



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

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### **MINUTES**

#### **Investment Committee**

**August 14, 2023**

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 14, 2023 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 10:31 AM. Roll call attendance was taken with the following committee members present: Trustee Beth Anderson, Trustee Kevin "Duffy" Blackburn (arrived at 10:51 AM), Trustee Mike Goetz, Trustee Andy Hirshman, Trustee Matt Hunt, Trustee Mia Jazo-Harris, Trustee Maureen Mena, Trustee David Miller (Chair), Trustee Fred Peronto (Vice Chair), Trustee Larry Pfeiffer, Trustee Tony Sanders, and Trustee Doug Strand. Trustees Joe Blomquist and Marsha Byas were not in attendance. A quorum was present.

Others in attendance: Stan Rupnik, Executive Director & CIO; Sally Antonacci, Executive Officer; Chelsea Duis, Executive Administrator; 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; Kyle Thornton, Network Administrator; Will Daugherty, Senior Technical Support Specialist; Bob Jiroutek, Senior Risk Officer; Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers; Ann Stone, Investment Analyst – Diverse & Emerging Managers; Corbin Freres, Investment Officer – Global Income Strategies; Katie DellaMaria, 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; Nick Norstrom, Investment Officer – Private Equity; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); Ian Bray and Becky Gratsinger of RVK Inc. (Investment Consultant); Susan Cates and Elizabeth Chou of Leeds Illuminate (Investment Manager); Sean Crawford, Tom Cawkwell, and Arabella Wuchek of Albourne (Private Debt Consultant Candidate); Ashleigh Lee, Tod Trabacco, and Patrick Adelsbach of Aksia (Private Debt Consultant Candidate); Mike Elio and Laura White of StepStone (Private Equity Consultant); and Jeremy Goldberg, Matthew Moreno, and Justin Thibault of StepStone (Real Assets Consultant).

Remote attendees: Michelle Kissel, Director of Human Resources; Patrick Zheng, Investment Officer – Private Equity; Chloe Ariss, Investment Analyst – Global Income Strategies; Lily Wetzel, Investments Intern; Chris Finley, Jason Lamin, and Andrew Cronin of Lenox Park (Diversity, Equity, and Inclusion Measurement Services); Brian Shushkovsky of Aksia (Private Debt Consultant Candidate); and John Claisse of Albourne (Private Debt Consultant Candidate).

Visitors: None

#### Public Comment

None

## Minutes

A draft of the June 8, 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, Executive Director & CIO, provided the preliminary June 30, 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 Performance & Pension Trends

Becky Gratsinger and Ian Bray of RVK, Inc. provided an overview of the preliminary June 30, 2023 investment performance report, including trending pension topics and capital markets. Topics included the narrow equity market rally, inflation trends, and Fed activity. Documentation is on file.

## Investment Risk Report

Bob Jiroutek, Senior Risk Officer, provided an overview of the June 2023 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 May 18, 2023 through July 19, 2023. Documentation is on file.

## Diversity Report

### *MWBE Utilization Report*

Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers, provided preliminary data as of June 30, 2023, on the utilization of minority-owned brokers and minority-owned investment managers within the TRS investment portfolio. TRS exceeded its brokerage goals by 20.9% for US equity, 0.6% for international equity, and 6.4% for global fixed income. As of June 30, 2023, MWBE assets as a percent of total plan were 29.22%, which is 7.22% over the TRS fiscal year 2023 utilization goal of 22%. Documentation is on file.

DEI Analysis & Benchmarking - Lenox Park

Chris Finley, Jason Lamin, and Andrew Cronin of Lenox Park presented Diversity, Equity & Inclusion (DEI) analysis and benchmarking. Documentation is on file.

Investment Education – Leeds Illuminate

Susan Cates and Elizabeth Chou of Leeds Illuminate, a female led and majority owned private equity firm, provided investment education to the Board. The firm’s strategy focuses on growth equity investments in the education and workforce development sectors. Documentation is on file.

Diversity Report (continued)

Emerging Manager Program Initiatives

Jose Gonzalez provided a review of the Emerging Manager Program initiatives as well as a customized diversity score metric. Documentation is on file.

**RECESS**

The Committee recessed at 12:24 PM and resumed at 1:01 PM.

*Trustee Sanders departed at 2:29 PM.*

Private Credit Consultant Search

The contract with the System’s current private credit investment consultant, Aksia, expires on September 30, 2023. Staff issued a Request for Proposal on November 10, 2022, and following a review of all responses and semi-finalist interviews, staff selected Aksia and Albourne as finalists for the Investment Committee to interview. Stan Rupnik provided a background of the search process and the due diligence that was performed. Aksia provided a presentation to the committee, followed by a presentation from Albourne. The firms’ presentation books are on file. Following a discussion on the merits of each firm, a motion was made by Trustee Goetz, and seconded by Trustee Pfeiffer, that the committee recommend to the Board to engage Aksia as TRS’s general private credit consultant not to exceed a five-year period. The motion passed by unanimous voice vote.

Real Estate/Real Assets Tactical Plan

Tim Hays, Senior Investment Officer – Real Estate, Dakin Sanert, Investment Officer – Real Estate, and Jeremy Goldberg, Matthew Moreno, and Justin Thibault of StepStone presented the FY2024 real estate/real assets tactical plan. The plan includes a review of FY2023 initiatives, FY2024 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 Peronto, seconded by Trustee Goetz, that the committee recommend to the Board to approve the FY2024 Real Estate/Real Assets tactical plan, as presented. Motion passed by unanimous voice vote.

Private Equity Tactical Plan

Nick Norstrom, Investment Officer – Private Equity, and Mike Elio and Laura White of StepStone presented the FY2024 private equity tactical plan. The plan includes a review of FY2023 initiatives, FY2024 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 FY2024 Private Equity Tactical Plan, as presented. Motion passed by unanimous voice vote.

Other Business

None

Trustee Concerns

Trustees Anderson and Miller noted less dialogue by female and minority external investment presenters attending the committee meeting. TRS staff should encourage investment firms to have all presenters speak during board presentations.

Adjournment

There being no further business to be brought before the Investment Committee, a motion was made by Trustee Hirshman, seconded by Trustee Peronto, to adjourn the meeting at 4:23 PM. Motion passed by unanimous voice vote.



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Stan Rupnik, Executive Director & Chief Investment Officer

Approved: October 26, 2023