



MINUTES
Board of Trustees
February 28, 2020

The regular meeting of the Board of Trustees of the Illinois Teachers' Retirement System was held on February 28, 2020 at the Hilton Rosemont Chicago O'Hare Hotel, 5550 North River Road, Rosemont. Andy Hirshman, Chair, called the meeting to order at 1:00 p.m. A quorum was present.

Roll Call attendance was taken with the following trustees present: Marsha Byas, Andy Hirshman, Matthew Hunt, Maureen Mena, David Miller, Laura Pearl, Fred Peronto, Larry Pfeiffer, Doug Stand, Mark Bailey, Vice President; and Devon Bruce, President. Absent: Carmen Ayala and Norma Bellcoff.

Effective January 1, 2020, Public Act 101-0610 allows the governor of Illinois to appoint the TRS Board president from among the sitting trustees. Governor Pritzker has appointed Trustee Devon Bruce as president of the TRS Board. The current state superintendent, Dr. Carmen Ayala, will continue to serve as "ex officio" member of the Board.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Marcy Dutton, Chief Legal Counsel; Carlton Lenoir, Chief Benefits Officer; Stacy Smith, Director of Internal Audit and Risk; Dave Urbanek, Director of Communications; Tammy Green, Executive Assistant; Beckly Gratsinger, RVK (Investment Consultant); and Tiffany Reeves, Reinhart (Fiduciary Counsel).

Visitors present: Jack Tucker and Mac Smith, IL Education Association-Retired.

APPROVAL OF MINUTES

A draft of the December 10, 2019 minutes of the regular Board meeting was sent to the trustees for prior review. On a motion by Trustee Hunt, seconded by Trustee Mena, the minutes were approved by unanimous voice vote.

INVESTMENT COMMITTEE REPORT

Trustee Hirshman, Investment Committee Chair, presented the consent agenda. All items listed under the consent agenda are enacted by one motion with a roll call vote. No separate discussion of these items is held unless a request is made prior to voting on the motion. Trustee Pearl moved that the Board approve the consent agenda as stated. Trustee Hunt seconded the motion and it passed unanimously with a roll call vote by Trustees Bailey, Byas, Hirshman, Hunt, Mena, Miller, Pearl, Peronto,

Pfeiffer, Strand, and Bruce. Motion CARRIED. The following motions were approved by action taken in the consent agenda motion.

1. Commit \$350 million to Cerberus 2112 Lending Fund, LLC. subject to successful completion of legal documentation. Based on pacing initiatives specified within the Private Debt Tactical Plan, it is expected commitments to this fund will increase up to \$500 million.
2. Commit \$100 million to Greenspring Fund-of-Funds 2.0, a group of four Greenspring fund-of-funds product vehicles. Greenspring has discretion over the investment decisions.
3. Commit \$100 million to Greenspring IL Special Growth Equity 2.0, a separate account dedicated to growth equity funds and co-investments. TRS will retain discretion over the investment decisions within the separate account.

End of Consent Agenda

EXECUTIVE DIRECTOR'S REPORT

Trustee Special Election Update

The General Assembly approved Public Act 101-0610 in December 2019 that includes the expansion of the TRS Board from 13 members to 15 in 2020. Director Ingram reported that a special election is not necessary since only one candidate filed the necessary paperwork for the additional board seat for elected active members. Beth Anderson of Ashkum, Illinois will begin her term on July 15, 2020. The other new seat created by the law will be filled by a gubernatorial appointment who is not a TRS member.

Legislative Update

Andrew Bodewes, TRS legislative consultant, provided an update on legislation that may have an impact on TRS. Stand for Children has a proposal, House Bill 4948, which would transfer the normal cost to school districts and then the state, through the Illinois State Board of Education, would reimburse a portion of normal cost to school districts. There is also a major push that the new defined contribution plan automatically enroll newly hired Tier 2 employees.

Investment Governance

In December 2019, the System issued a Request for Proposal (RFP) requesting services of a consultant that would provide a fiduciary evaluation of the System's

investment practices and policies. The Board interviewed AON Hewitt Investment Consulting and Funston Advisory Services as finalists. Their presentation booklets are on file. On a motion by Andy Hirshman, seconded by Fred Peronto, it was resolved:

To increase the approved TRS 2019-2020 budget by \$175,000.00 for the purpose of spending up to that amount for the hiring of AON Hewitt Investing Consulting to provide professional services that includes a limited scope of fiduciary evaluation of investment practices and policies as outlined in the December 13, 2019 Request For Proposal. (The increased budget amount is without the \$75,000.00 salary compensation study).

