



## **TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

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### **MINUTES Board of Trustees August 28, 2020**

A virtual meeting of the Board of Trustees of the Illinois Teachers' Retirement System was held on August 28, 2020 in accordance with Public Act 101-640 Government Emergency Administration Act and the COVID-19 Executive Order 2020-52, which extends the original Executive Order 2020-07 through September 19, 2020. An in-person meeting is not practical or prudent due to the current global COVID-19 pandemic.

Requirements under PA 101-640, Article 15 include:

- All votes must be roll call votes so that each member's vote on each issue can be identified and recorded.
- Prepare and maintain a verbatim record of both the open and closed sessions of the remote meeting.
- Everyone must be able to hear one another.

President Bruce called the meeting to order at 9:20 a.m. A quorum was present. Roll Call attendance was taken with the following trustees present: Beth Anderson, Carmen Ayala, Andy Hirshman, Matt Hunt, Maureen Mena, David Miller, Fred Peronto, Larry Pfeiffer, Matt Shattock, Doug Strand, Mark Bailey, Vice President and Devon Bruce, President. Absent: Norma Bellcoff and Marsha Byas.

Stan Rupnik, Acting Executive Director/Chief Investment Officer and Cynthia Fain, Sr. Legal Counsel, were physically present at the meeting location in Springfield, 2815 W. Washington Street.

Others present: Carlton Lenoir, Chief Benefits Officer; Chad Fry, Technical Systems Manager; Chris Wiedel, Director of Information Technology; John Gerding, Deputy Director of Information Technology; Stacy Wood, Delivery and Quality Assurance Manager; Stacy Smith, Director of Internal Audit and Risk; Christina Baker, Internal Audit Supervisor; Bob Jiroutek, Risk Officer; Greg Turk, Director of Investments; Gina Larkin, Chief Human Resources Officer; Deron Bertolo, Director of Investment Accounting; Abby Griffith, Investment Accounting Manager; Rich Frankenfeld, Director of Outreach; Amy Reynolds, Director of Research; Dave Urbanek, Director of Communications; Jeff Bennett, Director of Operations; Scottie Bevill, Sr. Investment Officer; Brian Payne, Investment

Officer; Tammy Green, Executive Assistant; Tiffany Reeves and Jessica Culotti, Reinhart (Fiduciary Counsel); Andrew Bodewes, Legislative Consultant; Becky Gratsinger and Tony Johnson, RVK (Investment Consultant).

## **APPROVAL OF MINUTES**

Drafts of the June 19, 2020 minutes of the regular Board meeting and the July 31, 2020 special Board meeting were sent to the trustees for prior review. Documentation is on file. On a motion by Trustee Hunt, seconded by Trustee Hirshman, it was resolved to approve the June 19 and July 31, 2020 Board minutes, as presented. Roll call resulted in affirmative voice votes from Trustees Anderson, Ayala, Hirshman, Hunt, Mena, Miller, Peronto, Pfeiffer, Shattock, Strand, Bailey, and Bruce. Motion Carried.

No public comments were heard.

## **INVESTMENT COMMITTEE REPORT**

Trustee Hirshman presented the investment committee 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 Bruce moved that the Board approve the consent agenda as presented. Trustee Peronto seconded the motion and it passed by roll call vote from Trustees Anderson, Ayala, Hirshman, Hunt, Mena, Miller, Peronto, Pfeiffer, Shattock, Strand, Bailey, and Bruce. Trustee Hunt abstained from voting on item #1 since he was absent during the tactical plan presentation. Motion Carried. The following motions were approved by action taken in the consent agenda motion.

1. Approve the fiscal year 2021 private equity tactical plan as summarized in the plan pacing and initiatives summary. The Board also expects enhanced reporting around progress toward the ESG and diversity initiatives within the plan year.
2. Approve the fiscal year 2021 diversifying strategies tactical plan as summarized in the plan pacing and initiatives summary.
3. Approve the fiscal year 2021 real estate/real assets tactical plan as summarized in the plan pacing and initiatives summary.

*End of Consent Agenda*

## **ACTING EXECUTIVE DIRECTOR’S REPORT**

### Executive Director Search

President Bruce announced that the Board is beginning the process to conduct a national, robust, and transparent search for a TRS executive director. As fiduciaries, each member of the Board will be involved in the decision making and selection. President Bruce proposed that the following trustees serve on a subcommittee of the Board to handle process and logistical matters:

Devon Bruce - TRS President

Mark Bailey - TRS Vice President; ensures institutional knowledge

Matt Shattock - new member of the TRS Board; has experience in executive searches

Beth Anderson - new member of the TRS Board

Acting Director Rupnik submitted a draft Request For Proposal for an executive director search firm. Documentation is on file. On a motion by Trustee Peronto, seconded by Trustee Hunt, it was resolved:

To approve a subcommittee of the Board to handle logistical matters relating to the executive director search and to authorize the subcommittee to make amendments to the draft Request For Proposal if necessary.

