



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES

Board Meeting

October 25, 2024

A meeting of the Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS) was held on October 25, 2024, at the DoubleTree Suites Downers Grove, 2111 Butterfield Rd., Downers Grove, Illinois. Trustee Matt Hunt (President) called the meeting to order at 8:41 AM. Roll call attendance was taken with the following Trustees present: Trustee Beth Anderson, Trustee Joe Blomquist, Trustee Marsha Byas (arrived at 8:46 AM), Trustee Andy Hirshman (Vice President), Trustee Matt Hunt, Trustee Mia Jazo-Harris, Trustee Maureen Mena (arrived at 9:11 AM), Trustee David Miller, Trustee Fred Peronto, Trustee Larry Pfeiffer, Trustee Tony Sanders, and Trustee Doug Strand. Trustees Duffy Blackburn and Mike Goetz 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; Janelle Gurnsey, Director of Public Relations; 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; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); Matt Strom, Daniel Sibling, and Laura Jeske of Segal (Actuarial).

Remote attendees: Terri Worth, Pension Administration System (PAS) Program Director; Ghiané Jones, Deputy Chief Investment Officer; Ian Bray of RVK Inc. (Investment Consultant); and Tanya Dybal and David Nickerson of Segal (Actuarial).

Visitors: Cyd Paulsen, IEA-Retired; Jim Baker, Private Equity Stakeholder Project

Public Comment

Cyd Paulsen commented on the teacher shortage in Illinois.

Jim Baker commented on climate concerns and private equity investments.

Minutes

A draft of the August 16, 2024, minutes of the Board meeting was sent to the Board members for review. On a motion by Trustee Sanders, seconded by Trustee Pfeiffer, the minutes were approved by unanimous voice vote. Documentation is on file.

A draft of the August 16, 2024, executive session 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

Audit Committee

Trustee Pfeiffer (Committee Vice Chair) reported that the Audit Committee met on October 24, 2024. The Committee had no action items 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 October 24, 2024. On a motion by Trustee Peronto, seconded by Trustee Byas, it was resolved to approve the Executive Director & Chief Investment Officer Performance Evaluation Process document as presented.

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

Legislative Committee

Trustee Anderson (Committee Chair) reported that the Legislative Committee met on October 24, 2024. On a motion by Trustee Miller, seconded by Trustee Jazo-Harris, it was resolved to approve the Legislative Platform, as presented.

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

Investment Committee

Trustee Miller (Committee Chair) reported that the Investment Committee met on October 24, 2024, and presented the consent agenda. On a motion by Trustee Byas, seconded by Trustee Pfeiffer, 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 fiscal year 2025 minority utilization goals, as presented. The recommendation includes:
 - Increasing the goal for utilization of MWBE asset managers from 22% to 23%. This internal goal exceeds the Illinois General Assembly's legislated aspirational goal.
 - Increasing the Domestic Equity MWBE brokerage utilization goal from 35% to 40%.
 - Maintaining the International Equity MWBE brokerage utilization goal of 17%
 - Maintaining the Global Income MWBE trading utilization goal of 17%.
 - Maintaining the existing investment management fee goal range of 8.0 – 11.5% of total fees paid.

If approved, the goals will be included in the TRS Investment Policy, Section 20: Improving Access to the TRS Investment Process.

2. To approve the fiscal year 2025 Global Income Strategies Review Plan as presented.
3. To approve the fiscal year 2025 Private Debt & Private Credit Tactical Plan, as presented.
4. To approve the fiscal year 2025 Diversifying Strategies Tactical Plan, as presented.
5. To select BlackRock for the management of the Long Term Government Bond Index Fund within the Diversifying Strategies Composite.

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

Deferred Compensation Plan Committee

Trustee Hunt (Committee Chair) reported that the Deferred Compensation Plan Committee met on October 25, 2024. The Committee had no action items to bring to the Board at this time.

Working Groups Update

Trustee Matt Hunt noted the Technology Working Group has not met since the last board meeting. Trustees David Miller and Tony Sanders gave updates regarding the Investment Working Group and Strategic Plan Working Group respectively.

Strategic Plan

(Trustee Mena arrived at 9:11 AM.)

Sally Antonacci, Executive Officer, provided an update on the FY2025 business plan for the FY2024-2028 Strategic Plan. Documentation is on file.

RECESS

The meeting recessed at 9:36 AM and resumed at 9:54 AM.

Executive Director's Report

FY 2024 Preliminary Actuarial Valuation and Certification of Results, including FY 2026 Funding Requirements for TRS

On or before November 1 each year, the Board is required to submit its certification for statutory contributions under the Illinois Pension Code, and on or before November 15 each year, the certification of state contributions for the Teacher Health Insurance Security (THIS) Fund to the Governor and others.

