



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 April 6-8, 2011

The Board of Trustees of the Illinois Teachers' Retirement System held its annual retreat and regular Board meeting on April 6-8, 2011 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street.

The retreat covered topics on the economic outlook, legislative matters, legislative platform, fiduciary duties, ethics, risk management, Investment Training & Consulting Institute observations, and TRS message and information delivery. Becky Gratsinger and Marcia Beard discussed the modeling of TRS's asset allocation and approaches to asset allocation. Documentation is on file.

Chris Koch, President, called the regular meeting to order at 8:08 a.m. on April 8, 2011. A quorum was present.

Roll Call attendance was taken with the following trustees present: Marcia Boone, Mike Busby, Jan Cleveland, Cinda Klickna, Sharon Leggett, Bob Lyons, Sid Marder, Cynthia O'Neill, Janice Reedus (arrived 8:30 a.m.), Sonia Walwyn (arrived 8:30 a.m.), Molly Phalen (Vice President), and Chris Koch (President).

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Greg Turk, Director of Investments; Tom Gray, General Counsel; Cynthia Fain, Sr. Asst. General Counsel; Gina Larkin, Director of Human Resources; Jana Bergschneider, Director of Administration; Kathleen Farney, Director of Research; Stacy Smith, Director of Internal Audit; Tassi Maton, Internal Auditor; Rich Frankenfeld, Director of Outreach; Ed Mabie, IS Officer; Dave Urbanek, Public Information Officer; Tammy Green, Asst. to Executive Director; Sue Billington, Executive Assistant; Pat O'Hara, Cavanagh & O'Hara.

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

EXECUTIVE DIRECTOR'S REPORT

Asset Allocation

TRS Staff and RV Kuhns have completed the asset allocation review. Documentation is on file. Under the revised plan, the target for domestic equity is reduced to 20% from 26%, fixed income will increase from 15% to 16%, absolute return will increase from 5% to 8%, and private equity will increase from 10% to 12%. The long term targets for real

return, real estate, and international equity were not changed. The revised plan, which takes effect on July 1, 2011, reflects predicted market trends, and continues diversification of TRS investments toward opportunities that will enhance long-range returns. Target allocations include:

Domestic Equity	20%
International Equity	20%
Fixed Income	16%
Real Estate	14%
Real Return	10%
Absolute Return	8%
Private Equity	12%
Cash	0%

On a motion by Bob Lyons, seconded by Cynthia O’Neill, it was resolved:

To approve the asset allocation as presented.

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

Administrative Purchase

Jana Bergschneider, Director of Administration, requested funding to replace a Cisco 6500 router to be purchased with excess funds available from the FY 11 budget. Due to technological advances, Cisco recently announced that the 6500 router will no longer be supported as of 2012. A router is the central brain of a communications network. On a motion by Jan Cleveland, seconded by Mike Busby, it was resolved:

To authorize staff to replace the Cisco 6500 router at an estimated cost of \$86,600.

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

Trustee Election

The Board received a memorandum from election coordinator Alice Kern certifying that valid petitions nominating Sharon Leggett and Cinda Klickna for the two positions of elected teacher trustee and nominating Cynthia O’Neill for the one position of elected annuitant trustee to commence July 15, 2011, have been received and there were only as many qualified nominees as there were positions available. The balloting described in 40 ILCS 5/16-165 did not need to be conducted. Documentation is on file. On a motion by Jan Cleveland, seconded by Molly Phalen, it was resolved:

To declare Sharon Leggett, Cinda Klickna, and Cynthia O’Neill duly elected to the TRS Board of Trustees, each for a four-year term commencing July 15, 2011.

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.

Strategic Plan

Director Ingram requested extending the existing strategic plan for one year to give the Board and staff more time to develop a more comprehensive plan for the period beginning July 1, 2012.

On a motion by Jan Cleveland, seconded by Cynthia O’Neill, it was resolved:

To extend the TRS strategic plan for fiscal years 2010 and 2011 by one year, to June 30, 2012, to allow sufficient time to accomplish plan goals and objectives.

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.

2011-12 Meeting Calendar

The Board discussed meeting dates for 2011-12. The calendar will be approved at the May Board meeting.

FY 2012 Budget

Jana Bergschneider, Director of Administration, provided an overview of the FY 12 budget. The final proposal will be presented for approval at the May Board meeting. Documentation is on file.

EXECUTIVE SESSION

A motion was made by Molly Phalen, seconded by Sonia Walwyn, that the Board enter into executive session for the purpose of discussing the appointment, employment, compensation, discipline, performance, or dismissal of specific employees or legal counsel of the public body; litigation; and review of closed meeting minutes including the semi-annual review, as permitted under the following exceptions set forth in the Open

Meetings Act: 5ILCS 120/2(c)(1), 5ILCS 120/2(c)(11) and 5ILCS 120/2(c)(21). 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 Bob Lyons, seconded by Sid Marder, 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.

APPROVAL OF EXECUTIVE SESSION MINUTES

Staff submitted a revised version of the October 29, 2010 Board executive session meeting minutes. Further, a copy of a memorandum from the System’s Legal Department regarding the confidentiality of executive session minutes according to the Open Meetings Act was sent to the trustees for prior review. On a motion by Molly Phalen, seconded by Cynthia O’Neill, it was resolved:

To approve the October 29, 2010 executive session minutes of the Board, as revised.

That the following executive session minutes no longer require confidential treatment and will be made available for public inspection:

- August 15, 2002 Board
- October 25, 2007 Investment Committee
- April 10, 2008 Board
- May 21-22, 2008 Investment Committee
- June 19, 2008 Investment Committee
- December 4, 2008 Investment Committee
- August 13, 2009 Board
- January 27-28, 2010 Executive Director Search Committee
- February 24, 2010 Investment Committee
- February 25, 2010 Executive Director Search Committee
- February 25-26, 2010 Board
- February 26, 2010 Board
- May 20, 2010 Board
- June 25, 2010 Board
- August 4, 2010 Investment Committee
- August 5, 2010 Board (2)
- November 30, 2010 Special Board Meeting
- December 8, 2010 Board
- January 5, 2011 Special Board Meeting

ADJOURNMENT

On a motion by Marcia Boone, seconded by Cinda Klickna, the meeting adjourned at 10:18 a.m.

Richard W. Ingram, Executive Director

Approved _____