



MINUTES
Legislative Committee Meeting
May 20, 2016

A meeting of the Legislative Committee of the Board of Trustees of the Illinois Teachers' Retirement System convened on May 20, 2016 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Rainy Kaplan, Chair, called the meeting to order at 8:45 a.m. with a quorum present.

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

Trustees present: Mark Bailey, Ann Deters, Sandy Stuart, Sonia Walwyn, and Tony Smith.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Ken Musick, Sr. Investment Officer; Marcy Dutton, Chief Legal Counsel; Cynthia Fain, Sr. Legal Counsel; Jana Bergschneider, Chief Financial Officer; Tom Smith, Chief Technology Officer; Gina Larkin, Chief Human Resources Officer; Sally Sherman, Chief Benefits Officer; Kathleen Farney, Director of Research; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Internal Auditor; Dave Urbanek, Director of Communications; Deron Bertolo, Director of Investment Operations; Rich Frankenfeld, Director of Outreach; Tammy Green, Assistant to the Executive Director; Sue Billington, Executive Assistant; Becky Gratsinger, RV Kuhns (Investment Consultant); Andrew Bodewes (Legislative Consultant); and Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel).

Visitors present: Don Davis, IRTA; Will Lovett, IEA; Gayla Dial, IEA-R; and Jason Parks, Loop Capital.

Minutes

A draft of the February 17, 2016 Legislative Committee meeting minutes was sent to the committee members for review. On a motion by Bob Lyons, seconded by Cinda Klickna, and by unanimous voice vote, the minutes were approved as printed.

Legislative Update

No proposals have been filed by the General Assembly to extend the TRS Early Retirement Option (ERO) that is scheduled to automatically expire on July 1, 2016. If the law is not extended, the current 9.4 percent salary contribution for both Tier I and Tier II members will be reduced to 9.0 percent for all creditable earnings earned on or after July 1, 2016. Since 2005, active TRS members have contributed 0.4 percent of their creditable earnings to help fund the ERO program. TRS will contact members if they are eligible for a refund and will let them know when they can apply for the refund. TRS will not be able to estimate each member's potential refund until the fall of 2016. Members will have the option of a refund or a rollover.

Andrew Bodewes, Legislative Consultant, provided an overview of current legislation of interest to TRS. Documentation is on file. House Bill 6292, as amended, attempts to address fee transparency in private investment vehicles by mandating certain contract disclosures and requiring public retirement systems to declare the disclosures to be public records and posted on the system's website. The challenge with this proposal is that there is an effort underway nationally to standardize fee disclosure agreements.

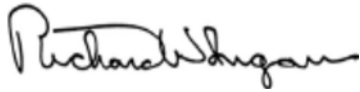
Senate Bill 235, as amended, extends the TRS post-retirement work limit to 120 days/600 hours effective July 1, 2016. The bill has been assigned to Personnel and Pensions Committee.

Senate Bill 1049 prohibits public pension funds from paying survivor benefits to a survivor convicted of a felony in connection with "the service of a member from whom the benefit results."

Senate Bill 436, as amended, reduces the federal contribution rate to normal cost effective July 1, 2016. The bill remains in the House Rules Committee. A motion was made by Cinda Klickna, seconded by Bob Lyons, that the committee recommend to the Board to support SB 436 as amended. The motion passed by a unanimous voice vote.

ADJOURNMENT

On a motion by Bob Lyons, seconded by Cinda Klickna, and by unanimous vote, the meeting adjourned at 9:20 a.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: 2/16/17