



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

2815 W. Washington St. | P.O. Box 19253 | Springfield IL 62794-9253
R. Stanley Rupnik, Executive Director & Chief Investment Officer
investments@trsil.org | <http://www.trsil.org>
(217) 814-2001 | TDD: 800-526-0844 (or 711) | FAX: (217) 753-0966

MINUTES Board of Trustees December 8, 2021

The regular meeting of the Board of Trustees of the Teachers' Retirement System of the State of Illinois was held on December 8, 2021 at the Chicago Marriott Naperville, 1801 N. Naper Boulevard, Naperville, IL. President Matt Hunt called the meeting to order at 12:51 PM. A quorum was present. Roll Call attendance was taken with the following trustees present: Beth Anderson, Carmen Ayala, Joe Blomquist, Marsha Byas, Maureen Mena, David Miller, Fred Peronto, Larry Pfeiffer, Doug Strand, Andy Hirshman, Vice President, and Matt Hunt, President. Absent: Trustees Norma Bellcoff, Duffy Blackburn, and Mia Jazo-Harris.

Others in attendance: Stan Rupnik, Executive Director & Chief Investment Officer; Emily Peterson, General Counsel; Cynthia Fain, Sr. Legal Counsel; Stacy Smith, Director of Internal Audit & Risk; Andy Jones, Sr. IT Internal Auditor; Deron Bertolo, Chief Financial Officer; Lori Dour, Acting Chief Benefits Officer; Chris Wiedel, Director of Information Technology; John Boykin, Network Administrator; Tammy Green, Executive Assistant; Sally Antonacci, Sr. Office Manager; Jessica Culotti, Reinhart (Fiduciary Counsel); and Becky Gratsinger, RVK Inc. (Investment Consultant).

Remote attendees included: Jamie Stults, Director of Human Resources; Dave Urbanek, Director of Communications; and Matt Strom of Segal Consulting.

Visitors: Mary Rothschild, Annuitant; and Bruce Cook, Annuitant.

PUBLIC COMMENT

None

APPROVAL OF MINUTES

A draft of the October 29, 2021 minutes of the regular Board meeting was sent to the trustees for prior review. Documentation is on file. A motion was made by Trustee Blomquist, seconded by Trustee Byas, to approve the October 29, 2021 Board minutes as submitted. The motion passed by unanimous voice vote.

INVESTMENT COMMITTEE REPORT

Chairman Miller 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 Peronto moved that the Board approve the consent agenda. Trustee Hunt seconded the motion, and it passed by roll call vote from Trustees Anderson, Ayala, Blomquist, Byas, Mena, Miller, Peronto, Pfeiffer, Strand, Hirshman and Hunt. Motion Carried. The following motions were approved by action taken in the consent agenda motion.

1. Approve the fiscal year 2022 Diversifying Strategies Tactical Plan as presented.
2. Approve the fiscal year 2022 Global Public Equity Annual Review Plan as presented.
3. Approve the Investment Policy Revisions as presented.

End of consent agenda

EXECUTIVE DIRECTOR'S REPORT

Final Certification of FY22 Contribution/State Actuary Report

As required by State statute, the Board must certify the state funding requirements in final form following review by the state actuary, Cheiron. The Board received Cheiron's preliminary report regarding the proposed certification prepared by Segal Consulting of the required state contribution to TRS for fiscal year 2023. Documentation is on file. The draft report includes Cheiron's recommendations for Segal to consider. Cheiron found the actuarial assumptions and methods used in the draft June 30, 2021 Actuarial Valuation to be reasonable and that the certified contributions were properly calculated in accordance with State law. Cheiron concurred with Segal's reporting of an alternative funding policy, but suggested a modified funding policy that would reach full funding in a more plausible manner, however, Cheiron acknowledges that changing the funding method is under the jurisdiction of State law and not TRS. On a motion by Trustee Blomquist, seconded by Trustee Miller, it was resolved:

To accept the results of the preliminary June 30, 2021 actuarial valuation as presented by Segal Consulting:

- Based on Illinois statute, an FY 2023 state funding amount of \$5,894,032,209, including \$300,000 for minimum retirement benefits;

- Based on the board’s funding policy, an FY 2023 state funding amount of \$9,101,633,224, including \$300,000 for minimum retirement benefits;
- An FY 2023 total normal cost rate of 19.49 percent of pay, a rate that includes a total employer normal cost rate of 10.49 percent and a member contribution rate of 9.00 percent;
- An FY 2023 federal contribution rate of 10.49 percent of pay, a rate that is identical to the total employer normal cost rate.

