



**MINUTES**  
**Board of Trustees**  
**March 14, 2019**

The regular meeting of the Board of Trustees of the Illinois Teachers' Retirement System was held on March 14, 2019 at the Hyatt Regency O'Hare, 900 Bryn Mawr, Rosemont, IL. President Carmen Ayala called the meeting to order at 2:08 p.m. with a quorum present.

Roll Call attendance was taken with the following trustees present: Mark Bailey, John Bloomfield, Andy Hirshman, Matt Hower, Fred Peronto, Dan Winter, Laura Pearl, Larry Pfeiffer, Mark Shaw, Cinda Klickna, Vice President and Dr. Carmen Ayala, President.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; 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; Tammy Green, Executive Assistant; Becky Gratsinger, Ryan Sullivan, and Tony Johnson; RVK (Investment Consultant); and Tiffany Reeves, Reinhart (Fiduciary Counsel).

Visitors present: Tim Brinker, IEA-R and Dahlia Ronen, Esq., Kahn Swick & Foti.

**APPROVAL OF MINUTES**

A draft of the December 13, 2018 minutes of the regular board meeting was sent to the trustees for prior review. On a motion by Mark Bailey, seconded by Andy Hirshman, the minutes were approved by unanimous voice vote.

**TRS FUNDING**

The Teachers' Retirement System Board of Trustees approved the following statement concerning state funding for the System as presented in the Illinois state budget proposal for fiscal year 2020. Roll call resulted in affirmative voice votes from Trustees Bailey, Bloomfield, Hirshman, Hower, Pearl, Peronto, Pfeiffer, Shaw, Winter, Klickna, and Ayala. Motion CARRIED.

On a motion by Mark Shaw, seconded by Fred Peronto, it was resolved:

The Teachers' Retirement System is currently 40 percent funded. The System is at a growing risk of insolvency in the event of an economic downturn. This danger is the direct result of eight decades of state contributions that always have fallen far short of actuarially

based funding. TRS long-term investment returns consistently exceed the System's expectations; but investment income alone will not be enough to prevent insolvency.

The TRS Board's fiduciary duty to its 417,000 members is its paramount concern. The payment of future TRS benefits are jeopardized without a credible plan to address the System's long-term sustainability. The TRS Board and staff unanimously adopts the following positions and will actively pursue their realization as a state government budget is developed for fiscal year 2020:

- TRS opposes any Fiscal 2020 budget for the state of Illinois that will appropriate to the System less than \$4,813,577,696, the contribution calculated under state pension funding law and certified by the System on January 14, 2019.
- TRS opposes any extension of the target date currently in statute for the System to reach 90 percent funding. The target should remain no later than fiscal year 2045.
- TRS repeats its long-standing warning that the state's current pension funding law perpetually locks in underfunding for the system. A "full funding" state contribution for TRS in FY 2020 is \$7,878,670,709, as certified in January of this year.
- TRS opposes any expansion of the current member "buyout" program if an expanded program does not fund the buyouts with monies other than from System assets. At a funding level of 40 percent, TRS is not accumulating any assets to pay the future benefits of active members and could not afford to buy them out.
- We respectfully request that, as in recent years, TRS and our system actuaries participate in the fiscal analysis and evaluation of any proposals that would impact the system and its members.

We stand ready to work with anyone who shares these positions with us.

## **CLAIMS HEARING COMMITTEE REPORT**

The Claims Hearing Committee conducted an administrative review on October 29, 2018 to consider the appeal of Earlville CUSD 9. The committee found in favor of the TRS staff in this matter. A motion was made by Cinda Klickna, seconded by Mark Shaw, to approve the recommended decision of the Claims Hearing Committee in the administrative review of Earlville CUSD #9. The motion passed by unanimous voice vote.

## **INVESTMENT COMMITTEE REPORT**

### Capri Capital Partners

On a motion by Mark Shaw, seconded by Matt Hower, it was resolved:

To terminate the real estate separate account relationship with Capri Capital Partners. The Board directs staff to immediately begin an orderly transition of assets to the System's existing separate account managers and/or the hire of new advisors, as necessary, for the prudent management of all assets.

Roll call resulted in affirmative voice votes from Trustees Bailey, Bloomfield, Hirshman, Hower, Pearl, Peronto, Pfeiffer, Shaw, Winter, Klickna, and Ayala. Motion CARRIED.

## **EXECUTIVE DIRECTOR'S REPORT**

### Education – Asset/Liability Study

RVK provided an educational presentation “Introduction to Asset/liability Studies. Documentation is on file. RVK will present the results of the asset/liability study at the April Board retreat.

### Board Retreat

Director Ingram proposed agenda topics for the upcoming Board retreat to be held in Springfield on April 25-26, 2019. Documentation is on file.

### Quarterly Financial Statements

The financial reports for the quarter ended December 31, 2018 were sent to trustees for review. Documentation is on file. On a motion by John Bloomfield, seconded by Laura Pearl, it was resolved:

To approve the financial statement and administrative expenses for the quarter ending December 31, 2018, as presented.

Roll call resulted in affirmative voice votes from Trustees Bailey, Bloomfield, Hirshman, Hower, Pearl, Peronto, Pfeiffer, Shaw, Winter, Klickna, and Ayala. Motion CARRIED.

Informational documentation on file:

- TRS’s Disaster Recovery Test.
- Member Services Statistical Report for the quarter ending December 31, 2018
- Employer Services Report for the period July 15, 2018 through January 12, 2019
- Vendor Pay and Utilization Reports for the quarter ending December 31, 2018

## **EXECUTIVE SESSION**

A motion was made by John Bloomfield, seconded by Cinda Klickna, that the Board enter into executive session for the purpose of discussing probable or imminent litigation and closed meeting minutes including the semi-annual review of minutes, as permitted under the following exceptions set forth in the Open Meetings Act which authorizes the closing of the meeting to the public: 5 ILCS 120/2(c) (11) and 5 ILCS 120/2(c) (21). Roll call resulted in affirmative voice votes from Trustees Bailey, Bloomfield, Hirshman, Hower, Pearl, Peronto, Pfeiffer, Shaw, Winter, Klickna, and Ayala. Motion CARRIED.

No action was taken during executive session. A motion was made by Cinda Klickna, seconded by Mark Bailey, that the Board come out of executive session. Roll call resulted in affirmative voice votes from Trustees Bailey, Bloomfield, Hirshman, Hower, Pearl, Peronto, Pfeiffer, Shaw, Winter, Klickna, and Ayala. Motion CARRIED.

### Semi-Annual Review of Executive Session Minutes

The Board received a memorandum from the System’s legal counsel regarding the confidentiality of executive session minutes pursuant to the Open Meetings Act. No closed meeting minutes were released to the public as recommended by counsel. Documentation is on file.

## **ADJOURNMENT**

There being no further business to be brought before the Board, a motion was made by Mark Bailey, seconded by Matt Hower, to adjourn the meeting at 3:13 p.m. The motion passed by unanimous voice vote.

Richard Ingram

---

Richard W. Ingram, Executive Director

Approved: 6/14/19