



MINUTES
Legislative Committee
February 17, 2016

A meeting of the Legislative Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on February 17, 2016 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Rainy Kaplan, Chair, called the meeting to order at 1:28 p.m. A quorum was present.

Roll call attendance was taken with the following committee members present: Rainy Kaplan (Chair), Cinda Klickna (Vice Chair) arrived 1:37 p.m., Bob Lyons, Andy Hirshman, and Dan Winter.

Trustees present: Mark Bailey, Mike Busby, and Sonia Walwyn

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Tom Gray, Chief Legal Counsel; Marcy Dutton, Chief Legal Counsel; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Internal Auditor; Kathleen Farney, Director of Research; Dave Urbanek, Director of Communications; Gina Larkin, Chief Human Resources Officer; Jana Bergschneider, Chief Financial Officer; Sally Soderberg, Chief Benefits Officer; Lori Dour, Claims Manager; Rich Frankenfeld, Director of Outreach; Deron Bertolo, Director of Investment Accounting; Tom Smith, Chief Technology Officer; Bob Jiroutek, Risk Manager; Sue Billington, Executive Assistant; Tammy Green, Assistant to the Executive Director; Becky Gratsinger, RV Kuhns (Investment Consultant); and Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel).

Visitors present: Don Davis, IRTA and Christine Williamson, Pensions & Investments.

Minutes

A draft of the May 20, 2015 Legislative Committee meeting minutes was sent to the committee members for review. On a motion by Bob Lyons, seconded by Dan Winter, and by unanimous voice vote, the minutes were approved as printed.

Legislative Update

Director Ingram announced that Tom Gray's retirement is effective February 29, 2016. He introduced Marcy Dutton as TRS's new chief legal counsel. Ms. Dutton comes from the Illinois State Board of Education, where she served as deputy general counsel for eight years.

Andrew Bodewes, Legislative Consultant, provided an overview of Governor Rauner's FY 17 budget address to the General Assembly. The Governor's budget presents five proposals relating to pensions:

1. Reduce end of career salary spikes from 6% to 2% for SURS and TRS members starting 7/1/16
2. Reallocation of pension costs for high salary employees, which is above \$180,000
3. A five-year phase-in of state contribution variations caused by changes in actuarial assumptions
4. Include all payroll in the calculation of contributions
5. Prohibit employer pick up of employees' pension contributions

Mr. Bodewes provided an overview of current legislation of interest to TRS. Documentation is on file. House Bill 4398 provides that no new hires may use sick or vacation time to calculate pensionable earnings and salary. In addition, unused sick or vacation time cannot be used to establish service credit. House Resolution 752 urges a series of hearings on how Illinois could approach a lump pension or partial pension exchange option. Senate Bill 2162 excludes housing and vehicle allowances from being included as TRS creditable earnings. Senate Bill 2163 requires a vote on salary increases over 6% by the school board that oversees the district where the increase is given.

As a follow up to the legislation which provided the Attorney General will represent TRS, Marcy Dutton provided an update on the Morgan Stanley settlement being handled by the Attorney General's office.

ADJOURNMENT

On a motion by Bob Lyons, seconded by Andy Hirshman, and by unanimous vote, the meeting adjourned at 2:08 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: 5/20/16