



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

2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253

R. Stanley Rupnik, Executive Director & Chief Investment Officer

<http://www.trsil.org>

877-927-5877 (877-9-ASK-TRS)

### **MINUTES**

#### **Board Meeting**

**February 9, 2023**

A meeting of the Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS) was held on February 9, 2023 at the TRS office, 2815 West Washington Street, Springfield, IL. Trustee Matt Hunt (President) called the meeting to order at 1:09 PM. Roll call attendance was taken with the following Trustees present: Trustee Beth Anderson, Trustee Joe Blomquist, Trustee Marsha Byas, Trustee Mike Goetz, Trustee Andy Hirshman (Vice President), Trustee Matt Hunt (President), Trustee Mia Jazo-Harris, Trustee David Miller, Trustee Fred Peronto, Trustee Larry Pfeiffer, and Trustee Doug Strand. Trustees Kevin "Duffy" Blackburn and Maureen Mena were not in attendance. A quorum was present.

Others in attendance: Stan Rupnik, Executive Director & CIO; Sally Antonacci, Senior Office Manager; Chelsea Duis, Administrative Specialist; Deron Bertolo, Chief Financial Officer; Gloria Lasley, Chief Operating Officer; Stacy Smith, Director of Internal Audit & Risk; Emily Peterson, General Counsel; Cynthia Fain, Senior Legal Counsel; Lori Dour, Chief Benefits Officer; Dave Urbanek, Director of Communications; Michelle Kissel, Director of Human Resources; Jared Shipp, Technical Systems Supervisor; Kyle Thornton, Network Administrator; Terri Worth, PAS Program Director; John Gerding, Acting Director of Information Technology; Jeremy Crites, Security Manager; Chad Fry, Technical Systems Manager; Becky Gratsinger of RVK Inc. (Investment Consultant); and Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel).

Remote attendees: Catherine Jackson and Amy McDuffee of MOSAIC Governance Advisors (Strategic Plan Advisor).

Visitors: Elston Flowers, IEA Annuitant; Cyd Paulsen, Annuitant.

#### Public Comment

None

#### Minutes

A draft of the December 6, 2022 minutes of the Board meeting was sent to the Board members for review. On a motion by Trustee Pfeiffer, seconded by Trustee Strand, the minutes were approved by unanimous voice vote. Documentation is on file.

## Committee Reports

### Audit Committee

Trustee Pfeiffer (Committee Vice Chair) reported that the Audit Committee met on February 9, 2023. The Committee had nothing to bring to the Board at this time.

### Deferred Compensation Plan Committee

Trustee Hunt (Committee Chair) reported that the Deferred Compensation Plan Committee met on February 9, 2023. The Committee had nothing to bring to the Board at this time.

### Investment Committee

Trustee Miller (Committee Chair) reported that the Investment Committee met on February 9, 2023. The Committee had nothing to bring to the Board at this time.

## Executive Director's Report

### Trustee Election Update

Emily Peterson, General Counsel, provided an update on the Trustee Election. Documentation is on file. On a motion by Trustee Jazo-Harris, seconded by Trustee Peronto, it was resolved:

To declare Trustees Beth Anderson, Marsha Byas, Andrew Hirshman, and Doug Strand as duly elected in compliance with the trustee election law and cancel the balloting portion of the election. Their new four-year terms will commence July 15, 2023, in accordance with 40 ILCS 5/16-165(a) and (b).

Motion carried by unanimous voice vote.

### Standing Committees

With the retirement of former Trustee Carmen Ayala, there is a vacancy on the Rules & Personnel Committee.

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

To appoint Trustee Mike Goetz to the Rules & Personnel Committee through July 14, 2024.

Motion carried by unanimous voice vote.

### Retreat Topics

Stan Rupnik provided a preliminary agenda of retreat topics and asked the Trustees for input on other topics to be discussed at the upcoming April 2023 Board retreat.

### Financials

The financial reports for the quarter ended December 31, 2022 were sent to trustees for review. Documentation is on file. On a motion by Trustee Hunt, seconded by Trustee Jazo-Harris, it was resolved:

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

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

### Approval of Contract over \$100,000

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

To authorize staff to proceed with a contract to exceed \$100,000 for services of an independent actuary to conduct a full-scope actuarial audit of the system. The vendor selection is contingent on successful RFP process, negotiation, and completion of all legal documents.

