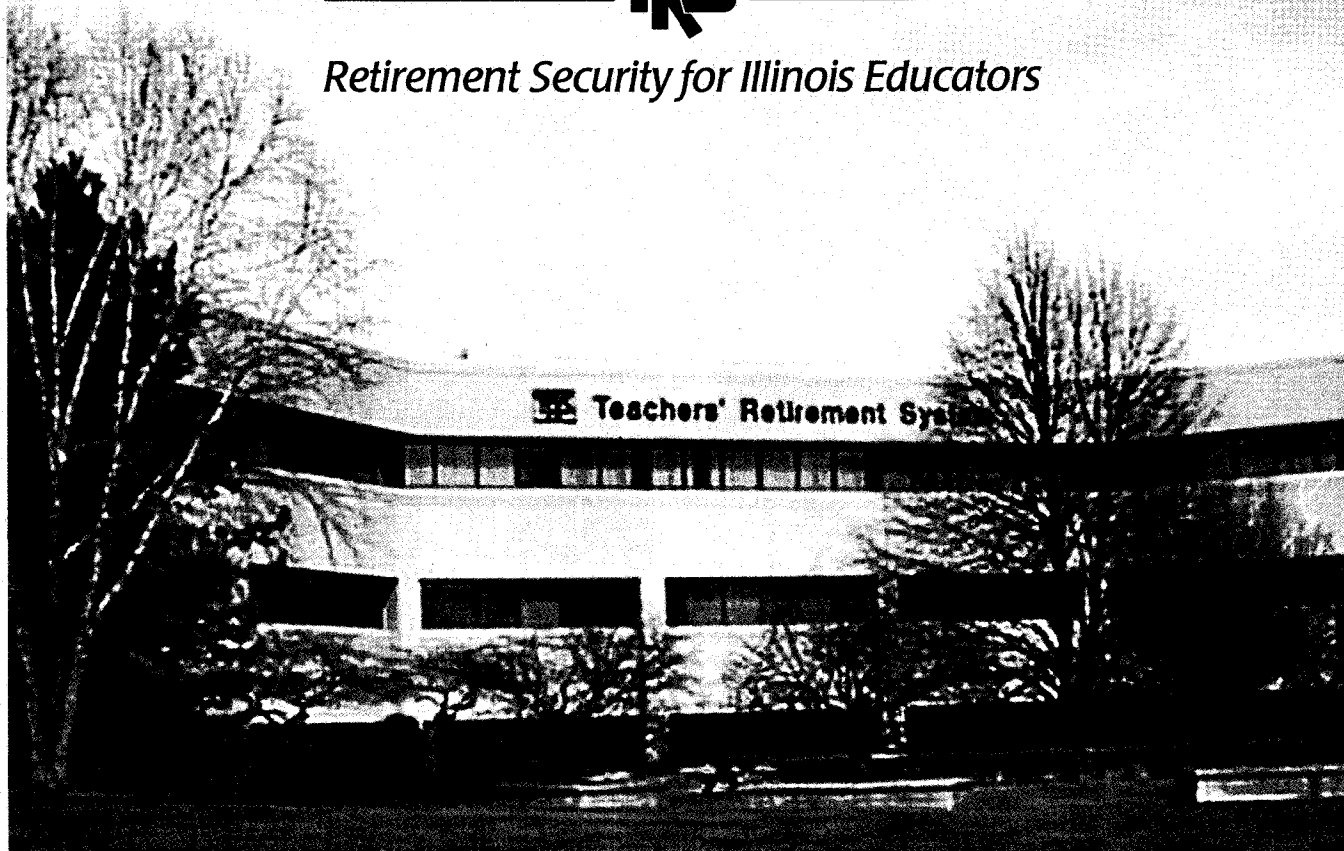




Retirement Security for Illinois Educators



Teachers' Retirement System

Meeting of the Board of Trustees

- Audit Committee
- Legislative Committee
- Rules and Personnel Committee
- Investment Committee
- Board

February 19-20, 2004

Steve Loren
Gardner, Carton & Douglas



AGENDA
Audit Committee Meeting
Teachers' Retirement System
Springfield, Illinois

February 19, 2004 – 8:00 a.m.

- I. Roll Call
- II. Public Comments
- III. Approval of Minutes – December 10, 2003
- IV. Review of Internal Audit Reports
- V. Audit Committee Bylaws
- VI. Follow-up on Prior Audit Matters
- VII. Revised Internal Audit Plan
- VII. Statistical Sampling
- VIII. Trustee Concerns
- IX. Adjournment



Teachers' Retirement System of the State of Illinois

MINUTES Audit Committee December 10, 2003

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on December 10, 2003 at the Holiday Inn Chicago City Centre, 300 East Ohio Street. Cynthia O'Neill, Chair Pro Tem, called the meeting to order at 3:34 p.m. A quorum was present.

Present: **Committee Members:**

Sharon Leggett
Stuart Levine
Cynthia O'Neill

Absent: James Bruner

TRS Staff:

Jon Bauman, Executive Director
Tom Gray, General Counsel
Stacy Smith, Internal Audit Manager
Mike Bartletti, Director of Real Estate
Nick Yelverton, Government Affairs Officer
Tammy Green, Admin. Coordinator – Executive

Outside Counsel:

Steve Loren, Gardner, Carton & Douglas

Visitors:

Bob Lyons, IRTA Rep.
Mildred Burt, IRTA Rep.

Jack Tucker, IEA-R

A draft of the minutes from the October 31, 2003 Audit Committee was sent to the committee members for review. On a motion by Stuart Levine, seconded by Sharon Leggett, and by unanimous voice vote, the minutes were approved as printed.

