



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

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R. Stanley Rupnik, Executive Director & Chief Investment Officer

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### **MINUTES Board Meeting June 8, 2023**

A meeting of the Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS) was held on June 8, 2023 at NIU Naperville, 1120 E. Diehl Rd., Naperville, IL. Trustee Matt Hunt (President) called the meeting to order at 8:07 AM. Roll call attendance was taken with the following Trustees present: Trustee Beth Anderson, Trustee Kevin "Duffy" Blackburn, Trustee Joe Blomquist, Trustee Marsha Byas, Trustee Mike Goetz, Trustee Andy Hirshman (Vice President), Trustee Matt Hunt (President), Trustee Mia Jazo-Harris, Trustee Maureen Mena (arrived at 9:01 AM), Trustee Fred Peronto, Trustee Larry Pfeiffer, and Trustee Tony Sanders. Trustees David Miller and Doug Strand were not in attendance. A quorum was present.

Others in attendance: Stan Rupnik, Executive Director & Chief Investment Officer; Sally Antonacci, Executive Officer; Chelsea Duis, Executive Administrator; Deron Bertolo, Chief Financial Officer; Gloria Lasley, Chief Operating Officer; Emily Peterson, General Counsel; Cynthia Fain, Senior Legal Counsel; Michelle Kissel, Director of Human Resources; Kyle Thornton, Network Administrator; Will Daugherty, Senior Technical Support Specialist; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); Amy McDuffee of MOSAIC Governance Advisors (Strategic Plan Advisor).

Remote attendees: Stacy Smith, Director of Internal Audit & Risk; Lori Dour, Chief Benefits Officer; Dave Urbanek, Director of Communications; John Gerding, Director of Information Technology; Terri Worth, Pension Administration System Program Director; Catherine Jackson of MOSAIC Governance Advisors (Strategic Plan Advisor).

Visitors: Jim Baker of Private Equity Stakeholder Project; Diane Chapman, IEA; Angela Myers, Loop Capital.

#### **Public Comment**

Jim Baker of Private Equity Stakeholder Project provided comment about TRS's investments with Blackstone.

#### **Strategic Plan Update**

Amy McDuffee and Catherine Jackson of MOSAIC Governance Advisors (Strategic Plan Advisor) presented a draft of the strategic plan. Documentation is on file. MOSAIC will present the final strategic plan to the Board at the August 2023 meeting.

#### **RECESS**

The meeting recessed at 9:45 AM and reconvened at 3:28 PM.

### Oath of Office

Stan Rupnik, Executive Director & CIO, presented the TRS Oath of Office to Trustees Anderson, Byas, and Hirshman. Due to his absence, Trustee Strand will be presented his oath at a date prior to his current term expiration. Each oath will be filed with the Illinois Secretary of State Index Department.

### Public Comment

Diane Chapman of IEA thanked TRS for the work they do.

### Minutes

Drafts of the February 9, 2023 and April 20-21, 2023 minutes of the Board meetings were sent to the Board members for review. On a motion by Trustee Blomquist, seconded by Trustee Jazo-Harris, the minutes were approved by unanimous voice vote. Documentation is on file.

### Committee Reports

#### Investment Committee

Trustee Peronto (Committee Vice Chair) reported that the Investment Committee met on June 8, 2023. On a motion by Trustee Blomquist, seconded by Trustee Jazo-Harris, it was resolved:

To hire RVK, Inc. to provide general investment consulting services for a contract not to exceed five years.

Motion carried by roll call with affirmative votes from Trustees Anderson, Blackburn, Blomquist, Byas, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Peronto, Pfeiffer, and Sanders.

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

To issue an RFI for a provider to conduct a replication asset allocation study in calendar year 2024.

Motion carried by roll call with affirmative votes from Trustees Anderson, Blackburn, Blomquist, Byas, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Peronto, Pfeiffer, and Sanders.

#### Audit Committee

Trustee Blackburn (Committee Chair) reported that the Audit Committee met on June 8, 2023 and presented the consent agenda. All items listed under the consent agenda are enacted by one motion with roll call vote. No separate discussion of these items is held unless a request is made prior to voting on the motion. On a motion by Trustee Peronto, seconded by Trustee Blomquist, it was resolved to approve the consent agenda. The following items were approved by action taken in the consent agenda motion.

1. To approve the revised FY 2023 Internal Audit Plan, as presented.

2. To approve the FY 2024 and FY 2025 Internal Audit Plan, as presented.

Motion carried by roll call with affirmative votes from Trustees Anderson, Blackburn, Blomquist, Byas, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Peronto, Pfeiffer, and Sanders.

### Rules & Personnel Committee

Trustee Byas (Committee Vice Chair) reported that the Rules & Personnel Committee met on June 8, 2023. The Committee had nothing to bring to the Board at this time.

### Executive Director's Report

#### Gemini Update

Informational update. Documentation is on file.

