



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES

Board of Trustees

June 16, 2022

The regular meeting of the Board of Trustees of the Teachers' Retirement System of the State of Illinois was held on June 16, 2022, at the Chicago Marriott Naperville, 1801 N. Naper Boulevard, Naperville, IL. President Matt Hunt called the meeting to order at 1:04 PM. Roll call attendance was taken with following committee members present: Trustee Beth Anderson; Trustee Carmen Ayala; Trustee Duffy Blackburn; Trustee Joe Blomquist; Trustee Marsha Byas; Trustee Mike Goetz; Trustee Mia Jazo-Harris; Trustee Maureen Mena; Trustee David Miller; Trustee Fred Peronto; Trustee Larry Pfeiffer; Trustee Andy Hirshman (Vice President); and Trustee Matt Hunt (President). A quorum was present. Trustee Larry Pfeiffer requested permission to attend via videoconference in compliance with rules of the Open Meetings Act (5 ILCS 120/7). It was consensus of the committee to let Trustee Pfeiffer attend the meeting via videoconference. Trustee Doug Strand attended remotely but was unable to participate per rules of the Open Meetings Act (5 ILCS 120/7).

Others in attendance: Stan Rupnik, Executive Director & CIO; Sally Antonacci, Sr. Office Manager; Chelsea Duis, Administrative Specialist; Gloria Lasley, Chief Operating Officer; Stacy Smith, Director of Internal Audit and Risk; Emily Peterson, General Counsel; Cynthia Fain, Sr. Legal Counsel; Lori Dour, Chief Benefits Officer; John Boykin, Network Administrator; Eric Coombe, Network Engineer; Bob Jiroutek, Sr. Risk Officer; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); and Becky Gratsinger of RVK Inc. (Investment Consultant).

Remote attendees: Deron Bertolo, Chief Financial Officer; Jamie Stults, Director of Human Resources; Dave Urbanek, Director of Communications; Chris Wiedel, Director of Information Technology; and John Gerding, Deputy Director of Information Technology.

Visitors: Mary Rothschild, Annuitant; and Cyd Paulsen, Annuitant.

PUBLIC COMMENT

Cyd Paulsen, annuitant, expressed concerns regarding social security windfall provisions impacting teachers. She also stated she would like more timely updates regarding market volatility and TRS's contact information to be more widely available.

APPROVAL OF MINUTES

A draft of the February 17, 2022, minutes of the regular Board meeting was sent for prior review. Documentation is on file. On a motion by Trustee Jazo-Harris, seconded by Trustee Anderson, the minutes were approved by unanimous voice vote.

A draft of the April 21-22, 2022, minutes of the regular Board meeting was sent for prior review. Documentation is on file. On a motion by Trustee Blomquist, seconded by Trustee Ayala, the minutes were approved by unanimous voice vote.

COMMITTEE REPORTS

Audit Committee Report

Trustee Duffy Blackburn presented the Audit 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 Hunt moved that the Board approve the consent agenda. Trustee Blackburn seconded the motion, and it passed by roll call vote from Trustees Anderson, Ayala, Blackburn, Blomquist, Byas, Goetz, Jazo-Harris, Mena, Miller, Peronto Pfeiffer, Hirshman and Hunt. The following items were approved by action taken in the consent agenda motion.

1. To approve the revised FY 2022 Internal Audit Plan, as presented.
2. To approve the FY 2023 and FY 2024 Internal Audit Plan, as presented.

End of consent agenda

DC Plan Committee Report

Trustee Matt Hunt presented the DC Plan Committee agenda. On a motion by Trustee Peronto, seconded by Trustee Blackburn, it was resolved:

To approve the proposed Amended and Restated Teachers' Retirement System of the State of Illinois 457(b) Deferred Compensation Supplemental Savings Plan (SSP).

Motion carried by unanimous voice vote.

Investment Committee Report

Trustee David 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 Hunt moved that the Board approve the consent agenda. Trustee Mena seconded the motion, and it passed by roll call vote from Trustees Anderson, Ayala, Blackburn, Blomquist, Byas, Goetz, Jazo-Harris, Mena, Miller, Peronto, Pfeiffer, Hirshman, and Hunt. The following items were approved by action taken in the consent agenda motion.

1. Asset Allocation Recommendation:

Approve the long-term and interim asset allocation targets, as presented, effective July 1, 2022. Revisions will also be reflected in the System’s policy benchmark.