Matt Strom, Dan Siblik, and Laura Jeske of Segal presented the preliminary results of the System's actuarial valuation of its assets and liabilities as of June 30, 2024. Included in the presentation was the summary of state contributions required under the Illinois Pension Code for the Board's consideration. Documentation is on file.

The unfunded liability increased by \$1.7 billion in FY2024 from \$81.9 billion in 2023 to \$83.6 billion in 2024. The funded ratio based on the actuarial value of assets increased from 44.8% in 2023 to 45.8% in 2024. TRS ended fiscal year 2024 with \$71.4 billion in assets. The total FY2026 state contribution, including guaranteed minimum annuity reserve, is \$6.496 billion.

On a motion by Trustee Blomquist, seconded by Trustee Jazo-Harris, it was resolved to accept the results of the preliminary June 30, 2024, actuarial valuation report as presented by the System's actuary, Segal Consulting:

- In accordance with Illinois statute, to propose to certify an FY 2026 state funding amount of \$6,495,717,664, including \$200,000 for minimum retirement benefits.
- In accordance with the board's funding policy, to propose to certify an FY 2026 state funding amount of \$10,734,362,004, including \$200,000 for minimum retirement benefits.

This proposed certification will be submitted to the State Actuary, the Governor, and the General Assembly, along with the actuarial assumptions, calculations, and data upon which this proposed certification is based.

The board will consider any changes in actuarial assumptions recommended by the State Actuary's preliminary report due on or before January 1, before finalizing its certification of the required State contributions at its December 2024 regular board meeting.

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

Final Certification of FY 2026 THIS Fund State Contribution

On a motion by Trustee Peronto, seconded by Trustee Mena, it was resolved to certify \$123,195,074 as the required state contribution to the Teacher Health Insurance Security (THIS) Fund for FY 2026, as presented by Segal Consulting and detailed in the supporting certification.

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

Financials

The financial reports for the quarter ended June 30, 2024, were sent to trustees for review. Documentation is on file. On a motion by Trustee Blomquist, seconded by Trustee Pfeiffer, it was resolved:

To approve the financial statement and schedule of expenditures for the quarter ending June 30, 2024, as presented.

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

Fiduciary Education

Emily Peterson, General Counsel, and Jessica Culotti of Reinhart Boerner Van Deuren presented education on Trustee communications. Documentation is on file.

Board Policy Manual Revisions

Emily Peterson presented revisions to the Board Policy Manual. Documentation is on file. Revisions to the Board Policy Manual generally include:

- Revision of the Legislative Platform as recommended by the Legislative Committee
- Updates to the Communications Policy

On a motion by Trustee Sanders, seconded by Trustee Jazo-Harris, it was resolved to adopt the proposed revisions to the TRS Board of Trustees Policies Manual, as presented.

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

RECESS

The meeting recessed at 12:11 PM and resumed at 12:23 PM.

Trustee Election

Chelsea Duis, Executive Administrator, provided an update regarding the 2025 Board of Trustees election.

PAS Modernization Update

Gloria Lasley, Chief Operating Officer, and Terri Worth, PAS Program Director, provided an update regarding the PAS Modernization program.

July/August 2025 Board Meeting

Chelsea Duis provided information regarding a change in the previously approved board date for the August 2025 meeting. On a motion by Trustee Sanders, seconded by Trustee Mena, it was resolved to approve the 2024 and 2025 board meeting dates and locations as presented. Documentation is on file.

Board Travel/Education Requests

On a motion by Trustee Peronto, seconded by Trustee Strand, it was resolved to approve the following travel requests:

- Trustee David Miller to attend the National Association of Securities Professionals (NASP) – New York Chapter Symposium on November 20-21, 2024, in New York, NY.
- Trustee Andy Hirshman to attend the Trustee Leadership Forum Trustee Peer Mentoring Project on October 27-29, 2024, in Cambridge, MA.

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

Executive Session

A motion was made by Trustee Sanders, seconded by Trustee Hirshman, 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: 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, 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, Blomquist, Byas, Hirshman, Hunt, Jazo-Harris, Mena, Miller, Peronto, Pfeiffer, Sanders, and Strand.

The public meeting closed at 12:53 PM.

No action was taken during executive session.

The public meeting reconvened at 1:05 PM. Roll call attendance was taken with the following trustees present: Trustees Anderson, Blomquist, Byas, Hirshman, Hunt, Jazo-Harris, Mena, Miller, Peronto, Pfeiffer, Sanders, and Strand. Trustees Blackburn and Goetz were not in attendance.

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 Hirshman, to adjourn the meeting at 1:05 PM. Motion passed by unanimous voice vote.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: 12/13/2024