



Teachers' Retirement System of the State of Illinois

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Richard W. Ingram, Executive Director

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MINUTES Meeting of the Investment Committee March 31, 2015

A meeting of the Investment Committee of the Illinois Teachers' Retirement System was held on March 31, 2015 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street, Springfield, IL. Cynthia O'Neill, Chair, called the meeting to order at 8:50 a.m. A quorum was present.

Roll Call attendance was taken with the following trustees present: Cynthia O'Neill, Chair; Mark Bailey, Rainy Kaplan, Cinda Klickna, Bob Lyons, Sharon Leggett. Absent: Mike Busby, Sonia Walwyn and Chris Koch, President.

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; Kenyatta Matheny, Sr. Investment Officer; Tim Hays, Sr. Investment Officer; Deron Bertolo, Director of Investment Operations; Bob Jiroutek, Risk Officer; Jerry Quandt, Investment Officer; Stefan Backhus, Investment Officer; Kirk Sims, Investment Officer; Dakin Sanert, Sr. Investment Analyst; Brennan Basnicki, Sr. Investment Analyst; Jose Gonzalez, Sr. Investment Analyst; Tom Gray, General Counsel; Cynthia Fain, Sr. Asst. General Counsel; Gina Larkin, Director of Human Resources; Jana Bergschneider, Director of Administration; 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); Mike Krems, TorreyCove (Private Equity Consultant); Becky Gratsinger and Marcia Beard, RV Kuhns (Investment Consultant).

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

APPROVAL OF MINUTES

A draft of the February 18-19, 2015 minutes of the Investment Committee meeting was sent to the committee for review. On a motion by Sharon Leggett, seconded by Rainy Kaplan, and by unanimous voice vote, the minutes were approved as printed.

OLD BUSINESS

Investment Manager Chart

Stan Rupnik, Chief Investment Officer, provided an organizational chart of TRS's investment managers as of January 31, 2015. Documentation is on file.

STAFF/CONSULTANT PRESENTATIONS

DLJ Merchant Banking Partners III – Private Equity

Jerry Quandt, Investment Officer, reported that DLJ Merchant Banking Partners III is at the end of its life and that the general partner presented two liquidity options. TRS's Private Capital Oversight Committee voted to roll the assets into new entity Gamma LP that will be managed by aPriori Capital. A motion was made by Bob Lyons, seconded by Mark Bailey, that the committee recommend to the Board 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. The motion passed by a unanimous voice vote.

NEW BUSINESS

Blackstone Capital Partners VII, L.P. – Private Equity

Staff and TorreyCove presented a reinvestment opportunity within the System's private equity program and provided an overview of the firm and due diligence that was conducted and recommended a commitment of \$150 million to Blackstone Capital Partners VII, L.P. A motion was made by Bob Lyons, seconded by Sharon Leggett, that the committee recommend to the Board 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. The motion passed by a unanimous voice vote.

Riverstone Global Energy and Power Fund VI, L.P. – Private Equity

Staff and TorreyCove presented a reinvestment opportunity within the System's private equity portfolio for investment within the energy sector. Staff provided an overview of the firm and due diligence that was conducted and recommended to commit up to \$200 million to Riverstone Global Energy and Power Fund VI, L.P. A motion was made by Rainy Kaplan, seconded by Bob Lyons, that the committee recommend to the Board 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. The motion passed by a unanimous voice vote.

RECESS

The meeting recessed at 9:15 a.m. and reconvened the following day at 9:30 a.m.

Clearlake Capital Group – Private Equity

Representatives of Clearlake Capital Group presented an investment opportunity in the firm's Clearlake Capital Partners Fund IV, Limited Partnership and Clearlake Opportunities Partners, L.P. Staff and TorreyCove provided an overview of the firm and due diligence that was conducted. Their presentation booklet is on file. A motion was made by Cinda Klickna, seconded by Sharon Leggett, that the committee recommend to the Board 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. The motion passed by a unanimous voice vote.

Oaktree Capital – Fixed Income

Scottie Bevill, Sr. Investment Officer, presented a reinvestment opportunity within the System's fixed income special situations allocation. Staff provided an overview of the firm and due diligence that was conducted and recommended a commitment to Oaktree Enhanced Income Fund III, Limited Partnership. A motion was made by Cinda Klickna, seconded by Mark Bailey, that the committee recommend 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. The motion passed by a unanimous voice vote.

Starwood – Real Estate

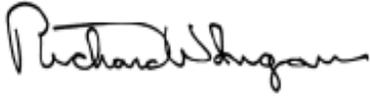
Tim Hays, Sr. Investment Officer, reported on a co-investment opportunity alongside the Starwood Opportunity Fund X to acquire a portfolio of hotel assets. The co-investment has received approval from the Investment Committee Chair and staff recommended Board ratification. A motion was made by Mark Bailey, seconded by Sharon Leggett, that the committee recommend to the Board to ratify Investment Committee Chair approval of the co-investment with Starwood Opportunity Fund X. The motion passed by a unanimous voice vote.

Black Diamond Thematic – Absolute Return

Ken Musick, Investment Officer, requested approval for revision of the Black Diamond Thematic allocation from the existing \$150 million to an eight percent target in order to bring Black Diamond Thematic into line with other recent approvals within the absolute return asset class. A motion was made by Bob Lyons, seconded by Rainy Kaplan, that the committee recommend to the Board to approve revision of the Carlson Black Diamond Thematic mandate from the existing \$150 million to a target of eight percent of the Absolute Return Strategies program. The motion passed by a unanimous voice vote.

ADJOURNMENT

There being no further business to come before the Investment Committee, a motion was made by Mark Bailey, seconded by Rainy Kaplan, to adjourn the meeting at 10:30 a.m.

A handwritten signature in black ink, appearing to read "Richard W. Ingram". The signature is fluid and cursive, with the first name "Richard" being the most prominent.

Richard W. Ingram, Executive Director

Approved: 5/20/15