



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

August 15, 2023

A meeting of the Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS) was held on August 15, 2023 at TRS headquarters, 2815 W. Washington St., Springfield, IL. Trustee Matt Hunt (President) called the meeting to order at 11:10 AM. Roll call attendance was taken with the following Trustees present: Trustee Beth Anderson, Trustee Kevin "Duffy" Blackburn, Trustee Mike Goetz, Trustee Andy Hirshman (Vice President), Trustee Matt Hunt (President), Trustee Mia Jazo-Harris, Trustee Maureen Mena, Trustee David Miller, Trustee Fred Peronto, Trustee Larry Pfeiffer, Trustee Tony Sanders, and Trustee Doug Strand. Trustees Joe Blomquist and Marsha Byas 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; Stacy Smith, Director of Internal Audit & Risk; Lori Dour, Chief Benefits Officer; John Gerding, Director of Information Technology; Kyle Thornton, Network Administrator; Will Daugherty, Senior Technical Support Specialist; Amy Reynolds, Director of Research; Kathleen Hepworth, Strategic Planning Intern; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); Matt Strom and David Nickerson of Segal (Actuarial); and Andrew Bodewes of Leinenweber, Baroni & Daffada Consulting LLC (Legislative Consultant).

Remote attendees: Amy McDuffee and Catherine Jackson of MOSAIC Governance Advisors (Strategic Plan Advisor); Tony Johnson of RVK, Inc. (Investment Consultant); Daniel Siblik and Tatsiana Dybal of Segal (Actuarial); and Shalina Shaefer of Ice Miller (Legal Counsel).

Visitors: None

Public Comment

None

Minutes

A draft of the June 8, 2023 minutes of the Board meeting was sent to the Board members for review. On a motion by Trustee Sanders, seconded by Trustee Jazo-Harris, the minutes were approved by unanimous voice vote. Documentation is on file.

Committee Reports

Investment Committee

Trustee Miller (Committee Chair) reported that the Investment Committee met on August 14, 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 Jazo-Harris, seconded by Trustee Sanders, it was resolved to approve the consent agenda. The following items were approved by action taken in the consent agenda motion.

1. To select Aksia to provide private credit investment consulting services for a contract not to exceed five years.
2. To approve the FY2024 Private Equity tactical plan, as presented.
3. To approve the FY2024 Real Estate/Real Assets tactical plan, as presented.

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

Audit Committee

Trustee Blackburn (Committee Chair) reported that the Audit Committee met on August 14, 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 Strand, seconded by Trustee Anderson, 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 Internal Audit Charter, as presented.
2. To approve the proposed revisions to the Audit Committee Charter of the Board Manual.

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

Deferred Compensation Plan Committee

Trustee Hunt (Committee Chair) reported that the Deferred Compensation Plan Committee met on August 15, 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 Strand, seconded by Trustee Mena, 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 Amended and Restated Teachers' Retirement System of the State of Illinois 457(b) Deferred Compensation Supplemental Savings Plan (SSP).
2. To approve the Amended and Restated Teachers' Retirement System of the State of Illinois 457(b) Deferred Compensation Supplemental Savings Plan (SSP) Investment Policy Statement.

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

Legislative Committee

Trustee Anderson (Committee Chair) reported that the Legislative Committee met on August 15, 2023. The Committee had nothing to bring to the Board at this time.

Rules and Personnel Committee

Trustee Sanders (Committee Chair) reported that the Rules and Personnel Committee met on August 15, 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 Goetz, seconded by Trustee Jazo-Harris, it was resolved to approve the consent agenda. The following items were approved by action taken in the consent agenda motion.

1. To certify that the following trustees of the Teachers' Retirement System of the State of Illinois have completed a minimum of eight hours of training during FY 2023 in accordance with Public Act 96-0006 and Article 1 of the Pension Code, Section 1-113.18. Certification will be submitted to the Division of Insurance of the Department of Financial Professional Regulation.

Beth Anderson, Kevin "Duffy" Blackburn, Joseph Blomquist, Marsha Byas, Mike Goetz, Andrew Hirshman, Matt Hunt, Maria "Mia" Jazo-Harris, Maureen Mena, David Miller, Fred Peronto, Larry Pfeiffer, Anthony Sanders, and Doug Strand.