To issue a Request For Proposal for retaining an executive search firm to assist the TRS Board of Trustees in the hiring of an executive director

Roll call resulted in affirmative voice votes from Trustees Anderson, Ayala, Hirshman, Hunt, Mena, Miller, Peronto, Pfeiffer, Shattock, Strand, Bailey, and Bruce. Motion Carried.

### Standing Committees Update

No changes were made to the fiscal year 2021 standing committees that were approved at the June 19, 2020 Board meeting. A vacancy remains on the rules and personnel committee and the claims hearing committee.

### Annual Certification of Trustee Ethics Training

In accordance to Public Act 96-0006, the Board shall annually certify that trustees have completed a minimum of eight hours of ethics training during the fiscal year 2020. On a motion by Trustee Strand, seconded by Trustee Bailey, it was resolved:

To certify that the following trustees of the Illinois Teachers' Retirement System have completed a minimum of eight hours of ethics training during fiscal year 2020 in accordance to Public Act 96-0006, Article 1 of the IL Pension Code, Section 1-113.18. Certification will be submitted to the Division of Insurance of the Department of Financial Professional Regulation.

Mark Bailey, Norma Bellcoff, Devon Bruce, Maureen Mena, Marsha Byas, Andrew Hirshman, Matt Hunt, Laura Pearl, Fred Peronto, Larry Pfeiffer, Doug Strand, David Miller

Roll call resulted in affirmative voice votes from Trustees Ayala, Hirshman, Hunt, Mena, Miller, Peronto, Pfeiffer, Shattock, Strand, Bailey, and Bruce. Trustee Anderson was unable to vote due to technical issues. Motion Carried.

#### FY 2021 Budget Request

TRS staff requested approval to increase the fiscal year 2021 budget to include legal services performed by King & Spaulding during fiscal year 2021. Documentation is on file. On a motion by Trustee Hunt, seconded by Trustee Shattock, it was resolved:

To increase the fiscal year 2021 budget by \$400,000 for the purpose of spending up to that amount with King and Spaulding LLP.

Roll call resulted in affirmative voice votes from Trustees Ayala, Hirshman, Hunt, Mena, Miller, Peronto, Pfeiffer, Shattock, Strand, Bailey, and Bruce. Trustee Anderson was unable to vote due to technical issues. Motion Carried.

#### IT Gemini Status Report

Chris Wiedel, Director of Information Technology, provided an overview and current status of the Gemini project, the next generation pension administration system. The overview included total work completed, remaining work to be completed, and future projections. Documentation is on file. Gemini will be the primary system that TRS uses to conduct its core business functions with members and employers.

The Board continues to be concerned about whether TRS is up to the task of completing the project successfully using in-house resources. The Board believes it is an industry best practice to engage an independent third-party to conduct a holistic review of the project, verify that the project is being managed, and ensure the project is on the right path going forward. Fiduciary counsel stated that it would be prudent to look at a third-party source for assurance. TRS is under procurement requirements as a public entity and it will take

time to develop a Request For Proposal and go through the procurement process to find an outside firm to conduct a review. Trustees Peronto, Mena, and Hunt will work with TRS staff and fiduciary counsel to prepare an RFP for a holistic audit of the Gemini project. Discussion was held regarding the timeline of the project and the assessment. The Board expressed its confidence in the new leadership of the Information Technology Department and reaffirmed its commitment to help the IT staff complete the project. Several trustees thanked the IT staff for overcoming internal concerns and for focusing on the project's goal.

### Informational Items

The following information is on file:

- Member Services Statistical Report for the period ending July 31, 2020
- Employer Services Report for the period January 11 – July 10, 2020
- Buyout Program Update through August 12, 2020

### **EXECUTIVE SESSION**

A motion was made by Trustee Strand, seconded by Trustee Hunt, 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 as permitted under the following exceptions set forth in the Open Meetings Act which authorizes the closing of the meeting to the public: 5 ILCS 120/2(c) (1), 5 ILCS 120/2(c) (11) and 5 ILCS 120/2(c) (21). Roll call resulted in affirmative voice votes from Trustees Anderson, Ayala, Hirshman, Hunt, Mena, Miller, Peronto, Pfeiffer, Shattock, Strand, Bailey, and Bruce. Motion Carried.

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

### Approval of Executive Session Minutes

Drafts of the June 19 and July 31, 2020 executive session meeting minutes of the Board were sent to the trustees for prior review. Documentation is on file. On a motion by Trustee Anderson, seconded by Trustee Hunt, it was resolved to approve the June 19 and July 31, 2020 executive session minutes of the Board, as presented. Roll call resulted in affirmative voice votes from Trustees Anderson, Ayala, Hirshman, Hunt, Mena, Miller, Peronto, Pfeiffer, Shattock, Strand, Bailey, and Bruce. Motion Carried.

## **ADJOURNMENT**

There being no further business to be brought before the Board, a motion was made by Trustee Hunt, seconded by Trustee Hirshman, to adjourn the meeting at 2:16 p.m.



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Stan Rupnik, Acting Executive Director/Chief Investment Officer

Approved: 10/30/20