



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

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R. Stanley Rupnik, Executive Director & Chief Investment Officer

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### **MINUTES**

#### **Investment Committee**

**June 8, 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 June 8, 2023 at NIU Naperville, 1120 E. Diehl Rd., Naperville, IL. Trustee Fred Peronto (Vice Chair) called the meeting to order at 10:21 AM. Roll call attendance was taken with the following Trustees present: Trustee Beth Anderson, Trustee Kevin "Duffy" Blackburn, Trustee Joe Blomquist, Trustee Marsha Byas, Trustee Mike Goetz, Trustee Andy Hirshman, Trustee Matt Hunt, Trustee Mia Jazo-Harris, Trustee Maureen Mena, Trustee Fred Peronto, Trustee Larry Pfeiffer, and Trustee Tony Sanders. Trustees David Miller and Doug Strand 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; Michelle Kissel, Director of Human Resources; Kyle Thornton, Network Administrator; Will Daugherty, Senior Technical Support Specialist; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); Becky Gratsinger, Tony Johnson, and Joe Ledgerwood of RVK Inc. (Investment Consultant); Ghiané Jones, Steve McCourt, David Sancewich, and Alli Wallace Stone of Meketa (Investment Consultant Candidate); and Bob Mosier of KPMG.

Remote attendees: Stacy Smith, Director of Internal Audit & Risk; Lori Dour, Chief Benefits Officer; Dave Urbanek, Director of Communications; John Gerding, Director of Information Technology; Bob Jiroutek, Senior Risk Officer; Greg Turk, Director of Investments; Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers; Dakin Sanert, Investment Officer – Real Estate; Michael Rennolds, Senior Investment Analyst – Real Assets; Christina Baker, Internal Audit Supervisor; Andy Jones, Senior IT Internal Auditor; Kendra Kornack, Senior Internal Auditor; Ian Bray of RVK Inc. (Investment Consultant); Peter Woolley of Meketa (Investment Consultant Candidate).

Visitors: Diane Chapman, IEA; and Angela Myers of Loop Capital.

#### Public Comment

None

#### Minutes

A draft of the February 9, 2023 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.

Investment Portfolio Summary

Stan Rupnik provided the final March 31, 2023 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 January 20, 2023 through May 17, 2023. Documentation is on file.

Investment Performance Report & Pension Trends

Ian Bray and Becky Gratsinger of RVK, Inc. provided an overview of the final March 31, 2023 investment performance report, including trending pension topics, with public fund asset allocation trends addressed, and capital markets. Documentation is on file. The total fund return, net of fees:

Fiscal year to date:	4.37%
1 year:	-0.97%
3 year:	11.41%
5 year:	6.72%
10 year:	7.42%
20 year:	7.87%

MWBE Utilization Report

Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers, provided preliminary data as of March 31, 2023 on the utilization of minority-owned brokers and minority-owned investment managers within the TRS investment portfolio. TRS exceeded its brokerage goals by 23.4% for US equity, 5.1% for international equity, and 5.1% for global fixed income. As of March 31, 2023, MWBE assets as a percent of total plan were 29.31%, which is 7.31% over the TRS fiscal year 2023 utilization goal of 22.0%. Documentation is on file.

Investment Risk Report

Bob Jiroutek, Senior Risk Officer, provided an overview of the March 2023 investment risk report. Documentation is on file.

**Recess**

The meeting recessed at 11:33 AM and resumed at 12:11 PM

General Investment Consultant RFP

The contract with the System’s general investment consultant, RVK, expires in June of 2023. Staff issued a Request for Proposal on January 13, 2023, and following a review of all responses and semi-finalist interviews, staff selected Meketa and RVK as finalists for the Investment Committee to interview. Bob Jiroutek provided a background of the search process and the due diligence that was performed. Meketa provided a presentation to the committee, followed by a presentation from RVK. The firms’ presentation books are on file. Following a robust discussion on the merits of each firm, a motion was made by Trustee Hunt, and seconded by Trustee Blomquist, that the committee recommend to the Board to engage RVK as TRS’s general consultant for a five-year period. The motion passed by unanimous voice vote. On a motion by Trustee Sanders, seconded by Trustee Hirshman, a motion was made to issue an RFI for a provider to conduct a replication asset allocation study in calendar year 2024. The motion passed by unanimous voice vote.

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 Pfeiffer, seconded by Trustee Hunt, to adjourn the meeting at 2:52 PM. Motion passed by unanimous voice vote.



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Stan Rupnik, Executive Director & Chief Investment Officer

Approved: 08/14/2023