



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES Audit Committee June 17, 2025

A meeting of the Audit Committee of the Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS) was held on June 17, 2025, at NIU Naperville, 1120 E. Diehl Rd., Naperville, Illinois. Trustee Larry Pfeiffer (Vice Chair) called the meeting to order at 8:40 AM. Roll call attendance was taken with the following Committee members present: Trustee Joe Blomquist, Trustee Mia Jazo-Harris, and Trustee Larry Pfeiffer. Trustee Kevin "Duffy" Blackburn (Chair) and Trustee Doug Strand were not in attendance. A quorum was present.

Others in attendance: Trustee Beth Anderson; Trustee Marsha Byas; Trustee Mike Goetz; Trustee Andy Hirshman; Trustee Matt Hunt; Trustee David Miller; Trustee Fred Peronto; Trustee Tony Sanders; 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; Lori Dour, Chief Benefits Officer; John Gerding, Director of Information Technology; Michelle Kissel, Director of Human Resources; Janelle Gurnsey, Director of Public Relations; Jose Gonzalez, Senior Investment Officer – Diverse and Emerging Managers; Corbin Freres, Senior Investment Officer – Global Income Strategies; Kyle Thornton, Senior Systems Administrator; Bo Baptist, Senior Systems Administrator; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); Becky Gratsinger of RVK Inc. (Investment Consultant); and Jared Hardin of CAPTRUST (TRS SSP Consultant).

Remote attendees: Stacy Smith, Director of Internal Audit and Risk; Christina Baker, Internal Audit Manager; and Andy Jones, Senior IT Internal Auditor.

Visitors: Heather Becker, TRS Trustee Elect; Sean Casey, TRS Trustee Elect; Rainy Kaplan, TRS Trustee Elect; and Elston Flowers, IEA-Retired.

Public Comment

None.

Stan Rupnik, Executive Director & Chief Investment Officer, introduced the TRS Trustee Elects attending the meeting.

Minutes

A draft of the February 20, 2025, minutes of the Audit Committee meeting was sent to the committee members for review. On a motion by Trustee Jazo-Harris, seconded by Trustee Blomquist, the minutes were approved by unanimous voice vote. Documentation is on file.

Internal Audit Report – Expenditures & Contracts

Christina Baker, Internal Audit Manager, provided a summary of the Expenditures & Contracts internal audit report. Documentation is on file.

Revised Audit Plan for FY 2025

Stacy Smith, Director of Internal Audit and Risk, presented the revised audit plan for FY 2025. Documentation is on file. Internal Audit staff recommends moving the Property audit to the FY 2026 & FY 2027 internal audit plan. Documentation is on file.

A motion was made by Trustee Blomquist, seconded by Trustee Jazo-Harris, that the committee recommend to the Board to approve the revised FY 2025 Internal Audit Plan, as presented. Motion carried by unanimous voice vote.

Internal Audit Plan for FY 2026 & FY 2027

Stacy Smith presented the audit plan for FY 2026 and FY 2027. The committee received the two-year Internal Audit Plan for fiscal years 2026 and 2027, including risk assessment worksheets. Documentation is on file.

A motion was made by Trustee Blomquist, seconded by Trustee Jazo-Harris, that the committee recommend to the Board to approve the FY 2026 and FY 2027 Internal Audit Plan, as presented. Motion carried by unanimous voice vote.

Enterprise Risk Management Committee Report

Stacy Smith presented the Enterprise Risk Management Committee Report. The TRS Enterprise Risk Management Committee provides oversight and disciplined thought about current and potential risks facing TRS and provides a summary risk report to the Board twice a year. The June risk report included updates on 13 categories since the last report in December 2024. The updated risk assessments include Accounting and Financial Reporting, Budget, Cybersecurity, Ethics and Fraud Prevention, Human Resources, Information Technology, Investment Accounting, Open Government, PAS Modernization Program, Pension Politics & Funding, Purchasing and Contracts, Regulatory Compliance and Litigation, and Supplemental Savings Plan. Documentation is on file.

It was noted that the Enterprise Risk Management Committee is discussing Artificial Intelligence (AI) as an emerging risk. John Gerding, Director of Information Technology, gave a brief update regarding the recently adopted AI employee operating policy.

Executive Session

A motion was made by Trustee Jazo-Harris, seconded by Trustee Blomquist, that the Committee 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)]; 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)]; 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 Blomquist, Jazo-Harris, and Pfeiffer. Motion carried.

The public meeting closed at 8:58 AM.

No action was taken during executive session.

The public meeting reconvened at 9:17 AM. Roll call attendance was taken with the following Committee members present: Blomquist, Jazo-Harris, and Pfeiffer.

Selection of Director of Internal Audit

State statute requires the chief executive officer of each designated State agency to appoint a chief internal auditor for the agency. The chief internal auditor will serve a 5-year term. Stan Rupnik requested approval of his appointment of Teri Taylor as Director of Internal Audit.

A motion was made by Trustee Jazo-Harris, seconded by Trustee Blomquist, that the committee recommend to the Board to approve the appointment of Teri Taylor as the Director of Internal Audit, effective July 1, 2025.

Trustee Concerns

None

Adjournment

On a motion by Trustee Blomquist, seconded by Trustee Jazo-Harris, and by unanimous voice vote, the meeting adjourned at 9:20 AM.

Minutes – Audit Committee

June 17, 2025

Page 4 of 4



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: 07/31/2025