



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES Board of Trustees Virtual Meeting April 30, 2021

The Board of Trustees of the Illinois Teachers' Retirement System held its annual retreat on April 30, 2021 in accordance with Executive Order 2021-06 which extends the original Executive Order 2020-07 through May 1, 2021. The provisions of the Open Meetings Act, 5 ILCS 120, requiring or relating to in-person attendance by members of a public body, are suspended.

President Bruce called the meeting to order at 8:30 a.m. A quorum was present. Roll Call attendance was taken with the following trustees present: Beth Anderson, Carmen Ayala, Norma Bellcoff, Marsha Byas, Andy Hirshman, Matt Hunt, Mia-Jazo Harris, Maureen Mena, David Miller, Fred Peronto, Larry Pfeiffer, Matt Shattock, Doug Strand, Mark Bailey, Vice President; and Devon Bruce, President.

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.

TRS Staff/Counsel/Consultants noted on call: Stacy Smith, Director of Internal Audit & Risk; Deron Bertolo, Chief Financial Officer; Jamie Stults, Director of Human Resources; Amy Reynolds, Director of Research; Dave Urbanek, Director of Communications; Greg Turk, Director of Investments; Ben Skrodzki, Sr. Investment Officer; Jerry Quandt, Sr. Investment Officer; Scottie Bevill, Sr. Investment Officer; Tim Hays, Sr. Investment Officer; Bill Thomas, Sr. Investment Officer, Jose Gonzalez, Investment Officer; Chris Wiedel, Director of Information Technology; Chad Fry, Technical Systems Manager; Stacey Wood, Delivery & Quality Assurance Manager; Bob Jiroutek, Sr. Risk Officer; Tammy Green, Executive Assistant; Becky Gratsinger, Ian Bray and Tony Johnson, RVK (Investment Consultant); and Tiffany Reeves Reinhart (Fiduciary Counsel). Up to 60 participants called in to the meeting.

President Bruce introduced and welcomed new TRS trustees Mia Jazo-Harris and Joseph Blomquist. Ms. Jazo-Harris was appointed by Governor Pritzker on March 26, 2021 to serve on the TRS Board of Trustees through July 14, 2022. Mr. Blomquist's will replace Trustee Mark Bailey, who is retiring from the Board in July after serving for eight years. Mr. Blomquist obtained the required nomination signatures to fill an elected-member seat on the Board. His term is July 15, 2021- July 14, 2025.

Approval of Minutes

A draft of the February 26, 2021 minutes of the regular Board meetings was sent to the Board for review. Documentation is on file. On a motion by Trustee Peronto, seconded by Trustee Hirshman, it was resolved to approve the February 26, 2021 minutes of the Board, as presented. Roll call resulted in affirmative voice votes from Trustees Anderson, Bellcoff, Byas, Hirshman, Hunt, Jazo-Harris, Mena, Miller, Peronto, Pfeiffer, Shattock, Strand, Bailey, and Bruce. Motion Carried.

Asset Allocation

RVK provided an educational presentation on TRS's asset allocation process and capital markets assumptions. In addition, analyses and considerations were presented including portfolio comparison to peers, stress tests, supplemental liquidity, and reclassification of TRS's reporting structure. Documentation is on file.

Actuarial Education

Representatives from Segal provided an explanation of the process in which they are going to prepare the experience study. An experience study provides the basis for developing recommended assumptions to be used in the annual actuarial valuation. The results of the 2017-2020 experience study will be presented at the June meeting and will include both demographics and economic assumptions. Documentation is on file.

FY 2022 Administrative Budget

Deron Bertolo, Chief Financial Officer, provided an overview of TRS's budget process and summarized the preliminary TRS administrative budget for fiscal year 2022. A final budget proposal will be presented at the June meeting for approval. Documentation is on file.

Gemini Update

Chris Wiedel, Director of Information Technology, provided an update on the current status of the Gemini project including an overview of current expenditures and future budget projections. Documentation is on file. Gemini is the next generation pension administration system.

Investment Governance

AON conducted a fiduciary governance review of the investment decision-making process during 2020 and delivered its final report to the Board in February 2021. Stan Rupnik,

Acting Executive Director/CIO, provided an overview of the current internal governance model, including the process for internal decision-making on investment opportunities. Documentation is on file. Staff is working internally to develop a matrix of items relating to transparency and disclosure and plans to work with Board leadership on enhancing current trustee orientation and education. As discussed at the February Board meeting, a trustee working group is being created to work collaboratively with TRS staff to provide oversight and guidance to investment process. President Bruce recommended that the working group be comprised of the Chair and Vice Chair of the Investment Committee (Trustees Hirshman/Miller) and President and Vice President of the Board (Trustees Bruce/Bailey). Discussion was held regarding the development of a working group matrix of governance topics and whether to consider adjusting the current investment decision-making model to potentially have more asset managers present to the Board. Tiffany Reeves, Fiduciary Counsel, stated that it is prudent to look at peer practices.

MWBE Update

Jose Gonzalez, Investment Officer, provided an update on the diverse and emerging manager program. Documentation is on file.

- TRS Staff closed on seven MWBE investments within private markets.
- There are five investments under active due diligence.
- There are 19 managers near term pipeline ranging across asset classes and strategies.
- The annual TRS Opportunity Forum is being held virtually with a target date early to mid-June.
- Staff is evaluating finalists for a diversity measurement and scoring solution. Further information will be provided at the June meeting.
- Staff continues to streamline and update several sourcing and outreach efforts. The online emerging manager questionnaire has been updated and will post soon to the TRS website, www.trsil.org. The website will also be updated in the near future to improve transparency and functionality.
- Staff has attended conferences and panels on ESG (Environmental, Social, and Governance)

Staff continues to work diligently on the various initiatives related to the diverse and emerging manager program.

Minutes – Board Meeting
April 30, 2021

ADJOURNMENT

There being no further business to be brought before the Board, a motion was made by Trustee Hunt, seconded by Trustee Miller, to adjourn the meeting at 11:47 a.m.



Stan Rupnik, Acting Executive Director/Chief Investment Officer

Approved: 6/25/21