

MINUTES OF THE  
ILLINOIS STATE BOARD OF INVESTMENT

Friday, September 20, 2024 – 2:20 P.M.  
180 N. LaSalle St., Suite 2015  
Chicago, IL 60601

Present:

Board Members

Chairman Terrence Healy  
Matthew Brewer  
Treasurer Michael Frerichs  
Senator Robert Martwick (via audio  
conference)  
Elizabeth Sanders  
Justice Debra Walker

Staff

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

Guests

BlackRock Financial Management, Inc.  
Claudette Grant  
Catherine Kress

Burke Burns & Pinelli, Ltd.  
Sarah Boeckman

Meketa Investment Group, Inc.  
Alli Wallace Stone  
Frank Benham

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

Not Present:

Board Members

Comptroller Susana Mendoza  
Michael Tarnoff

## ***ROLL CALL***

Chairman Healy called the meeting to order at 3:14 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.

Trustee Walker moved that Trustee Martwick be allowed to participate in the meeting via audio conference pursuant to Section 7(a) of the Open Meetings Act. Trustee Brewer seconded, and the motion passed unanimously.

## ***REPORT OF THE CHAIR***

Chairman Healy began the meeting by congratulating ISBI staff and trustees on recent birthdays and other personal milestones. Chairman Healy also congratulated Trustee Walker on receiving the 2024 Illinois Judges Foundation Distinguished Service Award. Finally, Chairman Healy congratulated Ms. Koelle on receiving her award as one of Pensions & Investments Influential Women in Institutional Investing.

### Appointment of Standing Committees

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

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

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

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

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

### Consideration and Approval of Proposed 2025 Schedule of Meetings

The trustees reviewed the proposed schedule and requested two changes based on trustee availability. Trustee Walker moved to approve the 2025 schedule of meetings, as amended. Trustee Brewer seconded, and the motion passed unanimously.

### Presentation and Approval of Board Resolution Honoring Trustee Tarnoff

Chairman Healy read the resolution honoring Trustee Tarnoff for his dedication and service as a trustee of ISBI. Trustee Frerichs moved that the resolution honoring Trustee Tarnoff for his service as Board member of ISBI, as read on the record, be approved and entered into the permanent record of ISBI. Trustee Walker seconded, and the motion passed unanimously.

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

Trustee Walker moved to approve the minutes from the June 27, 2024 Board meeting. Trustee Sanders seconded, and the motion passed unanimously.

Trustee Walker moved to approve and keep closed the Executive Session minutes, as presented, from the June 27, 2024 Board meeting, pursuant to the recommendation of Fiduciary Counsel. Trustee Sanders seconded, and the motion passed unanimously.

## ***CONSIDERATION AND APPROVAL OF REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES***

### Audit & Compliance Committee

Trustee Walker provided the report to the Board and read through the recommendations approved by the Audit & Compliance Committee at its September 20, 2024 meeting:

1. To approve the Financial Statements from March 31, 2024.
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 2024 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 Brewer seconded, and the motion passed unanimously.

### Emerging Manager Committee

Trustee Brewer provided a report to the Board on the Emerging Manager Committee's September 20, 2024 meeting. There were no recommendations from the committee meeting needing ratification.

### Defined Contribution Committee

Mr. Mehta provided the report to the Board and read through the recommendations approved by the Defined Contribution Committee at its September 20, 2024 meeting:

1. To add the Income and Growth and 2070 Trusts to the Deferred Compensation investment lineup as soon as administratively feasible, as recommended by RVK and ISBI staff.

2. To adopt Mandatory Cash Out Distributions and related revisions to JCAR, as recommended by CMS, including any further revisions deemed necessary by ISBI's ED/CIO.
3. To adopt Age 60-63 Catch Up Contributions and related revisions to JCAR, as recommended by CMS, including any further revisions deemed necessary by ISBI's ED/CIO.
4. To adopt Qualified Disaster Recovery Distributions and related revisions to JCAR, as recommended by CMS, including any further revisions deemed necessary by ISBI's ED/CIO.

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

#### Investment Policy Committee

Trustee Sanders provided a report to the Board and read through the recommendations approved by the Investment Policy Committee at its September 20, 2024 meeting:

1. To approve the asset allocation policy and revised benchmarks, as recommended by Meketa and ISBI staff, including any steps necessary for implementation. The revised benchmarks are: for global equity, the MSCI All Country World Index (ACWI) IMI; for private credit (primary), Hamilton Lane Private Credit Benchmark (1 Quarter Lagged); for private credit (secondary), 100% CSFB Leveraged Loans + 200 basis points.
2. To allocate 1% of the private equity target allocation to Hamilton Lane and Franklin Park as discussed, as recommended by Meketa and ISBI staff, including any necessary steps for implementation and successful contract negotiation.
3. To give Rock Creek discretionary management of the legacy public equity assets and to allow Rock Creek to continue to manage the legacy core fixed income assets on a non-discretionary basis, as recommended by Meketa and ISBI staff, including taking all necessary accompanying actions for implementation and successful contract negotiation at such time and in such manner deemed prudent by staff.
4. To revise the investment guidelines for ISBI's strategic partners, as recommended by Meketa and ISBI staff, subject to legal review and successful contract negotiations.
5. To extend the general consultant agreement, as recommended by ISBI staff.

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

***GEOPOLITICAL OUTLOOK PRESENTATION – BLACKROCK FINANCIAL MANAGEMENT (EDUCATION SESSION)***

Chairman Healy noted for the record that BlackRock would be presenting prior to Meketa, due to time constraints.

BlackRock representatives entered the meeting and introduced themselves to the Board. Ms. Kress gave the presentation, reviewing themes from her prior presentation to the Board and providing updates. Ms. Kress discussed various geopolitical situations and their impact on financial markets, including the war in Ukraine, the conflict in the Middle East, and the U.S. election cycle. Ms. Kress asked if there were any questions and there were none. Trustees thanked Ms. Kress for her presentation and BlackRock representatives exited the meeting.

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

Defined Benefit Performance Review as of June 30, 2024

Ms. Stone referred trustees to the presentation materials and reviewed the Defined Benefit Plan's performance as of June 30, 2024. Ms. Stone reviewed the actual vs. target allocation as well as performance by asset class, noting strong outperformance over the one-year period in particular. Ms. Stone also discussed peer rankings, noting very strong rankings over the quarter. Ms. Stone asked if there were any questions and there were none.

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

Agency Directives Manual

Ms. McHugh reviewed the proposed changes to the Agency Directives Manual, which included a new social media policy and other minor changes which served to align the policy with relevant statutes.

Trustee Walker moved to approve the revisions to the Agency Directives Manual. Trustee Brewer seconded, and the motion passed unanimously.

Labor Principles Policy

Ms. Cahill presented the policy, providing background on its development and outlining its purpose. Ms. Cahill highlighted that implementation of the policy is subject at all times to the Board's fiduciary duty. Trustee Frerichs voiced his support for the policy and mentioned his work on the subject.

Trustee Frerichs moved to approve the Labor Principles Policy. Trustee Walker seconded, and the motion passed unanimously.

***NEW BUSINESS/OLD BUSINESS***

None.

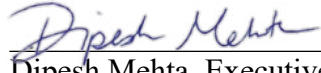
***PUBLIC COMMENT***

None.

***NEXT MEETING AND ADJOURNMENT***

Chairman Healy noted that the next meeting was tentatively scheduled for December 13, 2024. At 4:00 p.m., there being no further business to come before the Board, Trustee Walker 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 underneath it.

Dipesh Mehta, Executive Director/Chief  
Investment Officer