#### Board Manual and Board Policy Manual Revisions

Emily Peterson, General Counsel, Cynthia Fain, Senior Legal Counsel, and Jessica Culotti, fiduciary counsel, presented revisions to the Board Manual and Board Policy Manual. Documentation is on file. Revisions to the Board and Policy Manuals generally include:

- Clarification of the Board's existing by-laws based on current precedent and best practices
- Adding Education and Travel policies

On a motion by Trustee Anderson, seconded by Trustee Blomquist, it was resolved to adopt the TRS Board Manual and TRS Board Policy Manual. Roll call resulted in affirmative votes from Trustees Anderson, Blackburn, Blomquist, Byas, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Peronto, Pfeiffer, and Sanders.

#### Contract Greater than \$100,000

Stan Rupnik, Executive Director & CIO, and Deron Bertolo, Chief Financial Officer, presented information regarding a contract for sound masking to exceed \$100,000. On a motion by Trustee Sanders, seconded by Trustee Goetz, it was resolved:

To approve a contract with Wiley Interiors to exceed \$100,000.

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

#### Governance/Staff Delegation Authority

Stan Rupnik, Executive Director & CIO, and Deron Bertolo, Chief Financial Officer, proposed increasing the contract approval amount from \$100,000 to \$250,000 to better align with procurement activity and

increasing costs. The revised amount is in line with other State of Illinois thresholds. On a motion by Trustee Blackburn, seconded by Trustee Sanders, it was resolved:

To increase the contract approval threshold to \$250,000 with annual and quarterly reporting to continue to identify all contracts over \$100,000.

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

Forward Board Calendar

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

To approve the board meeting calendar for the 2024 calendar year. Exact locations to be determined.

February 22-23, 2024	Chicago or Chicago Suburbs
April 18-19, 2024	Springfield, IL
June 17-18, 2024	Chicago or Chicago Suburbs
August 15-16, 2024	Springfield, IL
October 24-25, 2024	Chicago or Chicago Suburbs
December 12-13, 2024	Chicago or Chicago Suburbs

Motion carried by unanimous voice vote.

Standing Committees

The Board discussed and presented updated standing committee assignments, including the designation of board vice president, effective though July 14, 2024.

On a motion by Trustee Hunt, seconded by Trustee Blomquist, it was resolved:

To appoint Trustee Sanders to and remove Trustee Hirshman from the Rules & Personnel Committee through July 14, 2024. To appoint Trustee Sanders as Chair of the Rules & Personnel Committee through July 14, 2024. To appoint Trustee Hirshman as Vice President through July 14, 2024.

Motion carried by unanimous voice vote.

FY 2024 Administrative Budget

The Board received the FY 2024 administrative budget initiatives and contracts projected to exceed \$100,000. Documentation is on file. On a motion by Trustee Blomquist, seconded by Trustee Goetz, it was resolved:

To approve the FY 2024 administrative budget and listing of contracts over \$100,000, as presented.

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

### Financials

The financial reports for the quarter ended March 31, 2023 were sent to trustees for review. Documentation is on file. On a motion by Trustee Jazo-Harris, seconded by Trustee Blackburn, it was resolved:

To approve the financial statements and schedule of expenditures for the quarter ending March 31, 2023, as presented.

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

### Informational Items

The following information is on file:

- Member Services Statistical Report as of April 30, 2023

### 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 Hirshman, it was resolved:

To authorize TRS trustees to travel within the State of Illinois during FY 2024 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, Blackburn, Blomquist, Byas, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Peronto, Pfeiffer, and Sanders.

#### **Out-of-State Travel**

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

To approve travel for Trustee David Miller to attend the National Association of Securities Professionals (NASP) Financial Services Conference in Philadelphia, PA, in July 2023.

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

### Trustee Concerns

None

### Executive Session

A motion was made by Trustee Jazo-Harris, seconded by Trustee Byas, 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)]; 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, Blackburn, Blomquist, Byas, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Peronto, Pfeiffer, and Sanders.

The public meeting closed at 4:03 PM.

No action was taken during executive session.

The public meeting reconvened at 5:55 PM. Roll call attendance was taken with the following trustees present: Trustees Anderson, Blackburn, Byas, Goetz, Hirshman, Hunt, Peronto, Pfeiffer, and Sanders. Trustees Blomquist, Jazo-Harris, Mena, Miller, and Strand were not present.

### Executive Director & CIO Evaluation and Employment Contract

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

To authorize the President of the Board to extend the term of the Executive Director & Chief Investment Officer's employment contract and deferred compensation agreement by one year to June 30, 2026 and set the Executive Director & Chief Investment Officer's annual rate of salary, subject to negotiation of contractual terms. All other employment contract and deferred compensation agreement terms shall remain in full force and effect.

Roll call resulted in affirmative votes from Trustees Anderson, Blackburn, Byas, Goetz, Hirshman, Hunt, Peronto, Pfeiffer, and Sanders. Motion carried.

Approval of Executive Session Minutes

Drafts of the February 9, 2023 and April 21, 2023 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 Anderson, it was resolved to approve the February 9, 2023 and April 21, 2023 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 Goetz, seconded by Trustee Sanders, to adjourn the meeting at 6:00 PM. Motion passed by unanimous voice vote.



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Stan Rupnik, Executive Director & Chief Investment Officer

Approved: 08/15/2023