



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

December 12, 2023

A meeting of the Board of Trustees of the Teachers' Retirement System of the State of Illinois was held on December 12, 2023 at NIU Naperville, 1120 E. Diehl Rd., Naperville, IL. Trustee Matt Hunt (President) called the meeting to order at 1:13 PM. Roll call attendance was taken with the following Trustees present: Trustee Kevin "Duffy" Blackburn, Trustee Joe Blomquist, Trustee Marsha Byas, Trustee Mike Goetz, Trustee Andy Hirshman (Vice President), Trustee Matt Hunt, Trustee Mia Jazo-Harris, Trustee Maureen Mena, Trustee Fred Peronto, Trustee Larry Pfeiffer, Trustee Tony Sanders, and Trustee Doug Strand. Trustees David Miller and Beth Anderson were not in attendance. A quorum was present.

Others in attendance: Stan Rupnik, Executive Director & CIO; 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; Lori Dour, Chief Benefits Officer; John Gerding, Director of Information Technology; Ghiané Jones, Deputy Chief Investment Officer; Amy Reynolds, Director of Research; Kyle Thornton, Network Administrator; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); David Nickerson and Matt Strom of Segal (Actuarial Consulting Services); and Alex Rivera of Gabriel, Roeder, Smith & Company (Replication Auditing Services).

Remote attendees: Stacy Smith, Director of Internal Audit & Risk; Terri Worth, Pension Administration System Program Director; Tanya Dybal and Dan Siblik of Segal (Actuarial Consulting Services); and Heidi Barry and Jeff Tebeau of Gabriel, Roeder, Smith & Company (Replication Auditing Services).

Visitors: Elston Flowers, IEA-Retired.

Remote Attendance Request

Trustee Marsha Byas was unable to attend in person due to employment purposes. In accordance with the Open Meetings Act, 5 ILCS 120, Section 7, permission was requested for Trustee Byas to attend via remote attendance. A motion was made by Trustee Blackburn and seconded by Trustee Sanders to allow Trustee Byas to attend via remote attendance. Motion carried by unanimous voice vote.

Public Comment

None.

Minutes

A draft of the October 27, 2023 minutes of the Board meeting was sent to the Board members for review. On a motion by Trustee Blomquist, seconded by Trustee Mena, the minutes were approved by unanimous voice vote. Documentation is on file.

Committee Reports

Deferred Compensation Plan Committee

Trustee Hunt (Committee Chair) reported that the Deferred Compensation Plan Committee met on December 11, 2023. On a motion by Trustee Blomquist, seconded by Trustee Goetz, it was resolved:

To select CAPTRUST to provide consulting services for a contract not to exceed five years.

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

Investment Committee

Trustee Fred Peronto (Committee Vice Chair) reported that the Investment Committee met on December 12, 2023 and presented the Investment Committee consent agenda. On a motion by Trustee Sanders, seconded by Trustee Pfeiffer, it was resolved to present the following items as the consent agenda action:

1. Approve the revisions to the Investment Policy with the exception of the revisions to Section II presented.
2. Approve the fiscal year 2024 Global Equity Annual Review Plan as presented.
3. Approve the fiscal year 2024 Diversifying Strategies Tactical Plan as presented.
4. Approve the transition of the System's securities lending agent from Citibank, N.A., to master trustee State Street Bank and Trust subject to negotiation and finalization of custody pricing and terms resulting in a favorable overall cost savings to the system.

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

Audit Committee

Trustee Duffy Blackburn (Committee Chair) reported that the Audit Committee met on December 12, 2023. The Committee had nothing to bring to the Board.

RECESS

The meeting recessed at 1:22 PM and resumed at 1:44 PM.

Executive Director’s Report

Final Certification of FY25 Contribution/State Actuary Report

As required by State statute, the Board must certify the state funding requirements in final form following review by the state actuary, Cheiron. The Board received Cheiron’s preliminary report regarding the proposed certification prepared by Segal Consulting of the required state contribution to TRS for fiscal year 2025. Documentation is on file and notification of the preliminary certification passed by the Board in October was sent to the Governor, legislative leaders, stakeholders and interested parties. The final certification of the fiscal year 2025 state contribution, passed by the Board at this meeting, will be communicated to the aforementioned parties by January 15, 2024, as required by State statute. The draft report includes Cheiron’s recommendations for Segal to consider in the next valuation process. Two of Cheiron’s fiscal year 2022 recommendations were fully implemented and removed from this report.