Roll call resulted in affirmative voice votes from Byas, Hirshman, Hunt, Mena, Miller, Pearl, Peronto, Pfeiffer, Strand, Bailey, and Bruce. Motion Carried.

Defined Contribution Plan Update

Representatives from Cammack Retirement Group, the System's DC plan consultant, provided an overview of key project milestones and presented a preliminary investment array for the plan. Documentation is on file. The Board plans to vote on the final option array later in the year. Director Ingram reported that the launch date to begin enrolling active members in the TRS defined contribution plan has been delayed until January 1, 2021, from July 2020. The reasons for establishing a new date are on file.

Defined Contribution Plan Committee

On a motion by Andy Hirshman, seconded by David Miller, it was resolved:

To elect Matt Hunt (Chair), Doug Strand (Vice Chair), Marsha Byas, David Miller, and Maureen Mena to serve on the Defined Contribution (DC) Plan Committee.

The motion passed by unanimous voice vote.

Board Retreat

Director Ingram proposed agenda topics for the upcoming Board retreat to be held April 24, 2020.

Quarterly Financial Statements

The financial reports for the quarter ended December 31, 2019 were sent to trustees for review. Documentation is on file. On a motion by Trustee Pfeiffer, seconded by Trustee Bailey, it was resolved:

To approve the financial statement and schedule of expenditures for the quarter ending December 31, 2019, as presented.

Roll call resulted in affirmative voice votes from Byas, Hirshman, Hunt, Mena, Miller, Pearl, Peronto, Pfeiffer, Strand, Bailey, and Bruce. Motion Carried.

Trustee Travel

A motion was made by Trustee Bailey, seconded by Trustee Hirshman, to approve out-of-state travel for trustees to attend the following events:

- Council of Institutional Investors Pension Fund Trustee Training, March 9, 2020 in Washington DC -- up to 2 trustees
- Pension Bridge Annual Conference, April 14-15, 2020 in San Francisco, CA -- up to 4 trustees
- NCPERS Trustee Seminars May 9-10, 2020 and Annual Conference May 10-13, 2020 in Las Vegas, NV -- up to 4 trustees

Roll call resulted in affirmative voice votes from Byas, Hirshman, Hunt, Mena, Miller, Pearl, Peronto, Pfeiffer, Strand, Bailey, and Bruce. Motion Carried.

IT Gemini Update

The Board discussed the current status of the Gemini project and the cost projection for programming. Due to the new Go-Live date of January 1, 2021, the team is working on a new project plan with key milestones.

Information items on file:

- Gemini Update (2/28/20)
- Buyout Program Update (12/31/19)
- Member Services Statistical Report (Dec/Jan)
- Vendor Utilization Report (12/31/19)
- Employer Services Report (7/15/19-1/12/20)

EXECUTIVE SESSION

A motion was made by Trustee Hunt, seconded by Trustee Strand, that the Board enter into executive session for the purpose of discussing the appointment, employment, compensation, discipline, performance, or dismissal of specific employees, probable or imminent litigation, and closed meeting minutes including the semi-annual review of minutes, as permitted under the following exceptions of the Open Meetings Act, 5 ILCS 120/2 (c)(1), (11), and (21). Roll call resulted in affirmative voice votes from Byas, Hirshman, Hunt, Mena, Miller, Pearl, Peronto, Pfeiffer, Strand, Bailey, and Bruce. Motion Carried.

No action was taken during executive session. A motion was made by President Bruce, seconded by Trustee Hirshman, that the Board come out of executive session. Roll call resulted in affirmative voice votes from Byas, Hirshman, Hunt, Mena, Miller, Pearl, Peronto, Pfeiffer, Strand, Bailey, and Bruce. Motion Carried.

Approval of Executive Session Minutes/Semi-Annual Review of Minutes

A draft of the December 10, 2019 executive session minutes of the Board was sent to the trustees for prior review. Documentation is on file. In addition, the Board received a memorandum from the System's legal counsel regarding the confidentiality of executive session minutes pursuant to the Open Meetings Act. Documentation is on file. A motion was made by Trustee Pfeiffer, seconded by Trustee Bailey, to approve the December 10, 2019 minutes, as presented and to release the March 14 and August 2, 2019 closed meeting minutes of the Board to the public. The motion passed by unanimous voice vote.

ADJOURNMENT

There being no further business to be brought before the Board, a motion was made by Trustee Bailey, seconded by Trustee Peronto, to adjourn the meeting at 4:03 p.m. The motion passed by unanimous voice vote.



Richard W. Ingram, Executive Director

Approved: 4/24/20