	Previous Interim Target	Revised Interim Target	Change	Note
Public Equity	37.0%	37.0%	NC	Rebalance to LT Target
Private Equity	14.0%	15.0%	+1.0%	Achieved LT Target
Real Assets	15.0%	18.0%	+3.0%	Current OW due to markets
Div. Strategies/Other	7.0%	5.0%	-2.0%	Transition to LT Target
Global Income	25.0%	23.0%	-2.0%	Rebalanlce due to markets
Short-Term Investments	2.0%	2.0%	NC	Maintain near term liquidity

2. Rebalance Range Recommendation:

Staff recommends that the Board adjust the System’s strategic allocation rebalance ranges as presented, effective July 1, 2022.

	Revised Interim Target	Long-term Target	Revised Allocation Rebalance Ranges	Note
Public Equity	37.0%	37.0%	27% - 47%	No change
Private Equity	15.0%	15.0%	12% - 18%	Increase min from 10% to 12%
Real Assets:	18.0%	18.0%	15% - 21%	Increase min and max
Real Estate	16.0%	16.0%	13% - 19%	Increase min and max
Other Real Assets	2.0%	2.0%	1% - 3%	Increase min from 0% to 1%
Div. Strategies/Other	5.0%	4.0%	3% - 10%	No change
Global Income	23.0%	26.0%	21% - 31%	Increase max from 29% to 31%
Short-Term Investments	2.0%	0.0%	0% - 4%	No change

3. Approve the Investment Policy revisions, as presented, effective July 1, 2022.

End of consent agenda

EXECUTIVE DIRECTOR’S REPORT

Board Manual Policy Revisions

Emily Peterson, General Counsel, and Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel) presented revisions to the Board Manual. Documentation is on file. Revisions to the Board Manual generally include:

- Addition of an introduction and description of TRS and its purpose
- Clarification of the Board’s existing bylaws based on current precedent and best practices

- Separation of the Board Manual and Board Policies Manual
- Reference to the new proposed Board Communications Policy

On a motion by Trustee Hirshman, seconded by Trustee Blackburn, it was resolved to adopt the TRS Board of Trustees Manual and TRS Board of Trustees Policies Manual, as amended, to include a reference within the Board Manual to the Board Policies Manual. Roll call resulted in affirmative voice votes from Trustees Anderson, Ayala, Blackburn, Blomquist, Byas, Goetz, Jazo-Harris, Mena, Miller, Peronto, Pfeiffer, Hirshman, and Hunt. Motion carried.

Gemini Project Update

Gloria Lasley, Chief Operating Officer, provided an update on the Gemini project. She highlighted milestones reached since the launch of the project.

FY23 Administrative Budget

The Board received the FY 2023 administrative budget initiatives and projected contracts over \$100,000. Under the IL Pension Code, the Board is responsible for approving the administrative expenses required to operate TRS. Documentation is on file. On a motion by Trustee Blomquist, seconded by Trustee Goetz, it was resolved:

To approve the FY 2023 administrative budget and listing of contracts over \$100,000, as presented.

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

FY 2023-2024 Standing Committees

The Board discussed and presented nominations for the FY 2023-2024 standing committee assignments, including the role of vice president. On a motion by Trustee Blomquist, seconded by Trustee Mena, it was resolved:

To approve the FY2023-2024 standing committee assignments for TRS Board of Trustees

Investment Committee:	All Trustees David Miller, Chair Fred Peronto, Vice Chair
Audit Committee:	Duffy Blackburn, Chair Larry Pfeiffer, Vice Chair Joe Blomquist Mia Jazo-Harris Doug Strand

Claims Hearing Committee:	Maureen Mena, Chair Andy Hirshman, Vice Chair Mia Jazo-Harris Fred Peronto (Alternate)
Deferred Compensation Plan Committee:	Matt Hunt, Chair Doug Strand, Vice Chair Beth Anderson Marsha Byas Maureen Mena
Legislative Committee:	Beth Anderson, Chair Mike Goetz, Vice Chair Marsha Byas David Miller Larry Pfeiffer
Rules and Personnel Committee:	Carmen Ayala, Chair Marsha Byas, Vice Chair Joe Blomquist Andy Hirshman Mia Jazo-Harris
Vice President:	Andy Hirshman
President: <i>(Appointed by the Governor)</i>	Matt Hunt

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

FY 2023 Calendar

On a motion by Trustee Peronto, seconded by Trustee Blackburn, it was resolved:

To approve the board meeting calendar for the remainder of FY 2023. Exact locations to be determined.

