



Teachers' Retirement System of the State of Illinois

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Richard W. Ingram, Executive Director

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MINUTES Board of Trustees June 24, 2011

The regular meeting of the Board of Trustees of the Illinois Teachers' Retirement System was held on June 24, 2011 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Molly Phalen, Vice President, called the meeting to order at 8:35 a.m. A quorum was present.

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

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Cynthia Fain, Sr. Assistant General Counsel; Jana Bergschneider, Director of Administration; Kathleen Farney, Director of Research; Sally Sherman, Director of Member Services; Rich Frankenfeld, Director of Outreach; Gina Larkin, Director of Human Resources; Stacy Smith, Director of Internal Audit; Dave Urbanek, Public Information Officer; Tammy Green, Assistant to the Executive Director; Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel); Marcia Beard, RV Kuhns (Investment Consultant); Andrew Bodewes, Legislative Consultant.

Visitor present: Dennis Murfin, IRTA Rep.

APPROVAL OF MINUTES

A draft of the May 19, 2011 minutes of the regular meeting of the Board of Trustees was sent to the trustees for prior review. On a motion by Marcia Campbell, seconded by Janice Reedus, and by unanimous voice vote, the minutes were approved as printed.

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

Investment Policy Revisions

On a motion by Jan Cleveland, seconded by Sharon Leggett, it was resolved:

To approve the investment policy revisions, as presented.

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

Dimensional Fund Advisors

On a motion by Marcia Campbell, seconded by Cinda Klickna, it was resolved:

To ratify the selection of Dimensional Fund Advisors for a 2% MCSI emerging market small cap assignment. Mandate will be funded gradually from the existing optimized EAFE small cap mandate being managed by SSgM.

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

Asset Allocation Target and Policy Benchmark

On a motion by Sharon Leggett, seconded by Sonia Walwyn, it was resolved:

To revise the interim asset allocation target and policy benchmark as presented, effective July 1, 2011.

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

Fixed Income/Real Return

On a motion by Marcia Campbell, seconded by Sid Marder, it was resolved:

To approve recommendations within the fixed income asset class, as presented.

*Increase New Century Advisors Global Inflation-linked bond (GILB) target from 5% to 7.5% with PIMCO's GILB target reduced from 19% to 16.5%.

*Revise the current Prudential enhanced index mandate from core conservative to core guidelines effective 7/1/11.

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

Real Estate Insurance Brokerage Services

On a motion by Jan Cleveland, seconded by Cinda Klickna, it was resolved:

To issue a Request for Proposal for real estate insurance brokerage services.

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

Private Equity Tactical Plan

On a motion by Sharon Leggett, seconded by Janice Reedus, it was resolved:

To approve FY 2012 private equity tactical plan, as presented.

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

Black River Food Fund, L.P.

On a motion by Cinda Klickna, seconded by Marcia Campbell, it was resolved:

To invest up to \$75 million to Black River Food Fund, L.P. within the main TRS trust fund. 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 Campbell, Cleveland, Klickna, Leggett, Lyons, Marder, O'Neill, and Phalen. Motion CARRIED. Trustees Reedus and Walwyn abstained from voting.

EQT VI Fund, L.P.

On a motion by Sid Marder, seconded by Marcia Campbell, it was resolved:

To commit €75 million (approximately \$108 million) to EQT VI Fund, L.P., with €63.75 million allocated to the main TRS trust fund and €11.25 million to the POB account. 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 Campbell, Cleveland, Klickna, Leggett, Lyons, Marder, O'Neill, Reedus, Walwyn, and Phalen. Motion CARRIED.

Iran Divestment

On a motion by Janice Reedus, seconded by Sharon Leggett, it was resolved:

To approve the updated list of “scrutinized companies” relating to business in Iran.

- China National Petroleum Corporation
- ENI (Italy)
- Gazprom (Russia)
- Petronas (Malaysia)

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

EXECUTIVE DIRECTOR’S REPORT

Updates

Jana Bergschneider, Director of Administration, and Sally Sherman, Director of Member Services, reported that the recent health insurance crisis and benefit choice period has had a huge impact on the employees of the System. During May 2-June 20, the counseling department had 600 appointments and 800 walk-ins; 600 phone calls were received a day, excluding voice mail; and 7,000-8,000 emails were received relating to health insurance.

Dick Ingram, Executive Director, reported on his recent experiences as he traveled around Illinois during April and May, meeting with members and the press. Due to the success of this “tour”, Director Ingram plans to make it a twice a year event in the spring and fall. Documentation is on file.

Legislative Update

Andrew Bodewes, Legislative Consultant, provided an update on Senate Bill 512 which creates a three-tier benefit structure for current and future TRS members and other public employees. The bill is currently stalled in the House of Representatives. Discussion followed. TRS will continue to be “honest brokers of information” in future discussions regarding this bill and any other legislation.

Legal Services Request For Proposal

A RFP to provide legal services in Chicago and surrounding suburbs has been posted. Responses are due by July 8, 2011.

Strategic Planning Update

The Board received an update on the FY10-12 strategic plan. Documentation is on file. Further discussion will be held in August regarding the development of a new plan.

EXECUTIVE SESSION

A motion was made by Cinda Klickna, seconded by Marcia Campbell, that the Board enter into executive session for the purpose of discussing the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body, or legal counsel for the public body; probable or imminent litigation; and closed meeting minutes as permitted under the following exceptions set forth in the Open Meetings Act which authorizes the closing of the meeting to the public: 5 ILCS 120/2(c) (1), 5 ILCS 120/2(c) (11), and 5 ILCS 120/2(c) (21). Roll call resulted in affirmative voice votes from Trustees Campbell, Cleveland, Klickna, Leggett, Lyons, Marder, O'Neill, Reedus, Walwyn, and Phalen. Motion CARRIED.

No action was taken during executive session. A motion was made by Sid Marder, seconded by Cinda Klickna, that the Board come out of executive session. Roll call resulted in affirmative voice votes from Trustees Campbell, Cleveland, Klickna, Leggett, Lyons, Marder, O'Neill, Reedus, Walwyn, and Phalen. Motion CARRIED.

APPROVAL OF EXECUTIVE SESSION MINUTES

The May 19, 2011 executive session minutes of the Board of Trustees and Investment Committee meetings were sent to the trustees for prior review. On a motion by Bob Lyons, seconded by Sonia Walwyn, and by unanimous voice vote, the minutes were approved as printed.

ADJOURNMENT

There being no further business to be brought before the Board, on a motion by Jan Cleveland, seconded by Marcia Campbell, and by unanimous voice vote, the meeting adjourned upon conclusion of executive session at 10:21 a.m.

Richard W. Ingram, Executive Director

Approved _____