Cheiron found the actuarial assumptions and methods used in the draft June 30, 2023 Actuarial Valuation to be reasonable and certified contributions were properly calculated in accordance with State law. Cheiron concurred with Segal’s reporting of an alternative funding policy but suggested a modified funding policy that would reach full funding in a more plausible manner; however, Cheiron acknowledged that changing the funding method is under the jurisdiction of State law and not TRS. On a motion by Trustee Blomquist, seconded by Trustee Goetz, it was resolved:

To accept the results of the preliminary June 30, 2023 actuarial valuation as presented by Segal Consulting:

- Based on Illinois statute, an FY 2025 state funding amount of \$6,203,922,413, including \$300,000 for minimum retirement benefits;
- Based on the board’s funding policy, an FY 2025 state funding amount of \$10,105,874,758, including \$300,000 for minimum retirement benefits;
- An FY 2025 total normal cost rate of 19.34 percent of pay, a rate that includes a total employer normal cost rate of 10.34 percent and a member contribution rate of 9.00 percent;
- An FY 2025 federal contribution rate of 10.34 percent of pay, a rate that is identical to the total employer normal cost rate.

The preliminary June 30, 2023 actuarial valuation report includes revised actuarial assumptions about the impact of the accelerated pension benefit programs originally contained in 40 ILCS 5/16 – 190.5 and 40 ILCS 5/16 – 190.6.

The actuarial valuation report and these amounts and rates have been submitted to and accepted by the state actuary.

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

Replication Audit

Alex Rivera of Gabriel, Roeder, Smith & Company presented an independent actuarial review and replication audit of the June 30, 2022 valuation, prepared by Segal, following a recommendation by the state actuary, Cheiron. Documentation is on file.

Financials

The financial reports for the quarter ended September 30, 2023 were sent to trustees for review. Documentation is on file. On a motion by Trustee Blackburn, seconded by Trustee Goetz, it was resolved:

To approve the financial statements and schedule of expenditures for the quarter ending September 30, 2023 as presented.

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

Working Groups Update

Stan Rupnik, Executive Director & Chief Investment Officer, provided an update on the Investment Working Group and Technology Working Group. Documentation is on file. On a motion by Trustee Mena, seconded by Trustee Hirshman, it was resolved:

To extend the existing Investment Working Group and Technology Working Group, subject to the limitations noted by fiduciary counsel, and name the following as members of each group:

Investment Working Group – Matt Hunt, Andy Hirshman, David Miller, and Fred Peronto.

Technology Working Group – Joe Blomquist, Matt Hunt, Maureen Mena, and Fred Peronto.

Motion carried by unanimous voice vote.

Gemini Update

John Gerding, Director of Information Technology, and Gloria Lasley, Chief Operating Officer, provided an update on the Gemini project regarding completed items, the current total spend of the project, and the project vision going forward. Documentation is on file.

Forward Board Calendar

On a motion by Trustee Hirshman, seconded by Trustee Goetz, it was resolved to approve the remaining meeting dates for FY2025. Exact locations to be determined.

February 20-21, 2025	Chicago or Chicago Suburbs
April 24-25, 2025	Springfield, IL
June 17-18, 2025	Chicago or Chicago Suburbs

Board Travel/Education Requests

On a motion by Trustee Peronto, seconded by Trustee Pfeiffer, it was resolved to approve:

- Travel for Trustees Mia Jazo-Harris and David Miller to attend the NCPERS Trustee Educational Seminar (TEDS) and Annual Conference & Exhibition (ACE) in Seattle, WA, on May 18-22, 2024.
- Travel for Trustees Maureen Mena and David Miller to attend Pension Bridge The Annual 2024 in Half Moon Bay, CA, on April 15-17, 2024.
- Travel for Trustee Andy Hirshman to attend Pension Bridge Private Credit 2024 in Carlsbad, CA, on February 26-27, 2024.
- Travel for Trustee Joe Blomquist to attend the NCPERS ACE in Seattle, WA, on May 19-22, 2024.

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

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 Strand, to adjourn the meeting at 2:39 PM. Motion carried by unanimous voice vote.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: 02/22/2024