

**MINUTES OF THE
EMERGING MANAGER COMMITTEE**

Friday, September 30, 2022 – 9:30 A.M.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:	<u>Committee Members</u>	Committee Chairwoman Gisela Attlan Treasurer Michael Frerichs (via audio conference) Senator Robert Martwick Jaye Williams
	<u>Board Members</u>	Board Chairman Terrence Healy Elizabeth Sanders
	<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 (via audio conference)
Not Present:	<u>Committee Members</u>	Comptroller Susana Mendoza

ROLL CALL

Committee Chairwoman Attlan called the meeting to order at 9:40 a.m. at the Illinois State Board of Investment office, 180 N. LaSalle St., Suite 2015, Chicago. Mr. Mehta called the roll and noted a quorum was present.

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

APPOINTMENT OF STANDING COMMITTEE

Pursuant to the Board Bylaws, Board Chairman Healy appointed the following members to the Emerging Manager Committee: Trustee Attlan, Trustee Frerichs, Trustee Williams, Trustee Martwick, and Trustee Mendoza.

REPORT OF THE EMERGING MANAGER COMMITTEE CHAIR

None.

CONSIDERATION AND APPROVAL OF PREVIOUS MEETING MINUTES

Trustee Martwick moved to approve the minutes from the March 23, 2022 meeting of the Emerging Manager Committee. Trustee Williams seconded, and the motion passed unanimously.

DIVERSITY POLICY IMPLEMENTATION REVIEW

Ms. Farhadieh directed trustees to the presentation materials, dated as of June 30, 2022. Ms. Farhadieh gave an overview of ISBI's Diversity Policy implementation, highlighting new commitments since the last meeting as well as the new information included in this quarter's presentation. Committee Chairwoman Attlan and Trustee Williams thanked staff for their hard work on the report, and Board Chairman Healy complimented staff on maintaining strong MWDBE utilization as well as achieving strong fund performance overall. There were no questions.

UPDATE ON ISBI'S STAFF DIVERSITY COMMITTEE

Consideration and Approval of Revisions to ISBI's Diversity Policy

Ms. Cahill introduced the updated ISBI Diversity Policy and stated that the proposed changes resulted from staff's standard annual review of the policy. Ms. Cahill then described the proposed changes, which included increasing certain asset class targets as well as reorganizing

and modernizing language to enhance clarity. Trustee Williams asked for background on the increased goals, and Ms. Cahill described the Staff Diversity Committee's process, and the factors important in arriving at the recommendations. Trustee Tarnoff asked how ISBI's updated goals compare with peers, and Ms. Farhadieh provided greater detail on peer system goals in comparison with ISBI.

Trustee Martwick moved that the committee, consistent with the recommendation of ISBI staff, approve the revised Diversity Policy as presented. Trustee Williams seconded, and the motion passed unanimously.

Update on MWDBE Banks Initiative

Ms. Cahill gave trustees an update on the MWDBE banks initiative, describing staff's process of implementing the policy with managers, and informing the board of preliminary plans for a forum to address the initiative in more depth. Ms. Cahill reported that staff would keep the Board apprised of developments. Trustee Williams asked what staff had learned as they conducted their research, and Ms. Farhadieh discussed various factors impacting managers' use of MWDBE banks that have become apparent during implementation of the policy. There were no further questions.

Update Regarding Midwest Investors Diversity Initiative (MIDI)

Ms. Hong gave an update on ISBI's involvement with MIDI, a coalition of institutional investors led by the Illinois Treasurer's Office which seeks to increase the board diversity of companies headquartered in the Midwest. Ms. Hong stated that, as in previous years, ISBI intends to co-sign a letter sent by MIDI to Russell 3000 companies seeking improved board diversity disclosure. Additionally, Ms. Hong apprised the board of a new MIDI initiative, which ISBI intends to support, that will send letters to asset managers encouraging them to disclose their own board and workforce diversity information and take steps to improve systemic underrepresentation. Ms. Hong concluded by stating that ISBI was proud to support MIDI and continue working alongside the Treasurer's Office on this initiative. There were no questions.

NEW BUSINESS/OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURMENT

Committee Chairwoman Atlan noted that the next meeting was tentatively scheduled for December 15-16, 2022. At 10:05 a.m., there being no further business to come before the committee, Trustee Williams moved to adjourn the meeting. Trustee Martwick seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer