



**MINUTES**  
**Audit Committee**  
**February 18, 2015**

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on February 18, 2015 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Bob Lyons, Chair, called the meeting to order at 2:00 p.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Bob Lyons (Chair), Mark Bailey, and Cynthia O'Neill. Chair Lyons noted that the appointments of Marcia Campbell and Mark Harris were withdrawn in January by Governor Rauner. Currently, the TRS Board has four governor-appointed seats vacant.

Trustees present: Rainy Kaplan, Cinda Klickna, Sharon Leggett, and Sonia Walwyn.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Tom Gray, General Counsel; Cynthia Fain, Sr. Assistant General Counsel; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Internal Auditor; Kathleen Farney, Director of Research; Rich Frankenfeld, Director of Outreach; Dave Urbanek, Director of Communications; Gina Larkin, Director of Human Resources; Ken Musick, Investment Officer; Bob Jiroutek, Risk Manager; Tim Hays, Sr. Investment Officer; Dakin Sanert, Sr. Investment Analyst; Sue Billington, Executive Assistant; Tammy Green, Assistant to the Executive Director; Becky Gratsinger and Marcia Beard, RV Kuhns (Investment Consultant); Steve Novick, Jarrod Rapalje, Jacqueline Smith, Courtland Partners (Real Estate Consultant); and Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel).

Visitors present: Dennis Murfin, IRTA; Don Davis, IRTA; Christine Williamson, Pensions & Investments; and Kelley Gallagher, BNY Mellon.

## Minutes

A draft of the December 10, 2014 audit committee minutes was sent to the committee members for review. On a motion by Cynthia O’Neill, seconded Mark Bailey, the minutes were approved as printed.

## KPMG Real Estate Audit Reports

Jeff Gordon and Dan Kozera of KPMG summarized the audit results of the real estate portfolios that are owned by TRS and managed by Capri Capital Partners, Cornerstone Real Estate Advisors, Heitman Capital Management, Invesco Real Estate, Lincoln Property Company Realty Advisors, and Principal Real Estate Investors. The audits did not identify any significant deficiencies or material weaknesses in internal control. In addition, KPMG outlined the deliverables, timeline, and area of focus for the FY 15 audit plan. Documentation is on file.

## Internal Audit Reports

Internal Audit staff provided summaries of the Personnel/Payroll audit and the Expenditure Control audit. Documentation is on file.

## Continuous Auditing

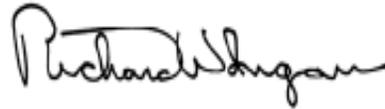
Christina Baker, Internal Auditor, reported on the investment management fees reviewed for FY 14 including private equity fees from previous quarters that had not been reviewed. Documentation is on file.

## FY 16 Internal Audit Plan

Staff is in the process of developing the FY 16 audit plan and will present the plan at the May meeting. Internal Audit considers the input of senior management and the audit committee in developing the annual plan. Recommendations for the FY 16 audit plan can be emailed to Stacy Smith, Director of Internal Audit.

**ADJOURNMENT**

On a motion by Cynthia O’Neill, seconded by Mark Bailey, and by unanimous vote, the meeting adjourned at 2:40 p.m.

A handwritten signature in black ink, appearing to read "Richard W. Ingram". The signature is written in a cursive style with a large initial "R".

Richard W. Ingram, Executive Director

Approved: 5/22/15