

MINUTES OF THE
ILLINOIS STATE BOARD OF INVESTMENT

Thursday, June 22, 2023 – 1:35 P.M.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:

Board Members

Chairman Terrence Healy
Senator Robert Martwick
Comptroller Susana Mendoza
Elizabeth Sanders
Michael Tarnoff
Justice Debra Walker

Staff

Genette Bacon-Cordova
Mary Cahill
Michelle Choi
Johara Farhadieh
Jennifer Koelle
Kawing Lee
Samantha McHugh
Dipesh Mehta
Scott Richards
David Schneider
Dan Sekera
Atul Talwar

Guests

Alliant Insurance Services, Inc.
Craig Goesel
Jake Jemmi

Burke Burns & Pinelli, Ltd.
Sarah Boeckman

Meketa Investment Group, Inc.
Alli Wallace Stone

Illinois State Comptroller's Office
Jack Londrigan

Not Present:

Board Members

Gisela Attlan
Treasurer Michael Frerichs

ROLL CALL

Chairman Healy called the meeting to order at 1:38 p.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.

REPORT OF THE CHAIR

Chairman Healy began the meeting by introducing new staff members at ISBI and by congratulating ISBI staff and trustees on some recent birthdays. Finally, Chairman Healy congratulated Trustee Frerichs on the birth of his twins, and Ms. Farhadieh on the birth of her daughter. Trustees and staff thanked Chairman Healy for his kind words.

Presentation and Approval of Board Resolution Honoring Trustee Jaye Williams

Ms. Farhadieh read the resolution honoring Trustee Jaye Williams for her dedication and service as a trustee of ISBI. Chairman Healy then offered words of thanks to Trustee Jaye Williams for her years of service and her commitment to all the participants and beneficiaries of the fund.

Trustee Walker moved that the resolution honoring Trustee Jaye Williams 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 Tarnoff seconded, and the motion passed unanimously.

CONSIDERATION AND APPROVAL OF MINUTES

Trustee Walker moved to approve the minutes from the March 24, 2023 Board meeting. Trustee Tarnoff seconded, and the motion passed unanimously.

Trustee Walker 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 Mendoza 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 June 22, 2023 meeting:

1. To approve the Financial Statements from December 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 June 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 Mendoza seconded, and the motion passed unanimously.

Emerging Manager Committee

Ms. Farhadieh provided a report to the Board on the Emerging Manager Committee's June 22, 2023 meeting. There were no recommendations from the committee meeting needing ratification.

Defined Contribution Committee

Trustee Martwick provided a report to the Board and read through the recommendations approved by the Defined Contribution Committee at its June 22, 2023 meeting:

1. To approve the revisions to JCAR, as recommended by CMS, including any further revisions deemed necessary by ISBI's General Counsel.
2. To approve the revisions to the Deferred Compensation Investment Policy, as recommended by RVK and ISBI staff.
3. To approve the recommendation by CMS to treat re-hires as new auto-enrollees in the Plan.

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

Investment Policy Committee

Trustee Tarnoff provided a report to the Board and Ms. Farhadieh summarized the Investment Snapshot. Trustee Tarnoff read through the recommendations approved by the Investment Policy Committee at its June 22, 2023 meeting:

1. To approve the recommendation from Meketa and ISBI staff to revise the real estate benchmark used from a lagging benchmark to the real time NCREIF ODCE + 60 basis points, effective for Fiscal Year 2023.
2. To approve the recommendation from Meketa and ISBI staff to approve revisions to the investment guidelines for ISBI's Strategic Partners, subject to legal review and successful contract negotiations.

Trustee Walker moved to adopt and ratify the recommendations of the Investment Policy Committee. Trustee Sanders seconded, and the motion passed unanimously.

PRESENTATION BY ALLIANT INSURANCE SERVICES, INC.

Mr. Goesel of Alliant introduced himself and referred trustees to the presentation materials. Mr. Goesel presented the proposed fiduciary liability policies for the Defined Benefit and Deferred Compensation Plans. Mr. Goesel explained the purpose of insurance and the coverage terms. Several Trustees inquired further about the coverage terms, and Mr. Goesel provided additional information about coverage for various scenarios. Ms. Boeckman also provided more detail on the process and layers of protection for the Fund and Trustees. Board Chairman Healy asked if the policies were appropriately sized for ISBI and Mr. Goesel confirmed that in his expert opinion, the recommended fiduciary liability policies were appropriate and prudent for a fund of ISBI's size and assets under management.

Consideration and Approval of Fiduciary Liability Insurance Policies

Trustee Mendoza moved that the Board, consistent with the recommendation of Alliant, approve the renewal of ISBI's Fiduciary Liability Insurance Policies pursuant to the terms discussed on the record. Trustee Tarnoff seconded, and the motion passed unanimously.

REPORT BY GENERAL CONSULTANT – MEKETA INVESTMENT GROUP, INC.

Defined Benefit Performance Review as of March 31, 2023

Ms. Stone referred trustees to the presentation materials and gave an economic and market update as of March 31, 2023. Ms. Stone then provided an overview of the Defined Benefit Plan's performance as of March 31, 2023. Ms. Stone reviewed the actual vs. target allocation and performance, noting that the portfolio saw soft performance during the year and describing the key drivers of underperformance. However, Ms. Stone noted performance remains strong over longer time horizons. Ms. Stone then provided more detailed performance information by asset class and by strategic partner. There were no questions.

CONSIDERATION AND APPROVAL OF FISCAL YEAR 2024 BUDGET & PERSONNEL MATTER

At 2:31 p.m., Trustee Walker moved to go into Executive Session pursuant to Section 2(c)(1) & (7) of the Open Meetings Act. Trustee Martwick seconded, and the motion was put to a roll call vote. All in favor: Board Chairman Healy, Trustee Martwick, Trustee Mendoza, Trustee Sanders, Trustee Tarnoff, and Trustee Walker. The motion passed unanimously.

At 3:06 p.m., Trustee Walker moved to return to the open meeting. Trustee Sanders seconded, and the motion was called to a roll call vote. All in favor: Board Chairman Healy, Trustee Martwick, Trustee Mendoza, Trustee Sanders, Trustee Tarnoff and Trustee Walker. The motion passed unanimously.

Trustee Mendoza moved that the Board approve the Proposed Fiscal Year 2024 Budget, as amended. Trustee Walker seconded, and the motion passed unanimously.

REVIEW OF BOARD BYLAWS AND CODE OF ETHICS

Ms. Cahill provided the standard annual review of the Board Bylaws and Code of Ethics, stating that the policies remain appropriate and up-to-date, and ISBI staff did not recommend any changes at this time. There were no questions.

LEGISLATIVE UPDATE

Ms. Cahill gave an update on the 2023 spring legislative session, discussing specific pieces of legislation with the potential to impact ISBI. There were no questions.

NEW BUSINESS/OLD BUSINESS

None.

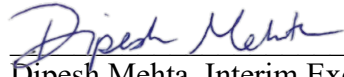
PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Chairman Healy noted that the next meeting was tentatively scheduled for September 27-28, 2023, but may occur on one day only. At 3:21 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,

A handwritten signature in blue ink that reads "Dipesh Mehta". The signature is written in a cursive style with a horizontal line extending from the end of the name.

Dipesh Mehta, Interim Executive
Director/ Chief Investment Officer