Stacy Smith provided a summary of the Survivor Benefits Audit and the Revenues and Receivables Audit. Documentation is on file. Discussion was held regarding the findings in the Survivor Benefits Audit.

The committee received a memorandum from Stacy proposing real estate audit procedures. These procedures will compliment the work that will be performed by the external audit firm. Documentation is on file. Further discussion will be held at the February meeting.

ADJOURNMENT

On a motion by Stuart Levine, seconded by Sharon Leggett, and by unanimous vote, the meeting adjourned at 4:08 p.m.

Jon Bauman, Executive Director

Approved _____



Retirement Security for Illinois Educators

Teachers' Retirement System of the State of Illinois

Jon Bauman, *Executive Director*

2815 West Washington, P.O. Box 19253
Springfield, Illinois 62794-9253

AGENDA
Legislative Committee
Illinois Teachers' Retirement System
Springfield, Illinois

February 19, 2004 – 9:00 a.m.

- I. Roll Call
- II. Public Comments
- III. Approval of Minutes – December 11, 2003
- IV. Follow-up from Stakeholder Forum
- V. Legislative Update
- VI. TRIP Update
- VII. Trustee Concerns
- VIII. Adjournment



Teachers' Retirement System of the State of Illinois

MINUTES Legislative Committee Meeting December 11, 2003

A meeting of the Legislative Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on December 11, 2003 at the Holiday Inn Chicago City Centre, 300 East Ohio Street. Jan Cleveland, Chair, called the meeting to order at 8:30 a.m. A quorum was present.

Present: **Committee Members:**

Jan Cleveland, Chair
Cinda Klickna
Cynthia O'Neill
Molly Phalen

Trustees:

James Bruner
Sharon Leggett
Stuart Levine
Phillip Schmidt
Robert Schiller

TRS Staff:

Jon Bauman, Executive Director
Ruby Reynolds Taylor, Chief Operating Officer
Tom Gray, General Counsel
John Day
Stacy Smith, Internal Audit Manager
Nick Yelverton, Government Affairs Officer
Tammy Green, Admin. Coordinator – Executive

Outside Counsel:

Steve Loren, Gardner, Carton & Douglas

Fiduciary Counsel:

Bill Cavanagh, Cavanagh & O'Hara

Visitors:

Bob Lyons, IRTA Rep.	Darwin Heide, IRTA Rep.
Mica Owens, CMG	Tom White, IRTA Rep.
Anne Spiecher, CMG	Jack Tucker, IEA-R
Rich Frankenfeld, IEA	Kathy Stevenson, Northern Trust
Mildred Burt, IRTA Rep.	Steffanie Luther, Loop Capital
Marti Swanson, IRTA Rep.	Kourtney Ratliff, Loop Capital
Darren Massey, Merrill Lynch Inv.	
Christine Williamson, Pensions & Investments	

PUBLIC COMMENTS

No comments.

APPROVAL OF MINUTES

A draft of the minutes from the October 30, 2003 Legislative Committee was sent to members of the committee for review. On a motion by Cinda Klickna, seconded by Cynthia O'Neill, and by unanimous voice vote, the minutes were approved as printed.

LEGISLATION

Nick Yelverton, Government Affairs Officer, provided an overview of legislation that has been introduced since the last Board meeting: HB585 (Pension Contribution Fund transfer to state pension systems); HB3916 (Superintendent salary increase); HB3887 (eliminates the "June Gap"); and HB3886 (prompt payment of annuities). Documentation is on file. The committee took no position on HB3916 and will discuss the issue at a later time.

The committee took no position on a proposal prohibiting pension fund investment in expatriate corporations. Director Bauman presented a memorandum outlining staff's concerns. Documentation is on file. Legislation currently is in the drafting stage.

Staff presented a draft agenda of the Stakeholder Forum to be held January 23, 2004 at TRS. Documentation is on file.

ADJOURNMENT

On a motion by Cinda Klickna, seconded by Cynthia O'Neill, and by unanimous vote, the meeting adjourned at 8:53 a.m.

Jon Bauman, Executive Director

Approved _____
(date)



Human Resources & Investor Solutions

February 2, 2004

Board of Trustees
Teachers' Retirement System
of The State of Illinois
2815 West Washington Street
Springfield, Illinois 62702

Ladies and Gentlemen:

The attached exhibits were produced by Mellon using the data provided for the June 30, 2003 actuarial valuation in response to a question asked at the Stakeholder Forum.

Regards,

A handwritten signature in cursive script that reads "S. Lynn Hill".

S. Lynn Hill
Director, Retirement Consulting

SLH:pl
7228/C2744RET01-Board-Member-Exhibit.doc

Enc.

Suite 1400 • One Dearborn Street • Chicago, IL 60602-4336
(312) 846-3000 Office • (312) 846-3999 Fax
www.mellon.com

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**Teachers' Retirement System of the State of Illinois
Comparison of Means and Medians**

**Active Full-time Members with 1 or More Years of Service at 6/30/2002
Based on Data for the Period 7/1/2001 Through 6/30/2002**

Statistical Item	Median	Mean
Rate of Pay*	\$49,437.43	\$54,534.68
Age	46.23	44.10
Service	11.00	13.42

* Rate of pay as reported by TRS for the period 7/1/2001 through 6/30/2002 projected forward to 7/1/2002 through 6/30/2003

**Retirees who as of 6/30/2003 were Receiving Age Retirement Benefits
Based on Data for the Period 7/1/2002 Through 6/30/2003**

Statistical Item	Median	Mean
Monthly Benefit*	\$2,508.30	\$2,670.85
Age	68.26	70.01
Service at Retirement**	32.00	28.78

* Reduced for Guaranteed Minimum Amount, Supplemental Amount, and Reversionary Benefit Reduction and Includes Automatic Annual Increases Applied at 1/1/2003 and earlier.

