



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Richard W. Ingram, Executive Director
2815 West Washington Street, P.O. Box 19253
Springfield, Illinois 62794-9253

News

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Contact: Dave Urbanek
Public Information Officer

Office: 217-753-0968

Cell: 217-720-3961

durbanek@trs.illinois.gov

TRS BOARD APPROVES A \$3.9 BILLION STATE CONTRIBUTION FOR FY 2017

SPRINGFIELD, IL – The Teachers' Retirement System Board of Trustees gave final approval to a state government contribution of \$3.986 billion for fiscal year 2017, a 6.5 percent increase over the current budget year's state contribution.

The \$3.9 billion contribution for FY 2017 is based on calculations dictated in state law and falls well below the amount of money actuaries estimate state government should be paying TRS based on standard actuarial practices. Evolving actuarial standards indicate the state's annual contribution to TRS should be \$6.07 billion. The state contribution to TRS for fiscal year 2016 is set at \$3.742 billion.

“Of the \$3.9 billion state contribution for FY 2017, only \$871 million is needed to pay the anticipated annual cost of TRS pensions during the year,” said TRS Executive Director Dick Ingram. “The remaining \$3.1 billion is dedicated to help paying off the shortfall created by the state's decades-long failure to pay adequate annual contributions to TRS. This shortfall stood at \$62.7 billion at the end of FY 2015.”

In other action during its regularly scheduled December meeting, the TRS Board:

- Selected four firms to serve as consultants in the selection and review of potential co-investment opportunities. TRS maintains a pool of co-investment consultants with varied expertise in order to assist with different investment opportunities. The contracts of the incumbent advisors are set to expire on December 31. All three of the incumbent consultants, **TorreyCove Capital Partners of LaJolla, California**; **LP Capital Advisors of Sacramento, California**; and **Stout Risius Ross, Inc. of Detroit, Michigan**, were awarded new contracts. The fourth firm selected was **Caledon Capital Management of Toronto, Ontario, Canada**.

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- Issued a “Request for Proposal” for firms to provide the System with transition management services when required. TRS maintains a pool of firms to provide these services, and internal policies require a formal evaluation of the transition management program every three years. The last review took place in 2012. The current pool of TRS transition managers is **State Street Global Markets, of Boston, Massachusetts; Citibank, of New York, New York; Loop Capital, of Chicago;** and **Frank Russell Investments, of Seattle, Washington.** The incumbent firms are invited to participate in the RFP process.
- Approved a formal search for money managers to administer a portion of the active investment strategy with large capitalization opportunities in the \$8.3 billion International Equity portfolio.
- Approved a commitment of \$200 million from the System’s \$5.4 billion Private Equity portfolio to **Leonard Green & Partners, of Los Angeles, California.** Green currently administers \$271.7 million in TRS assets.
- Approved a commitment of up to \$150 million from the TRS Private Equity portfolio to **Advent International Corporation, of Boston, Massachusetts.** Advent currently administers \$138.5 million in TRS assets.
- Approved a commitment of \$75 million from the TRS Private Equity portfolio to **Madison Dearborn Partners, of Chicago.** Madison Dearborn currently administers \$98 million in TRS assets.
- Approved a commitment of \$50 million from the TRS Private Equity portfolio to **Longitude Capital Management Company of Greenwich, Connecticut.** Longitude currently administers \$41 million in TRS assets.
- Approved a commitment of \$40 million from the System’s Private Equity portfolio to **Lightspeed Venture Partners of Menlo Park, California.** Lightspeed currently administers \$81.2 million in TRS assets.
- Approved a commitment of up to \$40 million from the TRS Private Equity Portfolio to **Battery Ventures, of Boston, Massachusetts.**
- Approved a commitment of up to \$235 million from the \$3.4 billion TRS Absolute Return portfolio to **Crabel Capital Management of Century City, California.** Initial funding for this strategy will be \$100 million.
- Approved a commitment of \$150 million from the System’s \$7.8 billion Global Fixed Income portfolio to **NXT Capital Holdings of Chicago.** NXT currently administers \$36 million in TRS assets.
- Approved a commitment of \$100 million from the TRS Global Fixed Income portfolio to **Pacific Investment Management Company of Newport Beach, California.** PIMCO currently administers \$2.3 billion in TRS assets.
- Approved a commitment of \$182.5 million from the System’s \$8.1 billion Domestic Equity portfolio to **Apex Capital Management of Dayton, Ohio.** This commitment marks the “graduation” of Apex from the TRS Emerging Manager Program. Apex joined the Program in 2013 and currently administers \$28.3 million in TRS assets.
- Approved a commitment of \$50 million from the System’s Emerging Manager Program to **Oak Street Real Estate Capital, of Chicago,** for investments in commercial properties.
- Approved a commitment of \$25 million from the System’s Emerging Manager Program to **Trident Capital Group, of Wellesley, Massachusetts,** for private equity investments.
- Approved the termination of **Boston Company Asset Management, of Boston, Massachusetts** within the System’s Domestic Equity portfolio. Boston had administered \$162 million in a small-to-midsize capitalization growth strategy for TRS.

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About Teachers’ Retirement System

The Teachers’ Retirement System of the State of Illinois is the 39th largest pension system in the United States, and provides retirement, disability and survivor benefits to teachers, administrators and other public school personnel employed outside of Chicago. The System serves 400,000 members and had assets of \$43.4 billion as of September 30, 2015.