

MINUTES OF THE  
ILLINOIS STATE BOARD OF INVESTMENT

Friday, March 24, 2023 – 10:45 A.M.  
180 N. LaSalle St., Suite 2015  
Chicago, IL 60601

Present:

Board Members

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

Staff

Genette Bacon-Cordova  
Koula Berlin  
Mary Cahill  
Michelle Choi  
Johara Farhadieh  
Maryann Hong  
Jennifer Koelle  
Dipesh Mehta  
Scott Richards  
Alex Somolski  
Atul Talwar

Guests

Burke Burns & Pinelli, Ltd.  
Sarah Boeckman

Meketa Investment Group, Inc.  
Alli Wallace Stone

Illinois State Comptroller's Office  
Patrick Corcoran

State Employees' Retirement System  
Tim Blair

Members of the Public

Jim Baker, Private Equity Stakeholder  
Project

## ***ROLL CALL***

Chairman Healy called the meeting to order at 10:52 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 Walker moved that Trustees Martwick and Tarnoff be allowed to participate in the meeting via audio conference pursuant to Section 7(a) of the Open Meetings Act. Trustee Frerichs 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. Trustees and staff thanked Chairman Healy for his kind words, and Ms. Farhadieh also wished a belated happy birthday to Chairman Healy.

## ***CONSIDERATION AND APPROVAL OF MINUTES***

Trustee Walker moved to approve the minutes from the December 16, 2022 Board meeting and the March 13, 2023 Special Board meeting, as presented. Trustee Williams seconded, and the motion passed unanimously.

## ***CONSIDERATION AND APPROVAL OF REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES***

### **Audit & Compliance Committee**

Trustee Sanders provided the report to the Board and read through the recommendations approved by the Audit & Compliance Committee at its March 23, 2023 meeting:

1. To approve the Fiscal Year 2022 Annual Report, in form as presented.
2. To approve the Financial Statements from September 30, 2022.
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 2023 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 Sanders seconded, and the motion passed unanimously.

### Emerging Manager Committee

Trustee Attlan provided a report to the Board on the Emerging Manager Committee's March 23, 2023 meeting. There were no recommendations from the committee meeting needing ratification.

### Investment Policy Committee

Trustee Tarnoff provided the report to the Board on the Investment Policy Committee's March 23, 2023 meeting. There were no recommendations from the committee meeting needing ratification.

Trustee Walker inquired into recent news about the banking industry and its impact on ISBI. Ms. Farhadieh noted that ISBI's direct exposure was de minimis. Ms. Farhadieh and Mr. Richards provided additional information on ISBI's response, ongoing communication with managers and strategic partners, and strategies in place to continue managing the situation. Chairman Healy inquired further regarding the quarter's performance, and Ms. Stone responded. Trustee Tarnoff thanked the investment team for its hard work and stated that ISBI remains confident in its long-term asset allocation and does not plan to make any major changes as a result of the current environment.

### Defined Contribution Committee

Ms. Farhadieh provided a report to the Board and read through the recommendations approved by the Defined Contribution Committee at its March 24, 2023 meeting:

1. To approve the revisions to JCAR, as recommended by CMS, including any further revisions deemed necessary by ISBI's General Counsel.

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

## ***REPORT BY GENERAL CONSULTANT – MEKETA INVESTMENT GROUP, INC.***

### Defined Benefit Performance Review as of December 31, 2022

Ms. Stone referred trustees to the presentation materials and gave an economic and market update as of December 31, 2022, covering the current market. Ms. Stone then provided an overview of the Defined Benefit Plan's performance as of December 31, 2022. Ms. Stone reviewed the actual vs. target allocation and performance, describing key drivers and noting that the portfolio saw negative performance during the year. However, Ms. Stone noted the portfolio continues to match or outperform almost all policy benchmarks. Ms. Stone then provided more detailed performance information by asset class.

Trustee Mendoza inquired as to the relative performance of Strategic Partners, and Ms. Stone provided comparative data and driving factors. Chairman Healy inquired into ISBI's exposure to China, and Ms. Stone discussed ISBI's exposure and stated that Meketa continues to monitor emerging markets closely but remains confident in ISBI's current asset allocation and will continue to keep the Board apprised moving forward. There were no further questions.

***LEGISLATIVE UPDATE***

Ms. Cahill gave an update on the 2023 spring legislative session, discussing specific pieces of legislation that could impact ISBI. Discussion ensued among trustees regarding several pieces of legislation pertaining to proxy voting and sustainability reporting. Ms. Cahill provided further information where requested.

***NEW BUSINESS/OLD BUSINESS***

None.

***PUBLIC COMMENT***

Jim Baker from the Private Equity Stakeholder Project discussed concerns regarding an investment manager. Chairman Healy thanked Mr. Baker for his comments and expressed his sympathy.

***NEXT MEETING AND ADJOURNMENT***

Chairman Healy noted that the next meeting was tentatively scheduled for June 22-23, 2023, but that subject to scheduling constraints, the meetings may take place solely on June 22, and staff would keep the Board apprised. At 12:00 p.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