** Reciprocal Service not included.



AGENDA

**Rules and Personnel Committee
Teachers' Retirement System
Springfield, Illinois**

February 19, 2004

Immediately Following Legislative Committee Meeting

- I. Roll Call
- II. Public Comments
- III. Approval of Minutes – December 10, 2003
- IV. Amendments to Board of Trustees Policy Manual
- V. Amendments to TRS Administrative Rules
- VI. Executive Session
- VII. Trustee Concerns
- VIII. Adjournment



Teachers' Retirement System of the State of Illinois

MINUTES Rules and Personnel Committee December 10, 2003

A meeting of the Rules and Personnel Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on December 10, 2003 at the Holiday Inn Chicago City Centre, 300 East Ohio Street. Stuart Levine, Chair, called the meeting to order at 3:30 p.m. A quorum was present.

Present: **Committee Members:**

Stuart Levine, Chair
Jan Cleveland
Phillip Schmidt
Cynthia O'Neill

Absent: Sharon Leggett

TRS Staff:

Jon Bauman, Executive Director
Tom Gray, General Counsel
Stacy Smith, Internal Audit Manager
Mike Bartletti, Director of Real Estate
Nick Yelverton, Government Affairs Officer
Tammy Green, Admin. Coordinator – Executive

Outside Counsel:

Steve Loren, Gardner, Carton & Douglas

Visitors:

Bob Lyons, IRTA Rep.
Mildred Burt, IRTA Rep.

Jack Tucker, IEA-R

APPROVAL OF MINUTES

A draft of the minutes from the October 30, 2003 Rules and Personnel Committee meeting was sent to the committee members for review. On a motion by Cynthia O'Neill, seconded by Phillip Schmidt, and by unanimous voice vote, the minutes were approved as printed.

The new ethics law that took effect in November prohibits registered lobbyists from serving on state boards. John Glennon is a registered lobbyist; therefore, his service as a TRS trustee is concluded. A motion was made by Stuart Levine, seconded by Jan Cleveland, that the committee recommend to the Board of Trustees to elect Trustee Cynthia O'Neill as Chair of the Audit Committee, replacing John Glennon. The motion passed by a unanimous voice vote.

ADJOURNMENT

On a motion by Stuart Levine, seconded by Phillip Schmidt, and by unanimous vote, the meeting adjourned at 3:33 p.m.

Jon Bauman, Executive Director

Approved _____



MEMORANDUM

3.

2815 West Washington • P.O. Box 19253 • Springfield, Illinois 62794-9253 • (217) 753-0311
4200 Commerce Court • Suite 100 • Lisle, Illinois 60532-3611 • (630) 505-0071

DATE: January 30, 2004
TO: The TRS Board of Trustees
FROM: Tom Gray *TG*
SUBJECT: Proposed Revisions to the Board of Trustees Manual

Attached for the Board's review are proposed revisions to the Board of Trustees Manual to ensure Board compliance with the requirements of the newly enacted State Officials and Employees Ethics Act. Specifically, the revisions address the State Ethics Acts' gift ban, ex parte communications reporting and revolving door provisions.

Please feel free to contact me with any suggested additions or changes. If you have any questions regarding the State Ethics Act or the revisions, please let me know.

TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 **Last Revision:** 1/04 **Review date:** 1/04

In order to fulfill the essential purpose of the TRS, the TRS Board of ~~its~~ Trustees must invest ~~administer~~ and administer ~~invest~~ enormous sums of money. In our modern, sophisticated world, mere control of such large sums can be of considerable value. The philosophy of both the common law and the Illinois State Pension Code dictates, in accordance with basic ethical considerations, that the TRS, rather than its Trustees, should reap any benefit accruing from the control, investment, and spending of TRS funds. TRS Trustees should conduct the affairs of the TRS solely for the benefit of the TRS and its members ~~participants~~ and beneficiaries in a manner that evidences the highest degree of professionalism and integrity.

While in many situations the correct and proper course of action for TRS Trustees is clear, the distinction between the permissible and impermissible can often be blurred in complex situations. This Code of ~~Conduct~~ Ethics and Conduct is adopted to assist ~~the~~ individual Trustees in determining what conduct is proper and what is not. The Code ~~It~~ is intended to supplement the requirements of the State Officials and Employees Ethics Act law and not to limit them. ~~Thus, if there is any conflict between this Code and the law, the dictates of the law shall govern.~~ To the extent the Code is more strict in its application than the dictates of the law, the Code shall govern.

Definitions

For purposes of this Code of Ethics and Conduct ~~Conduct~~, the following terms shall have the following meanings:

Applicant: ~~Any person or entity seeking to become a Vendor.~~

Board: The Board is the TRS Board of Trustees.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

Covered Employee: Any TRS employee who exercises substantial supervisory authority over other TRS employees or whose duties primarily entail the provision or procurement of professional services.

Executive Director: The Executive Director is the Executive Director of the TRS.

*Ex Parte
Communications:*

Any written or oral communication that imparts or requests material information regarding potential action concerning a TRS investment matter, proposed rulemaking or administrative review pending or under consideration by the System.

