



Teachers' Retirement System of the State of Illinois

MINUTES Board of Trustees April 22-23, 2010

The Board of Trustees of the Illinois Teachers' Retirement System held its annual retreat and regular Board meeting on April 22-23, 2010 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street.

The retreat covered topics on fiduciary duties and responsibilities, macroeconomics, ethics, real return, co-investment programs, history of TRS, and 2010 Communications Plan. Andrew Bodewes, Legislative Consultant, provided an update on current legislation impacting TRS.

Chris Koch, President, called the regular meeting to order at 10:07 a.m. on April 23, 2010. A quorum was present.

Roll Call attendance was taken with the following trustees present: Marcia Boone, Mike Busby, Jan Cleveland, Cinda Klickna, Sharon Leggett, Cynthia O'Neill, Bob Lyons, Sid Marder, Janice Reedus, Sonia Walwyn, Molly Phalen (Vice President), and Chris Koch (President). Trustee Livia Kiser was absent.

Others present: Stan Rupnik, CIO & Acting Executive Director; Greg Turk, Director of Investments; Tom Gray, General Counsel; Cynthia Fain, Sr. Asst. General Counsel; Jana Bergschneider, Director of Administration; Kathleen Farney, Director of Research; Dan Perusich, Intern; Sally Sherman, Director of Member Services; Stacy Smith, Director of Internal Audit; Melissa Oller, Internal Auditor; Rich Frankenfeld, Director of Outreach; Kent Custer, Sr. Investment Officer; Tammy Green, Asst. to Executive Director; Sue Billington, Executive Assistant; Marcia Beard, RV Kuhns (Investment Consultant), Gary Hudepohl, Hudepohl & Associates.

Visitors present: Shirley Dodds, IRTA Rep.; Dennis Murfin, IRTA Rep.; and Don Davis, IRTA Rep.

ACTING EXECUTIVE DIRECTOR'S REPORT

Administrative Purchase

Jana Bergschneider, Director of Administration, requested the funding for a FY 11 budget initiative, SAN Storage System Upgrade, to be purchased during FY 10 with excess funds. The SAN System is a critical component of TRS's computing infrastructure. On a motion by Mike Busby, seconded by Jan Cleveland, it was resolved:

To authorize staff to purchase the SAN Storage System Upgrade during fiscal year 2010 at a cost of \$246,500.

Roll Call resulted in affirmative voice votes from Trustees Boone, Busby, Cleveland, Klickna, Leggett, Lyons, Marder, O'Neill, Reedus, Walwyn, Phalen, and Koch. Motion CARRIED.

FY 11 State Contribution to THIS Fund

In October, the Board certified the required state contribution to the Teacher Health Insurance Security (THIS) Fund for FY 2011 assuming that the active member contribution rate would remain at 0.84 percent of pay. The Department of Healthcare and Family Services notified TRS this month that the active member contribution rate during FY 2011 would increase to 0.88 percent. Staff asked the Board to recertify the FY 2011 contribution based on the new rate, which is an increase of \$3,853,000. On a motion by Mike Busby, seconded by Jan Cleveland, it was resolved:

To recertify the fiscal year 2011 state matching contribution to the Teacher Health Insurance Security (THIS) Fund based on the new active teacher contribution rate of 0.88 percent of pay, effective July 1, 2010. The October 2009 certification was \$82,100,000. The new rate is \$85,953,000.

Roll Call resulted in affirmative voice votes from Trustees Boone, Busby, Cleveland, Klickna, Leggett, Lyons, Marder, O'Neill, Reedus, Walwyn, Phalen, and Koch. Motion CARRIED.

EXECUTIVE SESSION

A motion was made by Bob Lyons, seconded by Sharon Leggett, that the Board enter into executive session for the purpose of discussing pending litigation and the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body, as permitted under the following exceptions set forth in the Open Meetings Act: 5ILCS 120/2(c)(11) and 5ILCS 120/2(c)(1). Roll call resulted in affirmative voice votes from Trustees Boone, Busby, Cleveland, Klickna, Leggett, Lyons, Marder, O'Neill, Reedus, Walwyn, Phalen, and Koch. Motion CARRIED.

No action was taken during executive session. A motion was made by Molly Phalen, seconded by Jan Cleveland, that the Board come out of executive session. Roll call resulted in affirmative voice votes from Trustees Boone, Busby, Cleveland, Klickna,

Leggett, Lyons, Marder, O’Neill, Reedus, Walwyn, Phalen, and Koch. Motion CARRIED.

OLD BUSINESS

Chief Investment Officer Employment Contract

On a motion by Molly Phalen, seconded by Marcia Boone, it was resolved:

To approve an employment contract with Stanley Rupnik for the position of Chief Investment Officer.

Roll call resulted in affirmative voice votes from Trustees Boone, Busby, Cleveland, Klickna, Leggett, Lyons, Marder, O’Neill, Reedus, Walwyn, Phalen, and Koch. Motion CARRIED.

Pension Borrowing Plan

In order to meet the state’s annual payments to the pension systems, the General Assembly is proposing a pension borrowing plan that includes selling “private placement” bonds for the required cash payments and suspending the current structure of mandatory annual payments to the retirement systems. As currently proposed under this plan, TRS would be forced to sell assets in order to meet current obligations and would have to recertify the level of state funding by \$189 million below the actuary calculation. On a motion by Bob Lyons, seconded by Jan Cleveland, the Board authorized staff to send a letter to the General Assembly stating reasons the Board opposes the proposed pension borrowing plan. The motion passed by a unanimous voice vote. Documentation is on file.

ADJOURNMENT

On a motion by Sonia Walwyn, seconded by Cinda Klickna, the meeting adjourned at 12:04 p.m.

Stan Rupnik, Acting Executive Director

Approved _____