2. To approve the Executive Director performance evaluation process.
3. To approve the proposed revisions to the Rules & Personnel Committee Charter of the Board Manual.

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

Executive Director’s Report

Review of Assumed Actuarial Rate of Return

The State Actuary recommends that the Board conduct an annual review of the economic assumptions and adjust accordingly. Segal presented a review of the investment return and inflation rate assumption for TRS. Segal makes recommendations based on economic indicators from a variety of expert sources, including RVK Inc., Horizon Survey of capital market expenditures, US treasury bond expectations, Federal Reserve surveys, etc. Documentation is on file.

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

To adopt the following economic assumptions in the June 30, 2023 actuarial valuation, as presented by Segal Consulting at the August 15, 2023 board meeting:

- To maintain the 7.00% investment return assumption, and
- To maintain the inflation assumption of 2.50% inflation.

Motion carried by roll call with affirmative votes from Trustees Anderson, Blackburn, Goetz, Hunt, Jazo-Harris, Mena, Miller, Peronto, Pfeiffer, and Sanders. Trustees Hirshman and Strand voted against the motion.

Board Policy Manual Revisions

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

- Updates to processes for board policy violations
- Additional clarifying language to the Communications and Travel Policies

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

Board Travel/Education Requests

No travel requests were presented.

RECESS

The meeting recessed at 12:13 PM and resumed at 1:00 PM.

Strategic Plan

Amy McDuffee and Catherine Jackson of MOSAIC presented the FY2024-2028 strategic plan. Documentation is on file.

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

To approve the FY2024-FY2028 Strategic Plan, as presented.

Motion carried by unanimous voice vote. Trustee Miller was not in the room at the time of the vote.

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

To adopt the FY2024-FY2028 Strategic Plan, as presented.

Motion carried by unanimous voice vote. Trustee Miller was not in the room at the time of the vote.

Sally Antonacci, Executive Officer, provided a status update on the FY2024 Strategic Planning Annual Business Plan.

Fiduciary Education

Shalina Schaefer presented education on the Social Security Safe Harbor in relation to TRS Tier 2 benefits. Documentation is on file.

Informational Items

The following information is on file:

- Member Services Statistical Report as of June 30, 2023

Executive Session

A motion was made by Trustee Strand, seconded by Trustee Sanders, 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 [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, 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)]; discussion of minutes of meetings lawfully closed under the Open Meetings Act, for approval by the public body, or semi-annual review of 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, finance committees, and their equivalents, 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, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Miller, Peronto, Pfeiffer, Sanders, and Strand.

The public meeting closed at 2:27 PM.

No action was taken during executive session.

The public meeting reconvened at 4:03 PM. Roll call attendance was taken with the following trustees present: Trustees Anderson, Goetz, Hirshman, Hunt, Mena, Miller, Peronto, Pfeiffer, Sanders, and Strand. Trustees Blackburn, Blomquist, and Byas were not in attendance.

Approval of Executive Session Minutes

A draft of the June 8, 2023 Executive Session meeting minutes was sent to the trustees for prior review. Documentation is on file. On a motion by Trustee Goetz, seconded by Trustee Peronto, it was resolved to approve the June 8, 2023 Executive Session meeting minutes of the Board, as presented. Motion carried by unanimous voice vote.

Approval of Destruction of Audio Recordings & Release of Executive Session Minutes

On a motion by Trustee Mena, seconded by Trustee Peronto, it was resolved to approve the public release of executive session minutes listed below that were reviewed as part of the semi-annual review and to approve the destruction of audio recordings in accordance with the Open Meetings Act, as presented. Motion carried by unanimous voice vote.

Meeting Date	Meeting Type
April 24, 2020	Board
October 20, 2022	Rules & Personnel Committee
February 9, 2023	Board
April 21, 2023	Board

Trustee Concerns

None.

Adjournment

There being no further business to be brought before the Board, a motion was made by Trustee Sanders, seconded by Trustee Mena, to adjourn the meeting at 4:07 PM. Motion passed by unanimous voice vote.

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A handwritten signature in blue ink, appearing to be 'SR', with a long horizontal line extending to the right.

Stan Rupnik, Executive Director & Chief Investment Officer

Approved: October 27, 2023