



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES

Board Meeting

April 20-21, 2023

The Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS) held its annual retreat on April 20-21, 2023 at the TRS office, 2815 West Washington Street, Springfield, IL. Trustee Matt Hunt (President) called the meeting to order at 8:05 AM. Roll call attendance was taken with the following Trustees present: Trustee Beth Anderson, Trustee Joe Blomquist, Trustee Mike Goetz, Trustee Andy Hirshman (Vice President), Trustee Matt Hunt (President), Trustee Mia Jazo-Harris, Trustee Maureen Mena (arrived at 8:07 AM), Trustee David Miller, Trustee Fred Peronto, Trustee Larry Pfeiffer, Trustee Tony Sanders, and Trustee Doug Strand. Trustees Kevin "Duffy" Blackburn and Marsha Byas were not in attendance. A quorum was present.

Others in attendance: Stan Rupnik, Executive Director & CIO; Chelsea Duis, Executive Administrator; 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; John Gerding, Director of Information Technology; Greg Turk, Director of Investments; Bob Jiroutek, Senior Risk Officer; Jose Gonzalez, Senior Investment Officer – Diverse and Emerging Managers; Katie DellaMaria, Investment Officer; Corbin Freres, Investment Officer – Global Income Strategies; Amy Reynolds, Director of Research; Ann Stone, Investment Analyst – Diverse and Emerging Managers; Chloe Ariss, Investment Analyst – Global Income Strategies; Cory Wilson, Senior Network Administrator; Kyle Thornton, Network Administrator; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); Matt Strom and David Nickerson of Segal (Actuarial Consultant); Ian Bray, Becky Gratsinger, and Tony Johnson of RVK Inc. (Investment Consultant); Chijioke Asomugha and Marques Martin of FVLCRUM (Investment Manager); and Amy McDuffee of MOSAIC Governance Advisors (Strategic Plan Advisor).

Remote attendees: Sally Antonacci, Executive Officer; Dan Siblik and Tanya Dybal of Segal (Actuarial Consultant); Franco Wang and Yvette van Velsen of CEM (Pension Administration Benchmarking); Rich Clarida, Mike Chandra, Ignacio Galaz, and Kerrisha Jenkins of PIMCO (Investment Manager); and Catherine Jackson of MOSAIC Governance Advisors (Strategic Plan Advisor).

Visitors: None

Public Comment

None

Stan Rupnik introduced Tony Sanders, Illinois School Board of Education Superintendent, and new Trustee on the Board.

Board Education

Stochastic Modeling

Matt Strom, David Nickerson, and Dan Siblik of Segal provided an education session of the current TRS actuarial valuation, various funding projections, and state funding contribution and resulting valuation scenarios. Documentation is on file.

Asset Allocation

Becky Gratsinger, Ian Bray, and Tony Johnson of RVK provided an education session on capital market assumptions and resulting asset allocation recommendations. Documentation is on file.

RECESS

The meeting recessed at 9:56 AM and reconvened at 10:07 AM.

Diversity in TRS Portfolio

Chijioke Asomugha and Marques Martin of FVLCRUM, a new investment manager within the TRS portfolio, provided a presentation regarding their company history, diversity initiatives, and company holdings. Documentation is on file.

Benchmarking

Franco Wang and Yvette van Velsen of CEM, presented on benchmarking costs and services of TRS against pension peers. Documentation is on file.

RECESS

The meeting recessed at 11:44 AM and reconvened at 12:06 PM.

Status of Economy

Rich Clarida, Mike Chandra, Ignacio Galaz, and Kerrisha Jenkins of PIMCO presented education and commentary on the economic backdrop faced by institutional investors. Documentation is on file.

RECESS

The meeting recessed at 12:49 PM and reconvened at 1:04 PM.

Stan Rupnik introduced newly named Director of Information Technology John Gerding.

Strategic Planning

Amy McDuffee and Catherine Jackson of MOSAIC Governance Advisors (Strategic Plan Advisor) presented on the strategic planning process, stakeholder findings, mission statement and core values options, SWOT analysis, priorities of TRS's future, and vision statement options. Documentation is on file.

Trustee Anderson departed at 3:46 PM.

RECESS

The meeting recessed at 4:45 PM. The meeting reconvened on April 21, 2023 at 8:31 AM. Roll call attendance was taken with the following Trustees present: Trustee Beth Anderson, Trustee Joe Blomquist, Trustee Mike Goetz, Trustee Andy Hirshman (Vice President), Trustee Matt Hunt (President) (remote), Trustee Mia Jazo-Harris (arrived at 8:33 AM), Trustee Maureen Mena, Trustee David Miller (arrived at 8:35 AM), Trustee Fred Peronto, Trustee Larry Pfeiffer, Trustee Tony Sanders, and Trustee Doug Strand. Trustees Kevin "Duffy" Blackburn, Marsha Byas, and Mike Goetz were not in attendance. A quorum was present.

Trustee Matt Hunt was unable to attend in person due to a family emergency. In accordance with Open Meetings Act, 5 ILCS 120, Section 7, permission was requested for Trustee Hunt to attend via remote attendance. A motion was made by Trustee Strand and seconded by Trustee Sanders to allow Trustee Hunt to attend via remote attendance. Motion carried.

Others in attendance: Stan Rupnik, Executive Director & CIO; Chelsea Duis, Executive Administrator; 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; John Gerding, Director of Information Technology; Sarah Kahn, Assistant Legal Counsel; Nick Stabler, Outreach Coordinator; Cory Wilson, Senior Network Administrator; Kyle Thornton, Network Administrator; and Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel).

Remote attendees: Sally Antonacci, Executive Officer.

Board Education

Ethics

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

SECURE 2.0

Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel), provided education on the SECURE 2.0 Act. Documentation is on file.

RECESS

The meeting recessed at 10:05 AM and reconvened at 10:15 AM.

Tier 1 v Tier 2

Nicholas Stabler, Outreach Coordinator, provided education on the comparison between benefit structures of Tier 1 and Tier 2. Documentation is on file.

FY2024 Budget Preview

Deron Bertolo, Chief Financial Officer, provided an overview of TRS's budget process and summarized the preliminary TRS administrative budget for fiscal year 2024. A final budget proposal will be presented at the June 2023 meeting for approval. Documentation is on file.

Executive Session

A motion was made by Trustee Blomquist, seconded by Trustee Strand, 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)]; 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)].

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

The public meeting closed at 11:17 AM.

No action was taken during executive session.

The public meeting reconvened at 12:30 PM. Roll call attendance was taken with the following trustees present: Trustees Anderson, Blomquist, Hirshman, Hunt, Jazo-Harris, Mena, Miller, Peronto, Pfeiffer, Sanders, and Strand. Trustees Blackburn, Byas, and Goetz were not present.

Trustee Concerns

None

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Adjournment

There being no further business to be brought before the Board, a motion was made by Trustee Anderson, seconded by Trustee Jazo-Harris, to adjourn the meeting at 12:30 PM. Motion passed by unanimous voice vote.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: June 8, 2023