



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

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### **MINUTES Board of Trustees April 21-22, 2022**

The Board of Trustees of the Teachers' Retirement System of the State of Illinois held its annual retreat on April 21, 2022. President Hunt called the meeting to order at 8:35 AM. A quorum was present. Roll call attendance was taken with the following trustees present: Beth Anderson; Carmen Ayala; Kevin "Duffy" Blackburn; Joe Blomquist; Mia Jazo-Harris; Maureen Mena; David Miller; Fred Peronto; Larry Pfeiffer; Doug Strand; Andy Hirshman, Vice President; and Matt Hunt, President. Trustee Marsha Byas was not present.

#### Others in attendance:

Stan Rupnik, Executive Director & CIO; Greg Turk, Director of Investments; Jose Gonzalez, Investment Officer – Diverse & Emerging Managers; Scottie Bevill, Sr. Investment Officer – Global Income Strategies; John Boykin, Network Administrator; Chris Wiedel, Director of IT; Bob Jiroutek, Sr. Risk Officer; Deron Bertolo, Chief Financial Officer; Stacy Smith, Director of Risk and Internal Audit; Jamie Stults, Director of Human Resources; Emily Peterson, General Counsel; Cynthia Fain, Sr. Legal Counsel; Lori Dour, Chief Benefits Officer; Dave Urbanek, Director of Communications; Jeremy Crites, Security Engineer; Sally Antonacci, Sr. Office Manager; Chelsea Duis, Administrative Specialist; Rebecca Greene, Fiduciary Counsel (Reinhart Boerner Van Deuren S.C.); Andrew Bodewes, Legislative Consultant (Leinenweber Baroni & Daffada); and Ian Bray, General Consultant (RVK).

Visitors: Gloria Lasley

#### Virtual Attendees:

Shelja Aggarwal, Investment Officer - Private Equity; Grant Aguirre, Investment Analyst – Alternative Investments; Pei Ni Chng, Investment Analyst – Diverse & Emerging Managers; Corbin Freres, Investment Officer – Global Income Strategies; Patrick Zheng, Investment Officer – Private Equity; Becky Gratsinger (RVK); Dan Ivascyn, Mike Chandra, Ignacio Galaz, and Kerrisha Jenkins (Pacific Investment Management Company); Ray de Castro, Michael Bishopp, and Calvin Yu (BlackRock); Jason Lamin (Lenox Park Solutions); Jennifer Urban and Sam Goldstick (Foley & Lardner).

Executive Director & CIO Stan Rupnik opened the meeting by welcoming Trustees back into the TRS building after an absence of more than two years. He introduced Gloria Lasley as the new Chief Operating Officer, effective May 2.

The retreat included topics on active vs. passive investments, current economic status, investment risk education, asset allocation education, investment diversity and inclusion, legislative updates, fiduciary governance, cybersecurity education, enterprise risk, ethics education, internal governance review, and a preview of the FY23 budget.

### Economic Update

Dan Ivacsyn of Pacific Investment Management Company provided an update on the current economy given the pandemic to endemic transition, current country conflicts, and inflation. Scottie Bevill provided input to follow up questions from Trustees.

### Active v Passive Investing

Ray de Castro and Michael Bishopp of BlackRock provided an educational session regarding active vs. indexing investing. Documentation is on file.

(Trustee Ayala departed at 10:23 AM.)

### **RECESS**

The meeting recessed at 10:30 AM and reconvened at 10:47 AM.

### Investment Risk

Ray de Castro and Calvin Yu of BlackRock provided an educational session regarding investment risk and reviewed TRS's portfolio risk. Documentation is on file.

(Trustee Ayala returned at 11:18 AM.)

### Asset Allocation

Ian Bray of 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.

### Diversity & Inclusion

Jason Lamin of Lenox Park Solutions presented on diversity, equity, and inclusion, explaining the Lenox Park Diversity Impact Score assessment methodology used to score demographic representations and the results of the 2021 survey distributed to the TRS investment managers. Documentation is on file.

### **RECESS**

The meeting recessed at 1:05 PM and reconvened at 1:49 PM.

### Legislative Update

Legislative Consultant Andrew Bodewes provided an update on the Spring 2022 State of Illinois legislative session.

### Fiduciary Governance

Rebecca Greene with Reinhart, Boerner, Van Deuren, S.C. provided a session on fiduciary governance, reviewing fiduciary duties of trustees along with board responsibilities and best practices. Documentation is on file.

### Cybersecurity Education

Jennifer Urban and Sam Goldstick of Foley & Lardner LLP gave an overview of cybersecurity and impact it may have on a business. Chris Wiedel and Jeremy Crites provided feedback to Trustees regarding TRS's IT systems and procedures. (Trustee Anderson departed at 3:54 PM). Documentation is on file.

## **RECESS**

A motion was made by David Miller, seconded by Andy Hirshman, to recess at 4:39 PM. The meeting reconvened on April 22 at 8:33 AM. Roll call attendance was taken with the following trustees present: Beth Anderson; Carmen Ayala; Kevin “Duffy” Blackburn; Joe Blomquist; Mia Jazo-Harris; Maureen Mena; David Miller; Fred Peronto; Larry Pfeiffer; Doug Strand; Andy Hirshman, Vice President; and Matt Hunt, President. Trustee Marsha Byas was not present.

### Others in attendance:

Stan Rupnik, Executive Director & CIO; Deron Bertolo, Chief Financial Officer; Stacy Smith, Director of Risk and Internal Audit; Jamie Stults, Director of Human Resources; Emily Peterson, General Counsel; Cynthia Fain, Sr. Legal Counsel; Lori Dour, Chief Benefits Officer; John Boykin, Network Administrator; Chris Wiedel, Director of IT; Dave Urbanek, Director of Communications; Sally Antonacci, Sr. Office Manager; and Chelsea Duis, Administrative Specialist.

Visitors: Gloria Lasley

### Enterprise Risk

Stacy Smith, Director of Risk and Internal Audit, presented enterprise risk education. Documentation is on file.

### Ethics

Emily Peterson, General Counsel, and Cynthia Fain, Sr. Legal Counsel, provided ethics education. Documentation is on file.

## **RECESS**

The meeting recessed at 10:16 AM and reconvened at 10:26 AM.

### Internal Governance

Stan Rupnik, Executive Director & CIO, presented on the structure of TRS's internal governance. Documentation is on file.

FY23 Administrative Budget Review

Deron Bertolo, Chief Financial Officer, provided an overview of TRS's budget process and summarized the preliminary TRS administrative budget for fiscal year 2023. A final budget proposal will be presented at the June meeting for approval. Documentation is on file.

SSP/Gemini Update

Deron Bertolo and Lori Dour, Chief Benefits Officer, presented an update on the Supplemental Savings Plan (SSP) and Gemini projects. Auto-enrollment, compliance, and fees for the SSP were discussed.

Lori Dour was recognized as the new Chief Benefits Officer, effective May 1, 2022.

(Trustee Mena departed at 12:03 PM.)

Trustee Concerns

Trustees expressed appreciation of staff for the preparation of the retreat and the work being done by TRS leadership.

**ADJOURNMENT**

There being no further business to be brought before the Board, a motion was made by Carmen Ayala, seconded by Beth Anderson, to adjourn the meeting at 12:14 PM.



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Stan Rupnik, Executive Director and Chief Investment Officer

Approved: June 16, 2022