- A. An investment matter is “pending or under consideration” when the Board has formally directed staff to initiate an investment manager, investment advisor, transition manager or approved broker search, an investment manager qualifies for watch list status, a private equity or real estate fund due diligence questionnaire has been filed with the System, a TRS requested proposal for a real estate allocation has been filed with the System or is due, or other similar action or process has been authorized by the Board.
- B. An administrative review is “pending or under consideration” once filed with the Executive Director.
- C. A rulemaking is “pending or under consideration” when the Board has directed the staff to submit the rulemaking to the Joint Committee on Administrative Rules.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

Immediate Family: ~~Members of a Trustee's Immediate Family shall include his or her spouse, father, mother, father in law, mother in law, sons, daughters, brothers, sisters, brothers in law, and sisters in law.~~

Inter-Governmental

Gift: Any gift given to a Trustee by a member, officer or employee of another State agency, of a federal agency or of any governmental entity.

Intra-Governmental

Gift: Any gift given to a Trustee from another Trustee or employee of the System.

Interested Party: A person or entity whose rights, privileges or interests are the subject of, or are directly affected by, an investment, rulemaking or administrative review matter.

Official

Representative: A party employed or retained by an interested party to secure a contract, promote a position or influence an agency decision on behalf of an interested party.

Professional Services: The performance of work in a field requiring a high degree of training and proficiency including, but not limited to, the work provided by investment managers, investment advisors, accountants, actuaries, attorneys, and consultants of any kind.

Prohibited Source: Any entity or person seeking official action from TRS; doing business or seeking to do business with TRS; conducting activities regulated by TRS; has interests that may be substantially affected by TRS; or is registered or required to be registered as a lobbyist.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

Related Entity: A Related Entity is any entity which employs a Trustee or any relative of the Trustee, whether on a full-time, part-time, or independent contractor basis, or otherwise, or in which a Trustee or any relative of the Trustee has any ownership or beneficial interest.

Relative: A person related to a Trustee as a parent, child, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandparent, grandchild, parent-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepparent, stepchild, stepbrother, stepsister, half brother, half sister, and including a parent and grandparent of the Trustee's spouse, fiancé or fiancée.

Substantial Interest: A Substantial Interest in a corporation is the ownership of more than fifteen percent (15%) of any class of stock, or the right to receive or control more than fifteen percent (15%) of the dividends. A Substantial Interest in a general partnership is a general partnership interest. A Substantial Interest in a limited partnership is either a general partnership interest or a limited partnership interest of more than fifteen percent (15%). A Substantial Interest in a trust is any beneficial interest therein. Any employee or agent of any entity has a Substantial Interest in that entity.

Trustee: A TRS Trustee.

Vendor: A Vendor is a person or entity which receives any compensation whatsoever from the TRS for providing any goods or services to the TRS. The term Vendor includes, but is not limited to, TRS's asset managers.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of **pages**

Date of origin: 10/29/96 **Last Revision:** 1/04 **Review date:** 1/04

Vendor Under

Consideration: ~~A Vendor Under Consideration is any Vendor:~~

- ~~(i) which is currently making any attempt, proposal, or application to the TRS to seek or obtain any additional allocation, compensation, authorization, agreement, contract, or amendment to an agreement or contract, from or with the TRS, beyond what has already been finally and formally approved by the TRS; or~~
- ~~(ii) whose allocation, compensation, authorization, agreement, or contract from or with the TRS is currently under consideration by TRS for any change, modification, or revision, whether for an increase or for a decrease beyond what has already been formally approved by the TRS, including but not limited to, any new or additional contract or allocation, any amendment, suspension, or termination of the Vendor's agreement or contract with the TRS, or any other remedial or disciplinary action; or~~
- ~~(iii) is currently under review by the TRS for poor or improper performance, including but not limited to Vendors on the TRS "watch list".~~

- A. A potential investment manager or investment vendor being considered for initial retention as a result of formal Board direction to staff to initiate a search for services offered by that investment manager or investment vendor.
- B. A current investment manager that qualifies for watch list status.
- C. A current investment manager or investment vendor during the time that vendor's continued relationship with the System is pending as a result of a Board-directed review or a periodic review required by the System's investment policy.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

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Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

- D. A transition manager being considered to transition System assets due to the termination of an investment manager or change in asset allocation.
- E. A broker contacting the System regarding a potential investment or transition manager described in A., B., C. or D. above; and when staff has been directed to add approved brokers to the commission recapture list.
- F. A potential non-investment vendor that is being considered for a contract award or purchase order as a result of the System's issuance of an invitation to bid, request for proposal or similar procurement process.
- G. A current non-investment vendor during the time that the vendor's continued relationship with the System is pending as a result of a Board-directed review or a periodic review required by the System's procurement policies and procedures.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

ETHICS AND CONDUCT STANDARDS

Gifts

1. Except as provided in the State Ethics Act or herein, no Trustee, spouse or relative living with a Trustee, shall intentionally solicit or accept any gift from a prohibited source.
2. The following are not considered banned gifts.
 - a. Opportunities, benefits and services that are available on the same conditions as for the general public.
 - b. Anything for which the Trustee pays the market value.
 - c. Any contribution that is lawfully made under the Election Code or under the State Ethics Act or activities associated with a fundraising event in support of a political organization.
 - d. Educational materials and missions.
 - e. Travel expenses for a meeting to discuss System business.
 - f. A gift from a Relative.
 - g. Anything provided by an individual on the basis of a personal friendship unless the Trustee has reason to believe that, under the circumstances, the gift was provided because of the Trustee's official position and not because of the personal friendship.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

In determining whether a gift is provided on the basis of personal friendship, the Trustee shall consider the circumstances under which the gift was offered, such as:

1. the history of the relationship between the individual giving the gift and the recipient of the gift, including any previous exchange of gifts between those individuals;
 2. whether to the actual knowledge of the Trustee, the individual who gave the gift personally paid for the gift or sought a tax deduction or business reimbursement for the gift; and
 3. whether to the actual knowledge of the Trustee, the individual who gave the gift also at the same time gave the same or similar gift to other Trustees.
- h. Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are consumed on the premises from which they were purchased or prepared or catered.

