

MINUTES OF THE  
ILLINOIS STATE BOARD OF INVESTMENT

Wednesday, September 27, 2023 – 3:00 P.M.  
180 N. LaSalle St., Suite 2015  
Chicago, IL 60601

Present:

Board Members

Chairman Terrence Healy  
Gisela Attlan  
Matthew Brewer  
Treasurer Michael Frerichs  
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

Burke Burns & Pinelli, Ltd.  
Sarah Boeckman

Meketa Investment Group, Inc.  
Frank Benham  
Gloria Hazard

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

## ***ROLL CALL***

Chairman Healy called the meeting to order at 2:58 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 congratulating ISBI staff and trustees on some recent birthdays. Trustees and staff thanked Chairman Healy for his kind words.

## ***ELECTION OF OFFICERS/CHAIRPERSON***

Consistent with the requirements of the Board Bylaws, Trustee Mendoza nominated Board Chairman Healy to continue as Chairperson of the Board, effective at the conclusion of the September 2023 Board Meeting. Trustee Brewer seconded. There were no additional nominations.

Consistent with the requirements of the Board Bylaws, Trustee Martwick nominated Trustee Frerichs to continue as Vice Chair of the Board, effective at the conclusion of the September 2023 Board Meeting. Trustee Mendoza seconded. There were no additional nominations.

Consistent with the requirements of the Board Bylaws, Trustee Walker nominated Trustee Atlan to continue as Recording Secretary of the Board, effective at the conclusion of the September 2023 Board Meeting. Trustee Brewer seconded. There were no additional nominations.

Consistent with the requirements of the Board Bylaws, Trustee Sanders nominated Trustee Mendoza to continue as Member at Large of the Board, effective at the conclusion of the September 2023 Board Meeting. Trustee Frerichs seconded. There were no additional nominations.

Consistent with the requirements of the Board Bylaws, Trustee Walker moved that the Board approve the slate of officers and their appointments to the Executive Committee, to be effective at the conclusion of the September 2023 Board Meeting. Trustee Tarnoff seconded, and the motion passed unanimously.

## **Appointment of Standing Committees**

Consistent with ISBI's Bylaws, Board Chairman Healy made the following appointments of standing committees:

To the Audit & Compliance Committee: Trustee Atlan, Comptroller Mendoza, Trustee Sanders, Trustee Tarnoff, and Justice Walker.

To the Emerging Manager Committee: Trustee Atlan, Trustee Brewer, Treasurer Frerichs, Senator Martwick, and Comptroller Mendoza.

To the Defined Contribution Committee: Treasurer Frerichs, Senator Martwick, Comptroller Mendoza, Trustee Sanders, and Brewer.

To the Investment Policy Committee: Trustee Attlan, Trustee Brewer, Trustee Sanders, Trustee Tarnoff, and Justice Walker.

#### Presentation and Approval of Board Resolution Honoring Johara Farhadieh

Board Chairman Healy read the resolution honoring Johara Farhadieh for her dedication and service as Executive Director and Chief Investment Officer of ISBI. Chairman Healy then offered words of thanks to Johara Farhadieh for her years of service and her commitment to all the participants and beneficiaries of the fund. Trustee Mendoza also offered words of gratitude and congratulations. Ms. Farhadieh thanked the trustees for their kind words and for the opportunity to work at ISBI.

Trustee Walker moved that the resolution honoring Johara Farhadieh for her service as the Executive Director and Chief Investment Officer of ISBI, as read on the record, be approved and entered into the permanent record of ISBI. Trustee Mendoza seconded, and the motion passed unanimously.

#### Consideration and Approval of the Proposed 2024 Schedule of Meetings

The trustees reviewed the proposed schedule and noted that meeting dates may be amended in future based on trustee availability. Trustee Mendoza moved that the 2024 Schedule of Meetings be approved as presented. Trustee Brewer seconded, and the motion passed unanimously.

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

Trustee Mendoza moved to approve the minutes from the June 22, 2023 Board meeting. Trustee Attlan seconded, and the motion passed unanimously, with Trustee Brewer abstaining.

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

### ***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 September 27, 2023 meeting:

1. To approve the Financial Statements from March 31, 2023.
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 September 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 Sanders moved to adopt and ratify the recommendations of the Audit & Compliance Committee. Trustee Walker seconded, and the motion passed unanimously.

#### Emerging Manager Committee

Trustee Attilan provided a report to the Board on the Emerging Manager Committee's September 27, 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 September 27, 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 issuance of a Request for Competitive Proposal for the Deferred Compensation Plan Consultant, as recommended by ISBI staff.

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

#### Investment Policy Committee

Trustee Tarnoff provided a report to the Board and read through the recommendations approved by the Investment Policy Committee at its September 27, 2023 meeting:

1. To approve the Asset Allocation Policy and revised policy benchmark, including any steps necessary for implementation, as recommended by Meketa and ISBI staff. The revised policy benchmarks are: for Private Equity, the Cambridge Associates PE & VC benchmark; for Multi-Sector Credit, the ICE BofA High Yield Index; and for Private Credit, 50% ICE BofA High Yield and 50% CSFB Leveraged Loan Index with a premium of 150 basis points.
2. To approve as presented an extension to the General Consultant Agreement, as recommended by ISBI staff.

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

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

### Defined Benefit Performance Review as of June 30, 2023

Mr. Benham referred trustees to the presentation materials and gave an economic and market update. Ms. Hazard then provided an overview of the Defined Benefit Plan's performance as of June 30, 2023. Ms. Hazard discussed performance by asset class and noted that the portfolio met the benchmark for the quarter. Ms. Hazard discussed headwinds in short-term performance and noted strong performance over long time horizons. Ms. Hazard then provided additional information on emerging markets, private equity, and real assets. There were no questions.

## ***CONSIDERATION AND APPROVAL OF REVISIONS TO BOARD POLICY***

### Agency Directives Manual

Ms. McHugh referred trustees to the presentation materials, summarizing the nature of the proposed updates to the Agency Directives Manual as well as the rationale for the changes. Ms. McHugh asked if there were any questions and there were none. Trustee Brewer moved to approve the revised Agency Directives Manual, as presented, consistent with the recommendation of ISBI staff. Trustee Tarnoff seconded, and the motion passed unanimously.

## ***LEGISLATIVE UPDATE***

Ms. Cahill provided the legislative update discussing ongoing hearings on a piece of legislation with potential to impact ISBI. Ms. Cahill also gave a preview of the upcoming fall veto session. Trustee Sanders and Trustee Walker inquired further into provisions of the legislation which could impact ISBI, and Ms. Cahill provided additional detail. Trustee Martwick and Trustee Tarnoff also provided additional context on the legislation. There were no further questions.

## ***CONSIDERATION AND APPROVAL REGARDING PERSONNEL MATTER***

At 4:01 p.m., Trustee Martwick moved to go into Executive Session pursuant to Section 2(c)(1) & (7) of the Open Meetings Act. Trustee Atlan seconded, and the motion was put to a roll call vote. All in favor: Trustee Atlan, Trustee Sanders, Trustee Frerichs, Trustee Martwick, Trustee Mendoza, Trustee Tarnoff, Trustee Brewer, Trustee Walker, and Board Chairman Healy. The motion passed unanimously.

At 5:19 p.m., Trustee Walker moved to return to the open meeting. Trustee Mendoza seconded, and the motion was put to a roll call vote. All in favor: Trustee Atlan, Trustee Sanders, Trustee Frerichs, Trustee Martwick, Trustee Mendoza, Trustee Tarnoff, Trustee Brewer, Trustee Walker, and Board Chairman Healy. The motion passed unanimously.

Trustee Walker moved to approve Dipesh Mehta as the Interim Executive Director and Chief Investment Officer and for him to have the authority and power of the Executive Director and

Chief Investment Officer as provided under State statute and ISBI's Bylaws and policies, until such time that the search to the permanent Executive Director and Chief Investment Officer is concluded. Trustee Mendoza seconded, and the motion passed unanimously.

***NEW BUSINESS/OLD BUSINESS***

None.

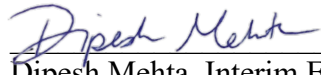
***PUBLIC COMMENT***

None.

***NEXT MEETING AND ADJOURNMENT***

Chairman Healy noted that the next meeting was tentatively scheduled for December 15, 2023. At 5:21 p.m., there being no further business to come before the Board, Trustee Mendoza moved to adjourn the meeting. Trustee Walker 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 across the signature.

Dipesh Mehta, Interim Executive  
Director/Chief Investment Officer