

RVK, Inc.
Stephen Budinsky
Tony Johnson

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

ROLL CALL

Committee Chairman Martwick called the meeting to order at 10:11 a.m. at the Illinois State Board of Investment office, 180 N. LaSalle St., Suite 2015, Chicago. Pursuant to the Board Bylaws, Board Chairman Healy appointed Trustee Brewer to replace Trustee Walker on the Defined Contribution Committee. Mr. Mehta called the roll and noted that a quorum was present.

REPORT OF THE DEFINED CONTRIBUTION COMMITTEE CHAIR

None.

CONSIDERATION AND APPROVAL OF PREVIOUS MEETING MINUTES

Trustee Sanders moved to approve the minutes from the June 22, 2023 meeting of the Defined Contribution Committee. Trustee Frerichs seconded, and the motion passed unanimously, with Trustee Brewer abstaining.

Trustee Mendoza moved to approve and keep closed the Executive Session minutes, as presented, from the June 22, 2023 Defined Contribution Committee, pursuant to the recommendation of Fiduciary Counsel. Trustee Sanders seconded, and the motion passed unanimously, with Trustee Brewer abstaining.

PRESENTATION BY INVESCO – STABLE RETURN FUND UPDATE

Mr. Leonberger from Invesco introduced himself and directed trustees to the presentation materials. Mr. Leonberger gave a firm update as well as a brief overview of stable value funds. Mr. Leonberger proceeded to discuss Invesco's credit rating formula, reviewed the current wrap market, and closed with a portfolio review. Trustee Brewer inquired about the cash buffer, and Mr. Leonberger provided additional detail on the role of the buffer. Trustee Sanders asked for comparisons of certain metrics to other Invesco clients, and Mr. Leonberger provided the requested information. Trustees asked for additional clarification on allocations in comparison to benchmarks, which Mr. Leonberger provided. There were no additional questions.

REPORT BY CONSULTANT – RVK, INC.

Stable Return Fund Review

Mr. Budinsky directed trustees to the presentation materials, giving a stable value market update and an overview of Invesco and their stable value business. Mr. Budinsky then reviewed ISBI's stable return fund, covering program management, performance, structure, industry comparison, managers, allocations, and fees. Mr. Budinsky concluded by stating Invesco continues to appropriately manage the stable return fund, has met performance expectations, and maintains

very competitive fees. Mr. Budinsky confirmed that RVK is not recommending any changes at this time. Trustee Sanders inquired into some organizational changes, and Mr. Budinsky indicated RVK has no concerns. Trustee Sanders also inquired into allocations to a particular sub-advisor, and Mr. Budinsky and Ms. Farhadieh provided additional context on that sub-advisor.

Deferred Compensation Performance Review as of June 30, 2023

Mr. Johnson referred trustees to the presentation materials and gave a capital markets review. Next, Mr. Johnson gave an overview of the Deferred Compensation Plan, discussing plan statistics including participant balances, demographics, and loan information. Mr. Johnson reviewed asset allocation, plan performance, and plan utilization. Finally, Mr. Johnson noted that fees continue to be very competitive compared to peers. There were no questions.

REPORT OF PLAN ADMINISTRATOR – CENTRAL MANAGEMENT SERVICES (CMS)

Consideration and Approval of Revisions JCAR

Mr. Colantino referred trustees to the presentation materials and proceeded to describe the proposed changes, which remove the Plan's "first day of the month" requirement in accordance with recent changes made by the SECURE 2.0 Act. Mr. Colantino also provided the rationale for the recommendation. Trustee Mendoza inquired into the effective date, and Mr. Colantino confirmed it would begin in 2024. Board Chairman Healy asked whether CMS would provide the administrative training on the change in procedure, and Mr. Colantino confirmed that CMS would handle the training. There were no further questions.

Trustee Mendoza moved that the committee approve the revisions to JCAR, as recommended by CMS, including any further revisions deemed necessary by ISBI's General Counsel. Trustee Sanders seconded, and the motion passed unanimously.

Auto-enrollment Default Investment Option Implementation Update

Mr. Colantino referred trustees to the presentation materials, providing an update on the implementation of the auto-enrollment default investment option change, approved by the committee at its June 22, 2023 meeting. Mr. Colantino described communication efforts with participants, as well as the timeline for the transition. There were no questions.

Update on Communication Strategy for Rehires

Mr. Colantino provided the update, describing the plan for communicating with re-hires regarding options to restore contributions to a higher rate. Discussion ensued among trustees regarding the best methods of communication, and Mr. Colantino promised to follow up with the Plan recordkeeper regarding the committee's suggestions. There were no additional questions.

LEGISLATIVE UPDATE – RVK, INC.

Mr. Budinsky referred trustees to the presentation materials and gave a legislative and regulatory update. Specifically, Mr. Budinsky reviewed SECURE 2.0, discussed new guidance on the legislation and potential follow up legislation, and gave an overview of ESG regulatory actions as well as several ERISA lawsuits. Trustees asked several questions regarding the guidance provided on Roth catch-up contributions, and Mr. Budinsky, Mr. Colantino, and Ms. Farhadieh provided additional detail on the guidance as well as the role of Roth in the Deferred Compensation Plan. Trustee Healy requested that CMS consider offering an educational webinar concerning Roth contributions, and Mr. Colantino indicated he would pursue the suggestion. There were no additional questions.

REPORT OF THE EXECUTIVE DIRECTOR/CHIEF INVESTMENT OFFICER AND INVESTMENT TEAM

Consideration and Approval of Issuance of Request for Competitive Proposal for the Deferred Compensation Plan Consultant

Mr. Sekera referred trustees to the presentation materials and summarized the staff recommendation to issue a Request for Competitive Proposal (RFP) for the Deferred Compensation Plan Consultant, as required by the Illinois Pension Code. Mr. Sekera outlined the RFP timeline, diversity goals, and quiet period guidelines. There were no questions.

Trustee Mendoza moved that the committee, consistent with the recommendation of ISBI staff, issue a Request for Competitive Proposal for the Deferred Compensation Plan Consultant, as presented. Trustee Brewer seconded, and the motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.

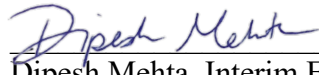
PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairman Martwick noted that the next meeting was tentatively scheduled for December 15, 2023. At 12:11 p.m., there being no further business to come before the committee, Trustee Mendoza moved to adjourn the meeting. Trustee Brewer 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 to the right from the end of the name.

Dipesh Mehta, Interim Executive
Director/Chief Investment Officer