No food or refreshments may be accepted from a Vendor Under Consideration or an investment manager on the watch list.

- i. Food, refreshments, lodging, transportation and other benefits resulting from the outside business or employment activities of the Trustee, or the spouse of the Trustee, if the benefits have not been offered or enhanced because of the official position of the Trustee and are customarily provided to others in similar circumstances.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

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Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

- j. Intra-Governmental and Inter-Governmental Gifts.
- k. Bequests, inheritances and other transfers at death.
- l. Any items from any one Prohibited Source during any calendar year having a cumulative total value of less than \$100. However, Trustees are encouraged to limit gift acceptance to items of nominal value such as baseball caps, coffee cups, pens, t-shirts, etc. with a value of less than \$20.

No gift of any kind may be accepted from a Vendor Under Consideration or an investment manager on the watch list.

- 3. A Trustee does not violate the above gift limitation if he/she returns the gift to the prohibited source or gives the gift, or a contribution equal to its value, to a recognized charity.
- 4. All Trustees must maintain a log of gifts received from a prohibited source, excluding nominal gifts and food and refreshments provided in compliance with the State Ethics Act, which shall be filed with the Board Ethics Officer during the first week of each July.
- 5. Each of the exceptions listed in the State Ethics Act are mutually exclusive and independent of one another.
- 6. Questions regarding application of this policy should be directed to the Board Ethics Officer.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

Ex Parte Communications

1. Communication From An Interested Party

If a Trustee receives an ex parte communication from an Interested Party or its official representative or attorney, the communication shall be memorialized in writing and made a part of the relevant file. A copy of such memorandum shall be sent to the Board Ethics Officer.

2. Communication From Any Other Party

If the ex parte communication is from any other party, a record of the communication, including all relevant information and any and all Trustee responses (oral or written), will be filed with the Board Ethics Officer for filing with the Executive Ethics Commission.

The record of communication shall include the following:

1. the date of communication;
2. the nature and substance of the communication;
3. the identity and job title of the person receiving the communication.
4. the identity and job title of the responder;
5. the identity of the communicator;
6. the individual or entity represented;
7. the action sought or recommended.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 **Last Revision:** 1/04 **Review date:** 1/04

Board Ethics Officer

The Executive Director shall serve as the Board Ethics Officer responsible for taking all steps necessary to assure Trustee compliance with the State Ethics Act. The Board Ethics Officer will answer all Trustee questions regarding the State Ethics Act and serve as the Trustees liaison with the Executive Ethics Commission and designated Inspector General. Trustees may rely in good faith upon the advice the Ethics Officer renders in connection with the State Ethics Act. The Board Ethics Officer shall not be responsible for, nor provide, personal legal advice regarding the State Ethics Act to any Trustee.

Trustee Diligence

Trustees must pursue their duties in a diligent manner. In order to do so, they must keep themselves fully informed of all matters that require Board attention.

Confidentiality

A Trustee may not use any confidential information that he or she learns in his or her capacity as a Trustee for his or her own benefit; ~~or~~ for the benefit of a member of the Trustee's Relatives, or for the benefit of a Related Entity or Interested Party, including but not limited to, disclosing such confidential information to third parties in exchange for immediate or future favors, benefits, or goodwill.

A Trustee may not use his or her position as a Trustee to obtain any confidential information for any purpose other than to carry out his or her duties as a Trustee.

A Trustee may not disclose confidential information regarding the TRS to anyone other than another Trustee or a senior staff member or attorney for the TRS, and then only for the purpose of carrying on

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

TRS business. Confidential information includes, without limitation, any information given to the Trustees in confidence whether at executive sessions of the Board, or any committee thereof, through confidential memoranda, in confidential meetings with senior TRS staff members or attorneys, or otherwise. Nothing in this paragraph, however, shall preclude or prevent a Trustee from reporting violations of the law to appropriate law enforcement officials or from complying with the Illinois Open Meetings Act, 5 ILCS 120/1, *et seq.*

Trustee Use of TRS Facilities and Personnel

TRS facilities, equipment, and supplies are available to Trustees for use in connection with their duties as Trustees. TRS personnel are also available to assist Trustees in conducting TRS business. Trustees shall use these TRS assets solely for the purpose of fulfilling their duties as Trustees, and shall not use them for personal purposes.

Conflicts of Interest

Transactions with Trustees

~~Each Trustee shall notify the Executive Director of the identity of any Related Entity to the Trustee which is involved in any transaction or potential transaction with the TRS, including but not limited to any actual or proposed sale or purchase of TRS assets upon becoming aware of such transaction.~~ Each Trustee shall immediately notify the Board Ethics Officer when a Related Entity to the Trustee is involved in any transaction or potential transaction with the System; including but not limited to any actual or proposed sale or purchase of TRS assets upon becoming aware of such transaction.

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

A Trustee shall disclose to the Board in open session any transaction identified above which is under consideration by the Board and shall recuse himself or herself from any participation in any and all Board discussions and votes concerning or related to any such transactions, including any sale or purchase of assets, between the TRS and the Trustee, or ~~any member of his or her Immediate Family~~ Relative of the Trustee, or any Related Entity of the Trustee. Such Trustee disclosure shall be set forth in the minutes of the meeting of the Board.

Except in open meetings of the Board, a Trustee shall not communicate in any manner whatsoever, directly, indirectly, or through others, with other Trustees, ~~or with~~ Vendors or Vendor Under Consideration concerning any aspect of any transaction between the TRS and any Relative of the Trustee or any Related Entity to the Trustee.

