



Teachers' Retirement System of the State of Illinois

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News

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TRS HIRES COURTLAND PARTNERS AS REAL ESTATE CONSULTANT

SPRINGFIELD – Teachers' Retirement System today hired **Courtland Partners, of Cleveland, Ohio**, to be the System's consultant for investments and the administration of the \$5.7 billion TRS Real Estate portfolio.

Courtland was hired under a five-year contract, the maximum allowed by state law. Courtland replaces Callan Associates of San Francisco, California as the System's real estate consultant.

In other action during the trustees' regularly-scheduled December meeting, the Board:

- Gave final approval to a \$3.72 billion state government contribution for fiscal year 2016. The FY 2016 state contribution to TRS is 9.1 percent greater than the \$3.413 billion contribution to be paid during the current fiscal year. More than 70 percent of the annual contribution goes toward paying off the System's growing unfunded liability, which is the result of 75 years of insufficient funding by state government. The FY 2016 contribution was reviewed by the Illinois State Actuary. When computing the state contribution each year, the TRS Board requires its actuaries, **Buck Consultants of Chicago**, to calculate the payment in three ways.
 - The \$3.72 billion is the state contribution required under the funding formula in current state law, which does not follow generally accepted actuarial standards.
 - If generally used actuarial standards are used to calculate the payment, the state contribution would be \$4.37 billion in FY 2016, a difference of 17.5 percent from the actual payment.
 - If the state contribution is calculated with the goal of preventing any growth in the unfunded liability, the state payment would be \$5.34 billion, or 43.5 percent higher than the contribution dictated by law.

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- Approved the issuance of a Request for Proposal for consulting services for investments and administration of the System's \$5.1 billion Private Equity portfolio. The contract of the System's current private equity consultant, **TorreyCove Capital Partners of LaJolla, California**, expires in June of 2015.
- Approved a search for a firm to manage emerging markets assets within the \$9.4 billion International Equity portfolio. TRS expects this manager, when hired, to administer approximately \$283 million in System assets.
- Hired **Wasatch Advisors of Salt Lake City, Utah**, to administer approximately \$130 million within the System's International Equity portfolio.
- Committed approximately \$175 million to \$200 million from the \$2.7 billion TRS Absolute Return portfolio to **Tourbillon Global Master Fund of New York, New York**.
- Committed €100 million from the Private Equity portfolio to **Rhone Capital, of New York, New York**. Rhone currently administers \$44.1 million in TRS assets within the Private Equity portfolio.
- Committed \$30 million from the System's Emerging Manager Program to **Integrated Capital of Los Angeles, California** for real estate investments in the hospitality sector of the economy.
- Approved changes to the TRS Watch List:
 - Terminated the services of **Cortina Asset Management of Milwaukee, Wisconsin** within the System's \$8.96 billion Domestic Equity portfolio. Cortina had managed \$139.7 million in TRS assets.
 - Terminated the services of **American Century Investments, of Kansas City, Missouri**, within the International Equity portfolio. American Century had managed \$135.3 million in TRS assets.
- As approved by the TRS Board, the current Watch List is composed of:
 - **Franklin Templeton, of San Mateo, California**, which currently administers \$489 million of TRS fixed income assets.
 - The Total Return, Unconstrained, Global Inflation-Linked Bonds, Global Multi-Asset and Multi-Asset Volatility strategies of **Pacific Investment Management Company of Newport Beach, California**, which represent \$2.2 billion within the System's \$7.7 billion Global Fixed Income portfolio and \$4.1 billion Real Return portfolio.

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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 395,000 members and had assets of \$44.5 billion as of September 30, 2014.