



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES
Board of Trustees
March 30-31, 2015

The Board of Trustees of the Illinois Teachers' Retirement System held its annual retreat on March 30-31, 2015 at its Springfield office, 2815 West Washington Street.

Chris Koch, President, called the Board meeting to order at 1:00 p.m. A quorum was present. Roll Call attendance was taken with the following trustees present: Mark Bailey, Rainy Kaplan, Cinda Klickna, Bob Lyons, Cynthia O'Neill, Sonia Walwyn via telephone (3/30), Sharon Leggett, Vice President, and Chris Koch, President (3/30). President Koch moved to allow Trustee Walwyn to listen to the retreat presentations by telephone since she could not be in attendance due to business reasons. Mark Bailey seconded the motion and it passed by a unanimous voice vote. Absent: Mike Busby

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Greg Turk, Director of Investments; Ken Musick, Investment Officer; Scottie Bevill, Sr. Investment Officer; Deron Bertolo, Director of Investment Operations (3/31); Bob Jiroutek, Risk Officer; Jerry Quandt, Investment Officer (3/31); Brennan Basnicki, Sr. Investment Analyst; Jose Gonzalez, Sr. Investment Analyst (3/31); Tom Gray, General Counsel; Cynthia Fain, Sr. Asst. General Counsel; Gina Larkin, Director of Human Resources; Jana Bergschneider, Director of Administration; Rich Frankenfeld, Director of Outreach (3/30); Kathleen Farney, Director of Research; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Internal Auditor; Dave Urbanek, Director of Communications; Sue Billington, Executive Assistant; Tammy Green, Asst. to Executive Director; Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel); Becky Gratsinger and Marcia Beard, RV Kuhns (Investment Consultant).

Visitors present: Don Davis and Dan Winter, IRTA Reps.

The retreat included topics on actuarial practice and methodologies-Math 2.0, risk management, asset allocation, Investment Committee best practices, trends, and preview of FY 16 administrative budget. Documentation is on file.

RECESS

The retreat recessed at 5:24 p.m. and reconvened the following day at 8:00 a.m. Trustee Leggett, Vice President, called the board meeting to order at 10:30 a.m.

APPROVAL OF MINUTES

A draft of the February 19, 2015 board meeting was sent to the trustees for prior review. On a motion by Rainy Kaplan, seconded by Mark Bailey, and by unanimous voice vote, the minutes were approved as printed.

INVESTMENT COMMITTEE REPORT – *Cynthia O’Neill, Chair*

Private Equity

On a motion by Mark Bailey, seconded by Rainy Kaplan, it was resolved:

To ratify transition of the current assets of DLJ Merchant Banking Partners III into the newly formed entity Gamma LP. The assets will be transitioned at no discount and managed by aPriori Capital.

Roll call resulted in affirmative voice votes from Trustees Bailey, Kaplan, Klickna, Lyons, O’Neill, and Leggett. Motion CARRIED.

Starwood Opportunity Fund X

On a motion by Mark Bailey, seconded by Cinda Klickna, it was resolved:

To ratify Investment Committee Chair approval of the co-investment with Starwood Opportunity Fund X.

Roll call resulted in affirmative voice votes from Trustees Bailey, Kaplan, Klickna, Lyons, O’Neill, and Leggett. Motion CARRIED.

Black Diamond Thematic

On a motion by Rainy Kaplan, seconded by Bob Lyons, it was resolved:

To approve revision of the Carlson Black Diamond Thematic mandate from the existing \$150 million to a target of 8% of the Absolute Return Strategies program.

Roll call resulted in affirmative voice votes from Trustees Bailey, Kaplan, Klickna, Lyons, O’Neill, and Leggett. Motion CARRIED.

Oaktree Capital

On a motion by Rainy Kaplan, seconded by Mark Bailey, it was resolved:

To commit \$100 million to Oaktree Capital's Enhanced Income Fund III, L.P. within the global fixed income special situations allocation, subject to successful completion of legal documents. Source of funds shall be TRS cash accounts, passive/enhanced index accounts, or active manager accounts that may be above their intended target weight.

Roll call resulted in affirmative voice votes from Trustees Bailey, Kaplan, Klickna, Lyons, O'Neill, and Leggett. Motion CARRIED.

Clearlake Capital Partners and Clearlake Opportunities Partners

On a motion by Cinda Klickna, seconded by Mark Bailey, it was resolved:

To commit \$100 million to Clearlake Capital Partners IV, L.P. and up to \$50 million to Clearlake Opportunities Partners, L.P. Source of funds shall be the TRS cash account, passive/enhanced index accounts, or active manager accounts that may be above their target weight. The commitment represents a graduation of the firm and prior funds from the System's Emerging Manager Program, with that program reimbursed the cost basis for previous investments in Fund II and Fund III.

Roll call resulted in affirmative voice votes from Trustees Bailey, Kaplan, Klickna, Lyons, O'Neill, and Leggett. Motion CARRIED.

Blackstone Capital Partners

On a motion by Mark Bailey, seconded by Rainy Kaplan, it was resolved:

To commit \$150 million to Blackstone Capital Partners VII, L.P. Source of funds shall be TRS cash accounts, passive/enhanced index accounts, or active manager accounts that may be above their intended target weight.

Roll call resulted in affirmative voice votes from Trustees Bailey, Kaplan, Klickna, Lyons, O'Neill, and Leggett. Motion CARRIED.

Riverstone Global Energy and Power Fund VI, L.P.

On a motion by Mark Bailey, seconded by Bob Lyons, it was resolved:

To commit up to \$200 million to Riverstone Global Energy and Power Fund VI, L.P. An initial \$150 million will be committed at the Fund's next closing, with up to an additional \$50 million committed (with Chair approval) in future closings based on market conditions and TRS portfolio positioning. Source of funds shall be TRS cash accounts, passive/enhanced index accounts, or active manager accounts that may be above their intended target weight.

Roll call resulted in affirmative voice votes from Trustees Bailey, Kaplan, Klickna, Lyons, O'Neill, and Leggett. Motion CARRIED.

ADJOURNMENT

There being no further business to be brought before the Board, the meeting adjourned at 10:42 a.m.



Richard W. Ingram, Executive Director

Approved: 5/22/15