



MINUTES
Audit Committee
December 13, 2018

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on December 13, 2018 at the Hilton Rosemont Chicago O'Hare, 5550 North River Road, Rosemont, Illinois. Matt Hower, Chair, called the meeting to order at 9:00 a.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Matt Hower, (Chair); Fred Peronto, (Vice Chair); Andy Hirshman, Larry Pfeiffer, and Tracy Kearney. Trustees present: Mark Bailey, John Bloomfield, Cinda Klickna, Laura Pearl, Mark Splitstone, Dan Winter, and Tony Smith.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Jana Bergschneider, Chief Financial Officer; Gina Larkin, Chief Human Resources Officer; Stacy Smith, Director of Internal Audit; Marcy Dutton, Chief Legal Counsel; Carlton Lenoir, Chief Benefits Officer; Dave Urbanek, Director of Communications; Bob Jiroutek, Risk Officer; Jeremy Crites, Security Supervisor; Tammy Green, Executive Assistant; and Tiffany Reeves, Reinhart (Fiduciary Counsel).

Minutes

A draft of the October 29, 2018 minutes of the Audit Committee meeting was sent to the committee members for review. On a motion by Tracy Kearney, seconded by Fred Peronto, and by unanimous voice vote, the minutes were approved as printed.

KPMG Real Estate Audit Reports

Members of the committee received the audit results of the financial statements of the real estate portfolios that are owned by TRS and managed by Capri Capital Partners, Barings Real Estate Advisers, Heitman Capital Management, Invesco Real Estate, Lincoln Property Company Realty Advisors, and Principal Real Estate Investors as of June 30, 2018. KPMG reported no material weaknesses in internal control. Documentation is on file.

Internal Audit Report

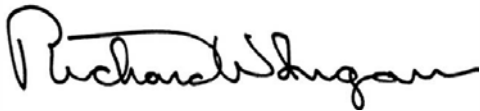
Stacy Smith, Director of Internal Audit, provided a summary of the Commission Recapture audit. Documentation is on file.

IT Risk Accepted Password Observation Update

Members of the audit committee received an update in response to Trustee Bloomfield's concern regarding password complexity. Documentation is on file. Trustee Bloomfield further inquired as to whether TRS used two-factor authentication for employee workstation access. Director Ingram will provide a cost/benefit analysis on implementing internal two-factor authentication for all employees.

ADJOURNMENT

On a motion by Larry Pfeiffer, seconded by Fred Peronto, and by unanimous vote, the meeting adjourned at 9:19 a.m.

A handwritten signature in black ink, appearing to read "Richard W. Ingram". The signature is fluid and cursive, with the first name being the most prominent.

Richard W. Ingram, Executive Director

Approved: 3/14/19