

MINUTES OF THE  
INVESTMENT POLICY COMMITTEE

Thursday, June 22, 2023 – 11:10 A.M.  
180 N. LaSalle St., Suite 2015  
Chicago, IL 60601

Present:

<u>Committee Members</u>	Committee Chairman Michael Tarnoff Elizabeth Sanders Justice Debra Walker
<u>Board Members</u>	Board Chairman Terrence Healy Senator Robert Martwick Comptroller Susana Mendoza
<u>Staff</u>	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
<u>Guests</u>	Burke Burns & Pinelli, Ltd. Sarah Boeckman  Illinois State Comptroller's Office Jack Londrigan  Meketa Investment Group, Inc. Alli Wallace Stone Reggie Ross  State Employees' Retirement System Tim Blair (via audio conference)

Not Present:

Committee Members

Gisela Attlan

## ***ROLL CALL***

Committee Chairman Tarnoff called the meeting to order at 11:21 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.

## ***REPORT OF THE INVESTMENT POLICY COMMITTEE CHAIR***

None.

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

Trustee Walker moved to approve the minutes from the March 23, 2023 meeting of the Investment Policy Committee. Trustee Sanders seconded, and the motion passed unanimously.

Trustee Walker moved to approve and keep closed the Executive Session minutes, as presented, from the March 23, 2023 meeting of the Investment Policy Committee, pursuant to the recommendation of Fiduciary Counsel. Trustee Sanders seconded, and the motion passed unanimously.

## ***INVESTMENT SNAPSHOT ENDING MARCH 31, 2023***

Ms. Farhadieh presented the Investment Snapshot, describing ISBI's performance in relation to its policy benchmark and peer group, noting short-term performance which would be covered in greater depth by Meketa later in the meeting. Ms. Farhadieh also reviewed ISBI's asset allocation, MWDBE manager utilization, and risk/return profile. Finally, Ms. Farhadieh discussed a new illustrative policy benchmark displayed on the snapshot. Trustee Sanders asked to see a similar illustrative actual allocation benchmark, and Ms. Farhadieh and Mr. Richards indicated they would follow up with that information. There were no further questions.

## ***EDUCATION ON ACTIVE EMERGING MARKETS – MEKETA INVESTMENT GROUP, INC.***

Ms. Stone referred trustees to the presentation materials, providing background on ISBI's current allocation to international equities, including the breakdown of active and passive management. Ms. Stone then summarized Meketa's key findings, including the ability of active managers to outperform in international equities, particularly emerging markets. Given this potential for outperformance, Ms. Stone stated that in concurrence with ISBI staff, Meketa believes it would be worthwhile for the Board to consider increasing the fund's active management exposure within the asset class. Trustee Sanders asked for additional metrics on active manager outperformance, and Ms. Stone indicated she would follow up with the information.

Ms. Stone proceeded to provide more detail on emerging market equities, giving a market overview, historical review, and geographic and sector weightings. Trustee Sanders asked several questions regarding additional segments of the asset class, as well as exposure to international stocks via U.S. stock exchanges. Ms. Stone provided additional context and indicated that these questions were part of Meketa's annual asset allocation review in September. There were no further questions.

***REPORT BY GENERAL CONSULTANT AND CONSIDERATION AND APPROVAL OF UPDATE TO PUBLIC EQUITY GUIDELINES – MEKETA INVESTMENT GROUP; REPORT OF EXECUTIVE DIRECTOR/CHIEF INVESTMENT OFFICER AND SENIOR INVESTMENT OFFICER***

At 12:09 p.m., Trustee Walker moved to go into Executive Session pursuant to Section 2(c)(7) of the Open Meetings Act to discuss specific investments and investment contracts. Trustee Sanders seconded, and the motion was put to a roll call vote. All in favor: Committee Chairman Tarnoff, Trustee Walker, and Trustee Sanders. The motion passed unanimously.

At 1:11 p.m., Trustee Walker moved to return to the open meeting. Trustee Sanders seconded, and the motion was put to a roll call vote. All in favor: Committee Chairman Tarnoff, Trustee Walker, and Trustee Sanders. The motion passed unanimously.

Trustee Walker moved that the Committee approve the transition from a lagging real estate benchmark to the real time NCREIF ODCE + 60 basis points, as recommended by Meketa and ISBI staff, effective for Fiscal Year 2023. Trustee Sanders seconded, and the motion passed unanimously.

Trustee Walker moved that the Committee approve revisions to the investment guidelines for ISBI's Strategic Partners, consistent with the recommendation of Meketa Investment Group, Inc, and ISBI staff, and subject to legal review and successful contract negotiations. Trustee Sanders seconded, and the motion passed unanimously.

***NEW BUSINESS/OLD BUSINESS***

None.

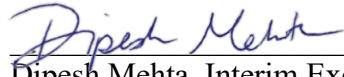
***PUBLIC COMMENT***

None.

***NEXT MEETING AND ADJOURNMENT***

Committee Chairman Tarnoff noted that the next meeting was tentatively scheduled for September 27-28, 2023, but may occur on one day only. At 1:13 p.m., there being no further business to come before the committee, Trustee Walker moved to adjourn the meeting. Trustee Sanders 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.

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Dipesh Mehta, Interim Executive  
Director/ Chief Investment Officer