Trustee Interests in Vendor, Vendor Under Consideration, and Interested Parties

Each Trustee shall notify the ~~Executive Director~~ Board Ethics Officer of the identity of any Vendor, ~~Applicant~~ Vendor Under Consideration, or Interested Party which is a Related Entity to the Trustee upon becoming aware of the fact that such Vendor, Vendor Under Consideration, or Interested Party, is a Related Entity.

A Trustee shall disclose to the Board in open session the Vendor, ~~Applicant~~ Vendor Under Consideration, or Interested Party which is a Related Entity to the Trustee and recuse himself or herself from any participation in any and all Board discussions and votes concerning or related to any Vendor, ~~or Applicant~~ Vendor Under Consideration, or Interested Party which is a Related Entity to the

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TRS Board of Trustees Policy

Name: Code of Ethics and Conduct

Page of pages

Date of origin: 10/29/96 Last Revision: 1/04 Review date: 1/04

Trustee, including but not limited to, any discussions or votes concerning or related to the granting, extending, modifying, amending, canceling, terminating, or rescinding a contract or allocation to the said Vendor, ~~or Applicant~~ Vendor Under Consideration, or Interested Party. Such disclosure shall be set forth in the minutes of the meeting of the Board. Except in open meetings of the Board, a Trustee shall not communicate in any manner whatsoever, directly, indirectly, or through others, with other Trustees concerning any Vendor, ~~Applicant~~ Vendor Under Consideration, or Interested Party who is a Relative of the Trustee or which is a Related Entity to the Trustee.

~~Reimbursement of Trustee expenses by Vendors and Applicants~~

~~A Vendor on the TRS "watch list" or Applicant may not pay for or reimburse the TRS for the expenses of Trustees incurred in connection with TRS business, including travel, food, and lodging expenses.~~

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TRS Board of Trustees Policy

Name: ~~Key Staff~~ **Trustee and Covered Employee Departure**

Page 1 of 3 Page(s)

Date of Origin: 7/1/96 Last Revision: 1/04 Last Review: 1/04

This section addresses the selection of former trustees and employees to provide TRS with professional services.

In selecting persons or entities to provide professional services to the Teachers' Retirement System (TRS), the Board of Trustees (Board) and employees of TRS may only consider criteria that are relevant to the merits of the selection and in the best interest of the members and annuitants of TRS.

"Key Covered Employee" shall mean any TRS employee who exercises substantial supervisory authority over other TRS employees and whose duties primarily entail the provision of or procurement of professional services.

"Trustee" shall mean any individual who has taken a sworn oath to serve in the fiduciary capacity of a trustee of the Teachers' Retirement System.

"Professional services" shall mean the performance of work in a field requiring a high degree of training and proficiency and shall include, but not be limited to, the work provided by money managers, investment advisors, accountants, actuaries, lawyers attorneys, and consultants of any kind.

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TRS Board of Trustees Policy

Name: ~~Key Staff~~ Trustee and Covered Employee Departure

Page 2 of 3 Page(s)

Date of Origin: 7/1/96 Last Revision: 1/04 Last Review: 1/04

~~No person who was a trustee or key employee at any time during the past 12 months shall be awarded a contract for the provision of professional services to TRS.~~

~~No corporation, partnership or other business entity that employs or is owned in whole or in part by a person who was a trustee or key employee at any time during the past 12 months shall be awarded a contract for the provision of professional services to TRS. This section shall not preclude a business entity from continuing to furnish professional services pursuant to a contract entered into before its association with a former trustee or key employee, or from having such a pre-existing contract renewed at the option of the Board. However, no contract for new or additional professional services shall be awarded to such a business entity during the first 12 months of its association with a person who was a trustee or key employee of TRS during the past 12 months.~~

1. "Revolving Door" Policy

Under the provision of the State Ethics Act, during the one-year period after terminating TRS service, no TRS Trustee, his or her spouse or immediate family member living with the Trustee may accept compensation or fees for services from a person or entity if, prior to termination of employment, the Trustee participated personally or was substantially involved in awarding a contract(s) in excess of \$25,000 to the person or entity in the one-year period prior to termination of service.

DRAFT

TRS Board of Trustees Policy

Name: ~~Key Staff~~ Trustee and Covered Employee Departure

Page 3 of 3 Page(s)

Date of Origin: 7/1/96 Last Revision: 1/04 Last Review: 1/04

2. Restrictions on Business Relationships

- a. No Trustee, covered employee and/or corporation, partnership or other business entity that employs or is owned in whole or in part by a person who was a Trustee or covered employee shall be awarded a contract for the provision of professional services to the System for a period of 12 months following termination of TRS employment. This policy shall not preclude a business entity from continuing to furnish professional services pursuant to a contract entered into before its association with a Trustee or covered employee or from the renewal of an existing contract for such services. However, no contracts for new or additional professional services shall be awarded to such entities for a period of 12 months from the Trustee or covered employee's last day of service with the System.
- b. TRS annuitants performing post-retirement work for the System under the provisions of 40 ILCS 5/16-118 are exempt from this policy.

DRAFT

Page 1-21

TRS Board of Trustees Policy

Name: Reimbursement of Necessary Expenses

Page 2 of 2 Page(s)

Date of Origin: 7/1/96 Last Revision: 1/04 Last Review: 1/04

(3) Definition of "Necessary Expenses"

The term "necessary expenses" is determined to mean expenses actually incurred in the furtherance of the Trustees' duties as a member of the Board of Trustees. Expenses such as alcoholic beverages, athletic events and spouse expenses are clearly excluded from the term "necessary expenses."

(4) Expenses for International Travel

Travel outside the United States and its territories will require prior notice directed to the President who shall submit such notice to the Trustees.

