



## **TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

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### **MINUTES**

#### **Investment Committee**

**August 11, 2022**

A meeting of the Investment Committee of the Board of Trustees of the Teachers' Retirement System of the State of Illinois was held on August 11, 2022 at the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, Springfield, Illinois. Trustee David Miller (Chair) called the meeting to order at 1:42 PM. Roll call attendance was taken with the following committee members present: Trustee David Miller (Chair), Trustee Beth Anderson, Trustee Carmen Ayala, Trustee Kevin "Duffy" Blackburn, Trustee Marsha Byas, Trustee Mike Goetz, Trustee Andy Hirshman, Trustee Matt Hunt, Trustee Mia Jazo-Harris, Trustee Maureen Mena, Trustee Larry Pfeiffer, and Trustee Doug Strand. Trustees Joe Blomquist and Fred Peronto were not in attendance. A quorum was present.

Others in attendance: Stan Rupnik, Executive Director & CIO; Sally Antonacci, Senior Office Manager; Tiffany Frailey, Administrative Specialist; Deron Bertolo, Chief Financial Officer; Gloria Lasley, Chief Operating Officer; Stacy Smith, Director of Internal Audit & Risk; Emily Peterson, General Counsel; Cynthia Fain, Senior Legal Counsel; Lori Dour, Chief Benefits Officer; Jamie Stults, Director of Human Resources; Dave Urbanek, Director of Communications; Rich Frankenfeld, Director of Outreach; John Boykin, Network Administrator; Greg Turk, Director of Investments; Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers; Ann Stone, Investment Analyst – Diverse & Emerging Managers; Chloe Ariss, Investment Analyst – Global Income Strategies; Scottie Bevill, Senior Investment Officer – Global Income Strategies; Corbin Freres, Investment Officer – Global Income Strategies; Tim Hays, Senior Investment Officer – Real Estate; Dakin Sanert, Investment Officer – Real Estate; Michael Rennolds, Senior Investment Analyst – Real Assets; Grant Aguirre, Investment Analyst; Tony Johnson of RVK Inc. (Investment Consultant); Mike Elio of StepStone (Private Equity Consultant); Jeremy Goldberg, Todd Lapenna, Matthew Moreno, and Justin Thibault of StepStone (Real Assets Consultant); and Bruce Spohler and Michael Gross of SLR Capital.

Remote attendees: Shelja Aggarwal, Investment Officer – Private Equity; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); and Becky Gratsinger of RVK Inc. (Investment Consultant).

Visitors: Mary Rothschild, IEA, Annuitant.

#### Public Comment

None

### Minutes

A draft of the June 16, 2022 minutes of the Investment Committee meeting was sent to the committee members for review. On a motion by Trustee Blackburn, seconded by Trustee Byas, the minutes were approved by unanimous voice vote. Documentation is on file.

### Investment Portfolio Summary

Stan Rupnik provided the preliminary June 30, 2022 investment manager charts. Documentation is on file.

### MWBE Utilization Report

Jose Gonzalez provided preliminary data as of June 30, 2022, on the utilization of minority-owned brokers and minority-owned investment managers within the TRS investment portfolio. TRS exceeded its brokerage goals by 13.9% for US equity, 5.3% for international equity, and 12.3% for global fixed income. As of June 30, 2022, MWBE assets as a percent of total plan were 29.26%, which is 7.26% over the TRS fiscal year 2022 utilization goal of 22%. Documentation is on file.

### Cash Flow Report

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

### Investment Performance & Pension Trends

Tony Johnson of RVK, Inc. provided an overview of the preliminary June 30, 2022 investment performance report, including trending pension topics and capital markets. Topics included Fed rate increases, the Russian invasion of Ukraine, and inflation. TRS total fund performance is not yet available, pending final valuations for private asset classes. Documentation is on file.

### Investment Risk Report

Stan Rupnik provided an overview of the June 2022 investment risk report. Documentation is on file.

### Investment Activity Report

Stan Rupnik provided an overview of investment activity by asset class completed by the System's investment staff for the period June 1, 2022 through July 21, 2022. Documentation is on file.

### **RECESS**

The meeting recessed at 2:22 PM and resumed at 2:40 PM.

### Private Equity Tactical Plan

TRS staff and StepStone presented the FY2023 private equity tactical plan. The plan includes a review of FY2022 initiatives, FY2023 initiatives, fee analysis and pacing analysis. Documentation is on file. A motion was made by Trustee Hunt, seconded by Trustee Anderson, that the committee recommend to the Board to approve the FY2023 Private Equity Tactical Plan and initiatives. Roll call resulted in affirmative votes from Trustees Anderson, Ayala, Blackburn, Byas, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Miller, Pfeiffer, and Strand. Motion carried.

### Real Estate/Real Assets Tactical Plan

TRS staff and StepStone presented the FY2023 real estate/real assets tactical plan. The plan includes a review of FY2022 initiatives, FY2023 initiatives, real estate and real asset characteristics, objectives, risk/returns, allocation targets, portfolio initiatives, and a portfolio pacing plan analysis. Documentation is on file. A motion was made by Trustee Strand, seconded by Trustee Goetz, that the committee recommend to the Board to approve the FY2023 real estate/real assets tactical plan as presented. Roll call resulted in affirmative votes from Trustees Anderson, Ayala, Blackburn, Byas, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Miller, Pfeiffer, and Strand. Motion carried.

### Global Income Asset Class Report

Michael Gross and Bruce Spohler presented SLR Capital's fund SLR 1818 LP. Documentation is on file. A motion was made by Trustee Hirshman, seconded by Trustee Hunt, that the committee recommend to the Board to commit \$250 million to SLR Capital, within the global income portfolio. Future commitments up to a total of \$500 million are anticipated, subject to staff's internal oversight committee approval. The expected first close is late August 2022, coinciding with Fund II. Roll call resulted in affirmative votes from Trustees Anderson, Ayala, Blackburn, Byas, Goetz, Hirshman, Hunt, Jazo-Harris, Mena, Miller, and Pfeiffer. Trustee Strand abstained. Motion carried.

### Other Business

None

### Trustee Concerns

None

### Adjournment

There being no further business to be brought before the Investment Committee, a motion was made by Trustee Goetz, seconded by Trustee Hunt, to adjourn the meeting at 5:18 PM. Motion passed by unanimous voice vote.

Minutes – Investment Committee

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Stan Rupnik, Executive Director & Chief Investment Officer

Approved: October 20, 2022