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

### Strategic Plan Update

Amy McDuffee and Catherine Jackson of MOSAIC Governance Advisors (Strategic Plan Advisor) provided an update of the strategic planning process. They will provide a strategic planning session with Trustees at the April 2023 Board retreat.

### Gemini Update

Terri Worth, TRS Pension Administration System (PAS) Program Director, provided an update on the Gemini project. The update included a review of Gemini, action plans, and the employer annual roll up and certification. Documentation is on file.

### Information Technology Security Update

Jeremy Crites, Security Manager, provided an update on the Information Security program. Major initiatives were discussed, including security program development and projects. Documentation is on file.

### Informational Items

Stan Rupnik introduced Michelle Kissel, Director of Human Resources, to the Board of Trustees.

The following information is on file:

- Member Services Statistical Report as of November 30, 2022 & December 31, 2022
- Employer Services Report July 18, 2022 – January 6, 2023

### Fiduciary Governance

Jessica Culotti of Reinhart (TRS Fiduciary Counsel) presented trustee education on fiduciary responsibilities. Highlights included fiduciary duties and obligations of Trustees, review of fiduciary delegation and governance practices, and meeting procedures. Documentation is on file.

### Internal Governance

Stan Rupnik presented on TRS internal governance practices and decision making. Topics included investment governance, executive governance, and governance protections, including audits and internal controls. Documentation is on file.

### Board Travel/Education Requests

On a motion by Trustee Hirshman, seconded by Trustee Anderson, it was resolved:

- Travel for Trustees Maureen Mena and David Miller to attend the Pension Bridge Annual 2023 in San Francisco, CA, in April 2023.
- Travel for Trustee Blomquist to attend the NCPERS Annual Conference & Exhibition in New Orleans, LA, in May 2023.
- Travel for Trustees Mike Goetz and David Miller to attend the TEDS Training and NCPERS Annual Conference & Exhibition in New Orleans, LA, in May 2023.

Motion passed by roll call vote from Trustees Anderson, Blomquist, Byas, Goetz, Jazo-Harris, Hirshman, Hunt, Miller, Peronto, Pfeiffer, and Strand.

### 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)]; Deliberations concerning salary schedules for one or more classes of employees [5 ILCS 120/2(c)(2)]; 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)]; Discussion of minutes of meetings lawfully closed under this Act, whether for purposes of approval by the public body of the minutes, or semi-annual review of the minutes to determine if the need for confidentiality still exists [5 ILCS 120/2(c)(21)]; 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, Blomquist, Byas, Goetz, Jazo-Harris, Hirshman, Hunt, Miller, Peronto, Pfeiffer, and Strand. Motion carried.

The public meeting closed at 3:21 PM.

No action was taken during executive session.

The public meeting reconvened at 4:24 PM. Roll call attendance was taken with the following trustees present: Trustees Anderson, Blomquist, Byas, Goetz, Jazo-Harris, Hirshman, Hunt, Miller, Peronto, Pfeiffer, and Strand. Trustees Blackburn and Mena were not present.

#### Approval of Executive Session Minutes Including Semi-Annual Review of Executive Session Minutes

A draft of the December 6, 2022 Executive Session meeting minutes were sent to the trustees for prior review. Documentation is on file. On a motion by Trustee Jazo-Harris, seconded by Trustee Blomquist, it was resolved to approve the December 6, 2022 Executive Session meeting minutes of the Board, as presented. Motion carried by unanimous voice vote.

On a motion by Trustee Hirshman, seconded by Trustee Byas, it was resolved to approve the destruction of certain executive session and COVID-19 emergency order virtual meeting audio recordings as part of the semi-annual review of executive session minutes and recordings in compliance with the Open Meetings Act, as presented. Motion carried by unanimous voice vote.

#### Trustee Concerns

None

President Hunt announced the October 2023 meeting location has changed from the Chicago suburbs to Springfield, IL.

*Trustees Peronto and Pfeiffer departed the meeting at 4:28 PM.*

#### Adjournment

There being no further business to be brought before the Board, a motion was made by Trustee Byas, seconded by Trustee Hirshman, to adjourn the meeting at 4:30 PM. Motion passed by unanimous voice vote.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: June 8, 2023