(5) Use of State-Issued Credit Cards

Trustees may only use state-issued credit cards for TRS business related travel expenses, specifically transportation, lodging, meals, and other expenses considered reimbursable under this policy.

DRAFT

Page 1-18



MEMORANDUM

22.

2815 West Washington • P.O. Box 19253 • Springfield, Illinois 62794-9253 • (217) 753-0311
4200 Commerce Court • Suite 100 • Lisle, Illinois 60532-3611 • (630) 505-0071

DATE: January 30, 2004
TO: Rules & Personnel Committee
FROM: Tom Gray & Cynthia Fain *GF*
SUBJECT: Proposed Rule Amendments

(Amend) Section 1650.1010 Petitions

Privacy concerns have been expressed regarding the mandatory requirement to provide a Social Security number when signing a petition to nominate a candidate for the Board of Trustees. The purpose of the Social Security number requirement was to provide more certainty for the System in verifying that the signing person is in fact a TRS member or annuitant eligible to nominate a trustee candidate.

As you know, a TRS staff project is currently underway to reduce reliance on Social Security numbers. Staff has determined that signatures on election petitions may be verified with reasonable assurance without Social Security numbers.

Submitted for your consideration is a proposed amendment to TRS administrative rules, *Section 1650.1010, Petitions*, to delete the Social Security number requirement, and to add the optional inclusion of the signing person's area code and telephone number. Telephone numbers would provide another means, in addition to the address, to verify that the signing person is included in the TRS membership database. Telephone numbers do not pose the same privacy concerns as Social Security numbers, and would only be requested on the petition as an optional item, not as a mandatory requirement.

(New) Section 1650.416 Optional Increase in Retirement Annuity – 1% Contribution Reduction

Staff recommends for the Board's consideration a proposed new administrative rule, *Section 1650.416 Optional Increase in Retirement Annuity – 1% Contribution Reduction*. The purpose of the rulemaking is to provide a methodology for administering the contribution reduction or "3 for 1 forgiveness" provision (40 ILCS 5/16-129.1(b)) for members who elect to upgrade in one contribution window period, and subsequently upgrade additional optional service in a succeeding window period. The proposed rule will allow a fair calculation of the contribution reduction because it results in a blended cost that favors both the member and TRS.

The proposed new rule specifies a formula for calculating the contribution reduction amount when a member who has elected the 2.2 upgrade in one 5-year upgrade contribution window period, thereafter upgrades optional service in a succeeding 5-year window period. At the time the optional service is added, TRS calculates the 3-for-1 contribution reduction to the member. Under the proposed rule, the contribution reduction would be calculated based on the following formula:

$$\frac{\text{Number of years eligible for contribution reduction} / \text{years upgraded} \times \text{total upgrade cost}}{\text{total upgrade cost}} = \text{amount of contribution reduction}$$

The following example illustrates the calculation.

A member upgrades ten years of service credit in one window period at a salary rate of \$50,000. The cost of upgrading those ten years of service credit is \$5,000 (1% x \$50,000 x 10 yrs). The member subsequently adds five years of additional optional service in a second window period at a rate of \$60,000. The cost of upgrading those additional five years of service credit is \$3,000 (1% x \$60,000 x 5 yrs). Total upgrade cost is \$8,000 (\$5,000 + \$3,000). The member has earned three full years of service credit after June 30, 1998, thereby entitling the member to one year of contribution reduction under the "3 for 1 forgiveness" provision. The contribution reduction will be calculated under the formula as follows:

$$1 / 15 \times \$8,000 = \$533.33$$

Section 1650.1010 Petitions

- a) All petitions shall be in the form adopted by the System. Petition forms may be obtained from the System, upon request of any individual or entity.
- b) A valid petition nominating a candidate for a vacant teacher position or a vacant annuitant position on the System's Board of Trustees shall meet the following requirements:
 - 1) The petition must bear the requisite number of original signatures of individuals eligible to nominate the candidate pursuant to subsection (a) or (b) of Section 1650.1000. A valid petition may consist of multiple pages and may contain blank signature lines; however, all valid signatures thereon must be original signatures;
 - 2) Each signature of an eligible voter must be accompanied by the signing person's name (printed), ~~social security number~~, street address, city, and state, and may, at the signing person's option, be accompanied by the signing person's area code and telephone number to assist the Board's secretary in verifying voter eligibility;
 - 3) The petition shall bear the notarized signature of the individual who circulated the petition for signatures, verifying that the signatures contained thereon were signed in that individual's presence, are genuine, and that to the best of the circulating individual's knowledge, the persons who signed the petition were eligible to do so as provided in subsection (a) or (b) of Section 1650.1000;
 - 4) Petitions shall be filed with the Board's secretary not less than 90 nor more than 120 days prior to the election day;
 - 5) Petitions filed less than 90 days prior to the election day are invalid and will be returned to the party submitting such petition for filing; and
 - 6) Petitions filed more than 120 days prior to the election day will not be accepted and will be returned to the party submitting such petition for filing. Nothing in this subsection precludes the timely re-filing of petitions filed more than 120 days prior to the election day.
- c) The Board's secretary shall determine the validity of all petitions not less than 75 days prior to the election day.
- d) Any individual may, upon reasonable notice to the System, examine the petitions which have been filed with the System with respect to the election to take place that year; provided, however, that in order to protect the signing teachers' and annuitants' rights to privacy and confidentiality as to their names, addresses, and social security numbers, such examination shall only take place subject to the following limitations:
 - 1) Petitions may only be examined at the System's offices after the validity of the petitions has been verified by the Board's secretary as provided above in subsection (c) of this Section;
 - 2) Petitions may not be removed from the System's offices, copied, or duplicated by any means; and

- 3) Petitions, including any information thereon, shall not be subject to production or disclosure under the provisions of the Illinois Freedom of Information Act (FOIA) [5 ILCS 140].

