the revised Investment Policy, as presented.
3. To approve the issuance of an RFP, as recommended by Meketa and ISBI staff, for a qualified investment management firm to provide Global Equity Factor Investment Management Services for the Defined Benefit Plan.

Ms. Farhadieh noted for the record that funding the asset allocation decision would impact certain managers, as recommended by Meketa and ISBI's discretionary strategic partner BlackRock. Trustee Walker moved to adopt and ratify the recommendations of the Investment Policy Committee. Trustee Mendoza seconded, and the motion passed unanimously.

Audit & Compliance Committee

Trustee Sanders provided the report to the Board and read through the recommendations approved by the Audit & Compliance Committee at its September 30, 2022 meeting:

1. To approve the Financial Statements from March 31, 2022.
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 September 2022 list of Upcoming Training Opportunities, as presented, 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 Walker moved to adopt and ratify the recommendations of the Audit & Compliance Committee. Trustee Attlan seconded, and the motion passed unanimously.

Emerging Manager Committee

Trustee Attlan provided the report to the Board and read through the recommendation approved by the Emerging Manager Committee at its September 30, 2022 meeting:

1. To approve the revised Diversity Policy, as presented.

Trustee Attlan moved to adopt and ratify the recommendations of the Emerging Manager Committee. Trustee Sanders seconded, and the motion passed unanimously.

REPORT BY GENERAL CONSULTANT – MEKETA INVESTMENT GROUP, INC.

Defined Benefit Performance Review as of June 30, 2022

Mr. Benham referred trustees to the presentation materials and gave an economic and market update as of June 30, 2022. Ms. Stone then provided an overview of the Defined Benefit Plan's performance as of June 30, 2022. Ms. Stone reviewed the impact of the market downturn on the portfolio, noting that despite losses, the portfolio continues to outperform almost all policy benchmarks and ranks very well against peers. Ms. Stone reviewed the Strategic Partners' performance and strategy, noting that Meketa had no concerns at this time. Trustee Tarnoff inquired regarding the impact of various factors on the fund's performance, including the asset allocation and active manager selection, and Ms. Stone provided additional detail. There were no further questions.

CONSIDERATION AND APPROVAL OF REVISIONS TO BOARD POLICY

Ms. Hong referred trustees to the revised Agency Directives Manual. Ms. Hong described the nature of the updates as well as the rationale for the changes. Ms. Hong asked if there were any questions and there were none.

Trustee Walker moved that the Board, consistent with the recommendation of ISBI staff, approve the revised Agency Directives Manual, as presented. Trustee Williams seconded, and the motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Chairman Healy noted that the next meeting was tentatively scheduled for December 15-16, 2022. At 11:06 a.m., there being no further business to come before the Board, Trustee Walker moved to adjourn the meeting. Trustee Mendoza seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer