

MINUTES OF THE  
**DEFINED CONTRIBUTION COMMITTEE**

Thursday, June 27, 2024 – 9:40 A.M.  
180 N. LaSalle St., Suite 2015  
Chicago, IL 60601

Present:

<u>Committee Members</u>	Committee Chairman Senator Robert Martwick Matthew Brewer Treasurer Michael Frerichs Comptroller Susana Mendoza Elizabeth Sanders
<u>Board Members</u>	Board Chairman Terrence Healy Michael Tarnoff
<u>Staff</u>	Genette Bacon-Cordova Mary Cahill Michelle Choi Jennifer Koelle Kawing Lee Samantha McHugh Dipesh Mehta David Schneider Dan Sekera Atul Talwar
<u>Guests</u>	Burke Burns & Pinelli, Ltd. Sarah Boeckman  Illinois Central Management Services Chris Colantino  Illinois State Comptroller's Office Patrick Corcoran  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 9:49 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 DEFINED CONTRIBUTION COMMITTEE CHAIR***

None.

## ***CONSIDERATION AND APPROVAL OF PREVIOUS MEETING MINUTES***

Trustee Mendoza moved to approve the minutes from the March 22, 2024 meeting of the Defined Contribution Committee. Trustee Sanders seconded, and the motion passed unanimously.

Trustee Sanders moved to approve and keep closed the Executive Session minutes, as presented, from the March 22, 2024 meeting of the Defined Contribution Committee, pursuant to the recommendation of Fiduciary Counsel. Trustee Mendoza seconded, and the motion passed unanimously.

## ***REPORT BY CONSULTANT – RVK, INC.***

### Deferred Compensation Performance Review as of March 31, 2024

Mr. Johnson referred trustees to the presentation materials and gave a capital markets review. Several trustees inquired regarding the impact of Federal Reserve policy and the upcoming presidential election on capital markets, and Mr. Johnson and Mr. Budinsky provided additional context. Mr. Johnson then proceeded to review Plan statistics, including participant balances, demographics, and loan information. Trustees inquired further into the average participant balances and discussed ongoing auto-escalation efforts. Mr. Johnson provided the information and then continued reviewing the presentation materials, covering asset allocation and performance, and discussing peer rankings. Trustees asked several questions regarding fund performance, peer rankings, and the availability of active management options, which Mr. Johnson answered comprehensively. Mr. Budinsky then provided trustees with an update on a recent ERISA lawsuit against the American Airlines 401(k) plan. Mr. Budinsky indicated that RVK had no concerns in relation to ISBI's liability for a similar claim and that ISBI's trustees follow all fiduciary best practices. Mr. Mehta echoed Mr. Budinsky's comments and discussed additional protections enshrined in Illinois law. Mr. Johnson concluded his presentation by discussing a guidelines adjustment for an underlying fund manager. Mr. Johnson asked if there were any further questions and there were none.

## ***INVESTMENT MENU AND INVESTMENT POLICY STATEMENT – RVK, INC.***

Mr. Budinsky referred trustees to the presentation materials and began the review. Mr. Budinsky reviewed the Plan's investment lineup, discussing ISBI's streamlined approach. Mr. Budinsky and Mr. Johnson also provided more information on the use of passive investment options for each asset class and the white labeling of funds. Trustees discussed the presentation and applauded RVK and the Plan for taking a streamlined, focused, and easy-to-use approach for participants. Mr. Budinsky concluded by stating that the investment menu continues to provide broad and diversified building blocks to meet participant needs. Mr. Budinsky stated that at this time, RVK is not recommending any changes to the investment menu or policy statement. Mr. Johnson then provided a retirement readiness update and presented a roadmap for next steps regarding the initiative. Board Chairman Healy inquired in RVK's approach to inflation, and Mr. Budinsky and Mr. Johnson provided additional information. Mr. Johnson asked if there were any further questions and there were none.

## ***REPORT OF PLAN ADMINISTRATOR – CMS***

### Review of CMS DCP Budget

Mr. Colantino referred trustees to the presentation materials and presented CMS's projected budget for Fiscal Year 2025, noting an increase in expenses due to increased staffing levels. Trustee Mendoza inquired further into the increase and historical staffing levels for the division. Mr. Colantino discussed hiring difficulties and retention issues which the division has faced. Discussion ensued amongst trustees regarding the increase and the responsibility for CMS's budget, with many trustees expressing concerns. The committee then directed Fiduciary Counsel to draft a letter to provide to CMS, the General Assembly, and the Governor's Office, expressing the committee's concerns with the cost increase and current lack of oversight for the budget. Discussion then concluded.

## ***REVIEW OF ISBI DCP COST ALLOCATION – RVK, INC.***

At 11:25 a.m., Trustee Mendoza moved to go into Executive Session pursuant to Section 2(c)(1) & (7) of the Open Meetings Act to discuss specific personnel issues, investments, and investment contracts. Trustee Brewer seconded, and the motion was put to a roll call vote. All in favor: Committee Chairman Martwick, Trustee Frerichs, Trustee Mendoza, Trustee Brewer, and Trustee Sanders. The motion passed unanimously.

At 11:48 a.m., Trustee Mendoza moved to return to the open meeting. Trustee Frerichs seconded, and the motion was put to a roll call vote. All in favor: Committee Chairman Martwick, Trustee Frerichs, Trustee Mendoza, Trustee Brewer, and Trustee Sanders. The motion passed unanimously.

***NEW BUSINESS/OLD BUSINESS***

None.

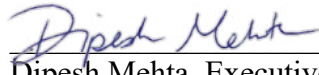
***PUBLIC COMMENT***

None.

***NEXT MEETING AND ADJOURNMENT***

Committee Chairman Martwick noted that the next meeting was tentatively scheduled for September 20, 2024. At 11:50 a.m., there being no further business to come before the committee, Trustee Mendoza moved to adjourn the meeting. Trustee Martwick 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 underneath it.

Dipesh Mehta, Executive Director/Chief  
Investment Officer