The preliminary June 30, 2021 actuarial valuation report includes assumptions about the impact of the accelerated pension benefit programs originally contained in Public Act 100-0587 and extended by Public Act 101-0010.

The actuarial valuation reports and these amounts were submitted to and accepted by the state actuary.

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

Governance/Working Group Updates

Investment Governance Review

Stan Rupnik provided a background and status update on the implementation of the recommendations from Aon Consulting’s fiduciary governance review. Trustee Miller provided an update on the Investment working group’s first meeting held to discuss the recommendations in the fiduciary governance review. Documentation is on file.

Included in the governance review was a recommendation for a periodic review for investment staff discretion thresholds. Director Rupnik presented a background and recommendation for these thresholds, noting the limits are intended to be reviewed on a periodic basis, typically during the annual review/tactical plan process. Documentation is on file.

On a motion by Trustee Miller, seconded by Trustee Mena, it was moved that the Board resolve to maintain the current discretion thresholds, as presented. Roll call resulted in affirmative votes from Trustees Anderson, Ayala, Blomquist, Byas, Mena, Miller, Peronto, Pfeiffer, Strand, Hirshman and Hunt. Motion Carried.

Asset Class	Threshold
Global Public Equity	\$500 million
Income	\$500 million for public mandates \$250 million for private debt
Private Equity	\$300 million
Real Estate & Real Assets	\$300 million for commingled funds \$500 million for separately managed accounts
Diversifying Strategies	\$250 million

Project Gemini Review

Trustee Peronto provided an update from the Project Gemini working group. Noting the complexity and importance of the System’s broader technology infrastructure, trustees discussed expanding the working group to broader IT technology, including Project Gemini, technology related to the Supplemental Savings Plan, and IT security oversight. The Project Gemini working group will transition to Technology working group. Documentation is on file.

Illinois Investment Policy Board Delegate

The composition of the Illinois Investment Policy Board consists of one member from each pension fund and four governor appointed members. On a motion by Trustee Hunt, seconded by Trustee Strand, it was resolved to appoint the System’s Executive Director, or a designee of the Executive Director, as the System’s representative to the Illinois Investment Policy Board. Motion passed by unanimous voice vote.

Forward Board Calendar

The February and April 2022 Board of Trustees meetings will be held in Springfield, IL. An exact location is still to be determined. The date and location of the June 2022 will be determined at a later date. For planning purposes, the Board would like to determine meeting dates for the remaining of 2022.

Financial Statements

The financial reports for the quarter ended September 30, 2021 were sent to trustees for review. Documentation is on file. On a motion by Trustee Ayala, seconded by Trustee Blomquist, it was resolved:

To approve the financial statement and schedule of expenditures for the quarter ending September 30, 2021, as presented.

Roll call resulted in affirmative voice votes from Trustees Anderson, Ayala, Blomquist, Byas, Mena, Miller, Peronto, Pfeiffer, Strand, Hirshman and Hunt. Motion carried.

Informational Items

The following information is on file:

- FY2022 Vendor Pay Report > \$100,000 as of September 30, 2021
- Member Services Statistical Report for the period ending October 31, 2021
- Buyout Program Update through November 19, 2021

TRUSTEE CONCERNS

Tammy Green, Executive Assistant, who will retire in December 2021, was recognized for her years of dedicated and selfless public service to the mission and culture of TRS.

APPROVAL OF EXECUTIVE SESSION MINUTES

A draft of the October 29, 2021 Executive Session meeting minutes were sent to the trustees for prior review. Documentation is on file. On a motion by Trustee Strand, seconded by Trustee Miller, it was resolved to approve the October 29, 2021 executive session meeting minutes of the Board, as presented. Motion passed by unanimous voice vote.

ADJOURNMENT

There being no further business to be brought before the Board, a motion was made by Trustee Pfeiffer, seconded by Trustee Byas, to adjourn the meeting at 1:36 PM. Motion passed by unanimous voice vote.



Stan Rupnik, Executive Director and Chief Investment Officer

Approved: February 17, 2022