



MINUTES
Legislative Committee
March 14, 2019

A meeting of the Legislative Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on March 14, 2019 at the Hyatt Regency O'Hare, 9300 Bryn Mawr, Rosemont, IL. Cinda Klickna, Chair, called the meeting to order at 10:13 a.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Cinda Klickna, (Chair); Dan Winter, (Vice Chair); John Bloomfield, and Larry Pfeiffer. Trustees present: Andy Hirshman, Matt Hower, Laura Pearl, Fred Peronto, Mark Shaw, and Carmen Ayala.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Greg Turk, Director of Investments; Jana Bergschneider, Chief Financial Officer; Stacy Smith, Director of Internal Audit; Marcy Dutton, Chief Legal Counsel; Carlton Lenoir, Chief Benefits Officer; Dave Urbanek, Director of Communications; Tim Hays, Sr. Investment Officer; Dakin Sanert, Sr. Investment Analyst; Tammy Green, Executive Assistant; and Tiffany Reeves, Reinhart (Fiduciary Counsel).

Minutes

A draft of the December 13, 2018 minutes of Legislative Committee meeting was sent to the committee members for review. On a motion by Dan Winter, seconded by John Bloomfield, and by unanimous voice vote, the minutes were approved as printed.

Legislative Update

The House and Senate appropriation hearings were held March 13 and March 27. Director Ingram circulated a copy of his comments that he provided to the Senate Appropriation Committee noting the following key facts:

- a) TRS’s required state contribution is a significant amount of the FY 2020 state budget. The state contribution required by the Pension Code is \$4.8 billion.
- b) TRS’s funding level is a little over 40%, and
- c) Funding status is driven by state law. Statutory funding does not follow actuarial principles.

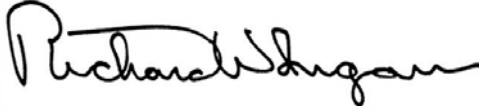
The governor’s proposed FY 2020 budget sets the funding level for TRS at \$4.2 billion, which is less than the TRS actuarial funding policy level of \$7.8 billion and less than the \$4.8 billion funding level as calculated by the state’s pension funding law. TRS was not asked to evaluate any of the governor’s pension funding proposals. The \$4.2 billion level continues an eight-decade record of inadequate state funding for the System and is the major reason why TRS carries such a large unfunded liability. Several trustees stated that continued underfunding by the state is not a credible plan to address the long-term sustainability of TRS and also expressed opposition to any actions that continue to reduce TRS funding below actuarial and statutory levels. It was the consensus of all trustees that a statement be prepared by the TRS Board of Trustees and distributed to legislators, the media, the governor’s office, TRS members and stakeholders explaining the Board’s position. A motion was made by Dan Winter, seconded by Larry Pfeiffer, that the committee recommend to the Board of Trustees that TRS:

- Oppose any budget plan to reduce the TRS funding amounts that is set by statute.
- Oppose any extension of the current statutory plan to achieve a 90 percent funded ratio by 2045
- Urge the legislature to recognize the true actuarial valuation of TRS when it calculates annual funding levels
- Urge the legislature to enact a funding source for any member “buyout” programs that excludes TRS trust fund assets
- Urge the legislature to have TRS and its actuaries conduct analyses of any proposed changes to the Pension Code in order to determine the fiscal impact of new laws on the System

The motion passed by unanimous voice vote. The full statement is noted in the March 14, 2019 Board of Trustees minutes.

ADJOURNMENT

On a motion by John Bloomfield, seconded by Larry Pfeiffer, and by unanimous voice vote, the meeting adjourned at 11:25 a.m.

A handwritten signature in black ink that reads "Richard W. Ingram". The signature is written in a cursive style with a large, prominent initial "R".

Richard W. Ingram

Approved: 10/28/19