



## **Teachers' Retirement System of the State of Illinois**

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### **MINUTES Legislative Committee Meeting August 25, 2014**

A meeting of the Legislative Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on August 25, 2014 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Marcia Campbell, Chair, called the meeting to order at 2:07 p.m. and noted a quorum was not present.

Roll call attendance was taken with the following committee members present: Marcia Campbell (Chair), Cinda Klickna (Vice Chair), Bob Lyons, and Rainy Kaplan. A vacancy exists on the Legislative Committee due to the recent resignation of Trustee Enrique Vasquez.

Trustees present: Mike Busby, Chris Koch, Sharon Leggett, Cynthia O'Neill, and Sonia Walwyn.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Greg Turk, Director of Investments; Deron Bertolo, Director of Investment Operations; Tom Gray, General Counsel; Cynthia Fain, Sr. Assistant General Counsel; Gina Larkin, Director of Human Resources; Jana Bergschneider, Director of Administration; Dave Urbanek, Director of Communications; Rich Frankenfeld, Director of Outreach; Sally Sherman, Director of Member Services; Kathleen Farney, Director of Research; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Internal Auditor; Rene Troppa, Benefits Counseling Supervisor; Robert Powers, Call Center Supervisor, Tammy Green, Assistant to the Executive Director; Sue Billington, Executive Assistant, and John Long, Cavanagh & O'Hara (Fiduciary Counsel); Andrew Bodewes, Legislative Consultant.

Visitors present: Dennis Murfin, IRTA; Don Davis, IRTA; Gayla Dial, IEA-R/IRTA; Bob Kaplan, IEA/IRTA; David Bishop, IEA-R; Tony Casalino, IFT; Donnie Ostrom, IRTA; Daniel Winter, and Dennis Sourtek.

### Minutes

Drafts of the February 19 and May 28, 2014 Legislative Committee meeting minutes were sent to the committee members for review. On a motion by Rainy Kaplan, seconded by Cinda Klickna, the minutes were approved as printed. Trustee Lyons and Kaplan abstained from voting.

### Legislative Update

The committee received a memorandum from Andrew Bodewes, Legislative Consultant, outlining current legislation that may impact TRS. Documentation is on file. At its February 2014 meeting, the Board voted to oppose HB 3769, which would prohibit state pension systems from investing in any fund trading derivatives in non-public markets. The sponsor chose not to pursue the legislation during the spring session, and the bill did not receive a hearing in the House.

SB 452 passed both chambers of the General Assembly and was signed into law. This new law makes changes to the process of investing with minority-owned money managers and changes the reporting requirements on investments with minority firms.

SB 3555 and HB 5557 did not advance. The bills were identical in nature and would eliminate the future accrual of pension benefits within the state's current defined benefit plans and replace the defined benefit plans with new defined contribution retirement plans.

HB 4380, HB 4476, and HB 5985 reference administrative changes to TRS practices.

### Legislative Initiatives

Andrew Bodewes and Tom Gray, General Counsel, provided an overview of proposed legislative initiatives for fiscal year 2014-15. Documentation is on file. Staff will continue to have a dialogue with the General Assembly about issues created by Tier II that are potentially unfavorable to members and the System.

Further discussion will be held in October when the System’s annual actuarial valuation is presented.

### Legislative Platform

Director Ingram presented two drafts of a potential Legislative Platform for TRS that reflected comments and recommendations made at the December Board meeting. Trustee Klickna recommended several new revisions. In addition, Director Ingram presented a draft of a separate document that establishes “Principles of Fiduciary Governance”. This document is designed to reveal the fiduciary responsibilities of the Board. Documentation is on file.

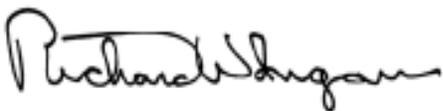
Trustee Campbell presented an Investment Beliefs Toolkit that was designed by the Trustee Leadership Forum. The toolkit offers suggestions for building Investment Belief Statements that are designed to help the Board manage difficult questions in a changing investment environment. Discussion will be held at the next meeting.

### Pension Funding Guide

Director Ingram provided an informational report from the 2013 Pension Funding Task Force. Documentation is on file.

## **ADJOURNMENT**

On a motion by Cinda Klickna, seconded by Bob Lyons, and by unanimous vote, the meeting adjourned at 3:07 p.m.



Richard W. Ingram, Executive Director

Approved: 10/29/14