



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES

Investment Committee

February 9, 2023

A meeting of the Investment Committee of the Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS) was held on February 9, 2023 at the TRS offices, 2815 West Washington Street, Springfield, IL. Trustee David Miller (Chair) called the meeting to order at 10:05 AM. Roll call attendance was taken with the following committee members present: Trustee Beth Anderson, Trustee Joe Blomquist, Trustee Marsha Byas, Trustee Mike Goetz, Trustee Andy Hirshman, Trustee Matt Hunt, Trustee Mia Jazo-Harris, Trustee David Miller (Chair), Trustee Fred Peronto (Vice Chair), Trustee Larry Pfeiffer, and Trustee Doug Strand. Trustees Kevin "Duffy" Blackburn and Maureen Mena were not in attendance. A quorum was present.

Others in attendance: Stan Rupnik, Executive Director & CIO; Sally Antonacci, Senior Office Manager; Chelsea Duis, 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; Dave Urbanek, Director of Communications; Michelle Kissel, Director of Human Resources; Jared Shipp, Technical Systems Supervisor; Kyle Thornton, Network Administrator; Bob Jiroutek, Senior Risk Officer; Paxton Langheim, Risk & Compliance Analyst; Greg Turk, Director of Investments; Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); and Ian Bray and Becky Gratsinger of RVK Inc. (Investment Consultant).

Remote attendees: Grant Aguirre, Investment Analyst; Ann Stone, Investment Analyst – Diverse & Emerging Managers; Chloe Ariss, Investment Analyst – Global Income Strategies; Tony Johnson of RVK Inc. (Investment Consultant); Don Gogel, Tom Franco, and Gabby Chapman of Clayton Dubilier & Rice (CD&R).

Visitors: Elston Flowers, IEA Annuitant; Cyd Paulsen, Annuitant; and Nathan Mihelich.

Public Comment

None

Minutes

A draft of the December 6, 2022 minutes of the Investment Committee meeting was sent to the committee members for review. On a motion by Trustee Hunt, seconded by Trustee Goetz, the minutes were approved by unanimous voice vote. Documentation is on file.

Stan Rupnik, Executive Director & CIO, introduced the Board of Trustees to the new hire in the Office of Investments, Paxton Langheim, Risk & Compliance Analyst.

Investment Portfolio Summary

Stan Rupnik provided the final December 31, 2022 investment manager charts. 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 Activity Report

Stan Rupnik provided an overview of investment activity by asset class completed by the System’s investment staff from November 16, 2022 through January 19, 2023. Documentation is on file.

Investment Performance & Pension Trends

Ian Bray and Becky Gratsinger of RVK, Inc. provided an overview of the final December 31, 2022 investment performance report, including trending pension topics, with recession probability and diversification of assets addressed, and capital markets. Documentation is on file. The total fund return, net of fees:

Fiscal year to date:	1.46%
1 year:	-3.96%
3 year:	6.57%
5 year:	6.27%
10 year:	7.61%
20 year:	7.61%

Investment Risk Report

Bob Jiroutek, Senior Risk Officer, provided an overview of the December 2022 investment risk report. Documentation is on file.

Investment Education – CD&R

Greg Turk, Director of Investments, introduced Don Gogel of CD&R who provided investment education to the Board. Documentation is on file. Topics included a macro outlook, the future of value creation, ESG, diversity, social responsibility and capital access.

MWBE Utilization Report

Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers, provided preliminary data as of December 31, 2022 on the utilization of minority-owned brokers and minority-owned investment managers within the TRS investment portfolio. TRS exceeded its brokerage goals by 24.2% for US equity,

5.1% for international equity, and 8.3% for global fixed income. As of December 31, 2022, MWBE assets as a percent of total plan were 28.38%, which is 6.38% over the TRS fiscal year 2023 utilization goal of 22.0%. Documentation is on file.

Other Business

Stan Rupnik provided an update on a legislative hearing that Andrew Bodewes of Leinenweber Baroni & Daffada (TRS legislative consultant) recently attended. TRS received high praise for its diversity numbers and performance.

Trustee Concerns

Trustee Hirshman suggested that TRS explore responsible contractor policies.

Adjournment

There being no further business to be brought before the Investment Committee, a motion was made by Trustee Strand, seconded by Trustee Hirshman, to adjourn the meeting at 12:30 PM. Motion passed by unanimous voice vote.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: June 8, 2023