December 6-7, 2022	Naperville, IL
February 9-10, 2023	Springfield, IL
April 20-21, 2023 (Retreat)	Springfield, IL
June 8-9, 2023	Naperville, IL

Motion carried by unanimous voice vote.

Financial Statements

The financial reports for the quarter ended March 31, 2022, were sent to trustees for review. Documentation is on file. On a motion by Trustee Blomquist, seconded by Trustee Goetz, it was resolved:

To approve the financial statement and schedule of expenditures for the quarter ending March 31, 2022, as presented.

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

Informational Items

The following information is on file:

- Member Services Statistical Report (04/30/2022)

BOARD TRAVEL/EDUCATION REQUESTS

In-state travel

Pursuant to Public Act 96-0006, the Board must vote annually to authorize trustees to travel within the State of Illinois to attend TRS Board and committee meetings, TRS-related functions, and educational missions related to TRS business. On a motion by Trustee Peronto, seconded by Trustee Ayala, it was resolved:

To authorize TRS trustees to travel within the State of Illinois during FY 2023 to attend TRS Board meetings, stakeholder group meetings, or any other meeting or event related to TRS duties and responsibilities, and that all out-of-state TRS trustee travel must be approved in advance by Board vote.

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

Out-of-state travel

On a motion by Trustee Jazo-Harris, seconded by Trustee Mena, it was resolved:

To approve travel for Trustee Hirshman to attend the Annual Convening of the Trustee Leadership Forum for Retirement Security (TLF) in Cambridge, MA, in July.

To approve travel for Trustees Pfeiffer and Anderson to attend the National Council on Teacher Retirement (NCTR) conference in Tucson, AZ, in October.

To approve travel for Trustee Mena to attend the Accelerate Investors Women Investment Leaders Summit in New York, NY, in June.

To approve travel for Trustee Miller to attend the NCPERS Public Pension Fund Forum in Los Angeles, CA, in August.

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

TRUSTEE CONCERNS

None

EXECUTIVE SESSION

A motion was made by Trustee Blomquist, seconded by Trustee Jazo-Harris, that the Board enter into executive session to discuss matters as authorized and permitted under the following exceptions set forth by the Open Meetings Act: the appointment, employment, compensation, discipline, performance, or dismissal of specific employees or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee or legal counsel for the public body, to determine its validity [5 ILCS 120/2(c)(1)]; security procedures and the use of personnel and equipment to respond to an actual, threatened, or reasonably potential danger to the safety of employees, students, staff, the public, or public property [5 ILCS 120/2(c)(8)]; litigation, when an action against, affecting, or on behalf of the public body has been filed and is pending before a court or administrative tribunal, or when the public body finds that an action is probable or imminent [5 ILCS 120/2(c)(11)]; and meetings between internal or external auditors and governmental audit committees when discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards [5 ILCS 120/2(c)(29)].

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

The public meeting closed at 2:30 PM.

The public meeting reconvened at 3:13 PM. Roll call attendance was taken with the following trustees present: Trustee Matt Hunt (President); Trustee Andy Hirshman (Vice President); Trustee Beth Anderson, Trustee Carmen Ayala; Trustee Duffy Blackburn; Trustee Joe Blomquist; Trustee Marsha Byas; Trustee Mike Goetz; Trustee Mia Jazo-Harris; Trustee Maureen Mena; Trustee David Miller; and Trustee Fred Peronto. Trustees Larry Pfeiffer and Doug Strand were not present.

APPROVAL OF EXECUTIVE SESSION MINUTES OF FEBRUARY 17, 2022

A draft of the February 17, 2022, Executive Session meeting minutes were sent to the trustees for prior review. Documentation is on file. On a motion by Trustee Goetz, seconded by Trustee Mena, it was resolved to approve the February 17, 2022, executive session meeting minutes of the Board, as presented. Motion carried by unanimous voice vote.

ADJOURNMENT

There being no further business to be brought before the Board, a motion was made by Trustee Jazo-Harris, seconded by Trustee Goetz, to adjourn the meeting at 3:17 PM. Motion carried by unanimous voice vote.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: August 12, 2022