



Teachers' Retirement System of the State of Illinois

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MINUTES Legislative Committee Meeting February 21, 2013

A meeting of the Legislative Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on February 21, 2013 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Jan Cleveland, Chair, called the meeting to order at 8:03 a.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Jan Cleveland (Chair), Cinda Klickna (Vice Chair), Bob Lyons, and Marcia Campbell. Other trustees present: Mike Busby, Sharon Leggett, Cynthia O'Neill, and Molly Phalen, Enrique Vasquez, and Chris Koch. Absent: Janice Reedus

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Deron Bertolo, Director of Investment Operations; Kenyatta Matheny, Investment Officer; Tom Gray, General Counsel; Cynthia Fain, Senior Assistant General Counsel; Jana Bergschneider, Director of Administration; Lisa Locki, Employer Services Manager; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Internal Auditor; Rich Frankenfeld, Director of Outreach; Sally Sherman, Director of Member Services; Dave Urbanek, Director of Communications; Gina Larkin, Director of Human Resources; Kathleen Farney, Director of Research; Tammy Green, Assistant to the Executive Director; Sue Billington, Executive Assistant; Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel), Becky Gratsinger, RV Kuhns & Associates (Investment Consultant) and Andrew Bodewes (Legislative Consultant).

Visitors present: Don Davis, IRTA Rep.; Dennis Murfin, IRTA Rep.; Alan Jones, IEA-R; and Jeanne Jones, IEA-R.

APPROVAL OF MINUTES

A draft of the minutes from the August 22, 2012 Legislative Committee was sent to members of the committee for review. On a motion by Cinda Klickna, seconded by Marcia Campbell, and by unanimous voice vote, the minutes were approved as printed.

LEGISLATIVE UPDATE

Andrew Bodewes, Legislative Consultant, provided an overview of current legislation of interest to TRS. Documentation is on file.

House Bill 1277

House Bill 1277 changes the actuarial cost method from "projected unit credit" to "entry age normal". It has no impact on funding. A motion was made by Bob Lyons, seconded by Marcia Campbell, that the committee recommend to the Board to support HB 1277. The motion passed by a unanimous voice vote.

HB1296

House Bill 1296 requires each pension fund and retirement system established under the Pension Code to make its best efforts to identify all firearm manufacturing companies in which it has direct or indirect holdings and, under certain circumstances, to divest itself of holdings in those companies. A lengthy discussion was held regarding divestiture.

HB 2375

House Bill 2375 incrementally increases employee contributions by a total of 3% of salary, imposes a minimum retirement age of 67 (or 62 with a discounted annuity), changes the funding goal from 90% to 80%, and changes the funding formula (beginning in FY2014, applies a 50-year amortization formula to reach an 80% funding ratio). Following discussion, it was consensus of the committee to support a 100% funding ratio in 30 years.

SB 2203

Senate Bill 2203 requires State Actuary's recommendations be followed when making the final certification of the annual required State contribution and changes the funding formula to achieve 100% funding in 30 years. A motion was made by Marcia Campbell, seconded by Bob Lyons, that the committee recommend to the Board to oppose Senate Bill 2203. The motion passed by a unanimous voice vote.

Discussions at the Capitol regarding pension reform are ongoing.

ADJOURNMENT

On a motion by Marcia Campbell, seconded by Cinda Klickna, and by unanimous vote, the meeting adjourned at 9:07 a.m.

Richard W. Ingram, Executive Director

Approved _____