



## MINUTES Meeting of the Investment Committee June 18, 2020

A virtual meeting of the Investment Committee of the Illinois Teachers' Retirement System was held on June 18, 2020 in accordance with Public Act 101-640 which was signed by Governor Pritzker on June 12, 2020. Director Ingram had read for the record that it is not practical or prudent to have an in-person meeting due to the coronavirus pandemic.

Requirements under the new law include:

- All votes must be roll call votes so that each member's vote on each issue can be identified and recorded.
- Prepare and maintain a verbatim record of both the open and closed sessions of the remote meeting.
- Everyone must be able to hear one another.

Note: Director Ingram and Marcy Dutton, Chief Legal Counsel, were present at the regular meeting location in Springfield, 2815 W. Washington Street.

Andy Hirshman, Chair, called the meeting to order at 10:09 a.m. A quorum was present. Roll Call attendance was taken with the following trustees present: Andy Hirshman, Chair; Devon Bruce, Vice Chair; Carmen Ayala, Mark Bailey, Norma Bellcoff, Marsha Byas, Matthew Hunt, Maureen Mena, David Miller, Laura Pearl, Fred Peronto, Larry Pfeiffer, and Doug Stand.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Jerry Quandt, Sr. Investment Officer; Scottie Bevill, Sr. Investment Officer; Jose Gonzalez, Investment Officer; Shelja Aggarwal, Sr. Investment Analyst; Bob Jiroutek, Risk Officer; Marcy Dutton, Chief Legal Counsel; Cynthia Fain, Senior Legal Counsel; Gina Larkin, Chief Human Resources Officer; Jana Bergschneider, Chief Financial Officer; Carlton Lenoir, Chief Benefits Officer; Stacy Smith, Director of Internal Audit and Risk; Christina Baker, Sr. Internal Auditor; Deron Bertolo, Director of Finance; Jeff Bennett, Director of Operations; Tammy Green, Executive Assistant; Abby Griffith, Investment Accounting Manager; Chad Fry, Sr. Network Engineer; Chris Wiedel, Director of Information Technology; Becky Gratsinger, Tony Johnson, Ian Bray, RVK (Investment Consultant); Tiffany Reeves and Jessica Culotti, Reinhart (Fiduciary Counsel). Note: Unable to determine some of the public participants that joined the meeting as audio attendees.

No public comments were heard.

## **TRS PORTFOLIO**

### Investment Manager Chart

Stan Rupnik, Chief Investment Officer, provided the investment manager charts for the quarter ending March 31, 2020. Documentation is on file.

### Cashflow Summary

Stan Rupnik provided a cash flow summary to fund the System's cash requirements. Documentation is on file.

### Investment Activity Report

Stan Rupnik provided an overview of investment actions and asset transfers by asset class made by the System's investment staff for the period February 8, 2020 through May 29, 2020. Documentation is on file. There were no compliance issues for the quarter ending March 31, 2020.

### WMBE Utilization Report

TRS staff provided preliminary data as of March 31, 2020 on the utilization of minority-owned brokers and minority-owned investment managers within the TRS investment portfolio. The total TRS portfolio represents 22.17% which is 2.17% over the TRS goal of 20%. Documentation is on file.

### Investment Performance Update

RVK provided a summary of the investment performance for the quarter ending March 31, 2020 including current trending pension topics and capital markets. Documentation is on file. Even with the effects of the coronavirus pandemic on the economy, the TRS portfolio ranked in the top 25 percent of public pension plans during the quarter. The TRS 10-year and 20-year returns ranked in the top 10 of peer systems. Total assets: \$48.6 billion. The total fund return, net of fees:

- o Quarter: -9.95%
- o 1 year: -2.65%
- o 3-year: 3.5%
- o 5-year: 4.2%
- o 10-year: 7.0%
- o 20-year: 5.4%

In addition, Stan Rupnik, CIO, provided a preliminary investment performance update through May 2020. Documentation is on file.

### Education

The committee received an educational presentation on the internal risk program. Documentation is on file.

### Co-Investment RFP

Jerry Quandt, Sr. Investment Officer, reported that TRS's pool of private equity co-investment advisors' contracts expire on June 30, 2020. The current pool of advisors include LP Capital Advisors, Stout Risius Ross, Caledon Capital, and TorreyCove. Three firms responded and met the requirements specified in the Request for Proposal. Mr. Quandt provided an overview of each firm and recommended the selection of all three candidates to the pool of co-investment advisors. Documentation is on file. The committee discussed a potential conflict with Stout Risius Ross. A motion was made by Trustee Bruce, seconded by Trustee Pearl, that the committee recommend to the Board to select Stout Risius Ross, Aksia TorreyCove, and Meketa to be included in the System's pool of co-investment advisors. Contracts with the firms shall not exceed five years, with fees paid only on specific co-investment projects assigned to each firm. The inclusion of Stout Risius Ross to the co-investment advisors pool is pending review of outside counsel and receipt of letter from DLA Piper. Roll call resulted in affirmative voice votes from Trustees Hunt, Hirshman, Bellcoff, Mena, Ayala, Miller, Pearl, Peronto, Strand, Bailey, and Bruce. Motion Carried. (Trustee Pfeiffer was unable to vote due to technical difficulties; Trustee Byas not present)

### Diversifying Strategies Review

RVK provided a review of the diversifying strategies asset class at the request of the investment committee. RVK reviewed TRS' actual investment performance relative to what it could have been if other asset classes were utilized for diversification rather than diversifying strategies and if historical returns were applied. Documentation is on file. Members of the committee expressed concerns of diversifying strategies. Trustee Pearl believes RVK shows bias towards the DS asset class and should not have conducted this study. Becky Gratsinger, CEO of RVK, clarified that there is no bias in this structured analysis.

## **ADJOURNMENT**

There being no further business to come before the Investment Committee, a motion was made by Trustee Bruce, seconded by Trustee Hunt, to adjourn the meeting at 1:15 p.m. Roll call resulted in affirmative voice votes from Trustees Hunt, Hirshman, Bellcoff, Mena, Miller, Pearl, Peronto, Strand, Bailey, and Bruce. Motion Carried. (Trustees Ayala and Byas were not present)



---

Stan Rupnik, Interim Executive Director

Approved: 8/27/20