(Source: Amended at ___ 24 Ill. Reg. _____ 2440, effective _____ January 27, 2000)

I:\LEGAL\RULES\Drafts\Section 1650.416 Optional Increase jan 04 draft.doc

Section 1650.416 Optional Increase in Retirement Annuity – 1% Contribution Reduction

- a) If the member has more than one five-year contribution window period for 2.2 upgrade cost, utilizing more than one salary rate in determining a member's optional increase in retirement annuity calculation, the System will determine the total 1% contribution reduction in 40 ILCS 5/16-129.1(b) pursuant to the following formula: the number of 1% reduction years divided by the number of years of upgraded service multiplied by the member's total upgrade cost.
- b) As used in this Rule, the phrase "number of 1% reduction years" means the number of times that the member has achieved three full years of service credit earned after June 30, 1998.

AGENDA
Investment Committee Meeting
Illinois Teachers' Retirement System
Springfield, Illinois – February 19-20, 2004

1. **ROLL CALL**
2. **PUBLIC COMMENTS**
3. **APPROVAL OF MINUTES** (12/11/03) Resolution Page 1
..... Documentation Pages 6-11
4. **OLD BUSINESS**
 - Investment Manager Chart..... Documentation Pages 12-13
Stan Rupnik
 - Small Cap Growth-Transition Update Documentation Pages 14-16
 - Search Update Due Diligence Report
Stan Rupnik
5. **PRESENTATIONS**
 - Investment Performance (12/31/03)..... *Callan Associates*
 - **Watch List Review Due Diligence Report
Stan Rupnik; Callan Associates
 - **Absolute Return Strategy..... Due Diligence Report
Callan Associates
 - ** Investment Opportunities Documentation Pages 17-20
Jon Bauman
 - POB Rebalance Report Documentation Pages 21-22
Stan Rupnik
 - Quarterly Reports Documentation Pages 23-41
Stan Rupnik
 - Real Estate Allocations Due Diligence Report
Jon Bauman; Mike Bartletti
 - **Brandes IMA Revision Documentation Pages 42-46
Stan Rupnik
6. **NEW BUSINESS**
 - ** Fixed Income Manager Search Due Diligence Report
..... Enclosures (3)
Callan Associates; Stan Rupnik



Retirement Security for Illinois Educators

Private Equity Comprehensive Reviews Due Diligence Report
Scott Parrish

** Private Equity Due Diligence Report
..... Enclosures

- Carlyle Strategic Partners
- Merit Capital Partners

** Adoption of position by the Investment Committee is requested.



Retirement Security for Illinois Educators

February 9, 2004

Submitted for your review prior to the Investment Committee meeting of the Illinois Teachers' Retirement System is information regarding investment matters.

The Investment Committee meeting is scheduled to begin upon conclusion of the Audit Committee meeting on Thursday, February 19, 2004 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street.

Roll Call: James Bruner, Chair
 Jan Cleveland
 Cinda Klickna
 Sharon Leggett
 Stuart Levine
 Cynthia O'Neill
 Molly Phalen
 Phillip Schmidt, Vice President
 Dr. Robert Schiller, President

PUBLIC COMMENTS

APPROVAL OF MINUTES

A draft of the minutes of the December 11, 2003 Investment Committee meeting is inserted on **Pages 6-11**. The following resolution is submitted for your consideration.

**Resolved: To approve the minutes of the December 11, 2003
Investment Committee meeting, as presented.**

OLD BUSINESS

Investment Manager Chart

An updated "organizational chart" of TRS's investment managers as of December 31, 2003 is provided on **Pages 12-13**. Allocations are shown for the main TRS trust fund, POB account and on a total TRS basis. Additionally, the System's minority managers are highlighted.

Small Cap Growth Transition Update

Stan Rupnik, Director of Investments, will comment on the status of the small cap growth transition portfolio. Documentation is included on **Pages 14-16**.

STAFF/CONSULTANT PRESENTATIONSInvestment Performance – December 31, 2003

Gordon Dickinson of Callan and Associates is scheduled to present a final report on investment performance for the quarter ended December 31, 2003. The Callan performance report will be provided at the meeting. **No action is requested at this time.**

****Watch List Review**

Gordon Dickinson and Stan Rupnik will provide an update and recommendation on each of the investment managers currently on the Watch List. A review of each of the managers on the Watch List, including Staff recommendation, is included under separate cover in the due diligence report. **Staff recommends approval of the Watch List, as presented.**

****Absolute Return Strategy**

Gordon Dickinson will present the results of a simulated hedge fund-of-funds manager search as requested by the Board. The results focus on the type of hedge manager would likely be presented to the Board in a search, with an emphasis on each manager's investment organization, long-term track record and risk metrics. Documentation is included under separate cover in the due diligence report. **Staff and Callan recommend an initial allocation of 1% of the main TRS account to an absolute return strategy. Investment in the asset class will be made through the hiring of 2-4 hedge fund-of-funds managers identified in a comprehensive manager search. Source of funds shall be the domestic equity large cap passive index fund.**

**Broadening Investment Opportunities

Director Bauman will present a proposed action plan and revisions to the System's Investment Policy in furtherance of broadening the access of minority and women-owned financial services firms to the TRS Investment Program. Documentation prepared by Staff is inserted on **Pages 17-20**. **Staff recommends that the Board approve revisions to the TRS Investment Policy reflecting minority and female participation in the TRS investment program.**

POB Rebalance Report

Stan Rupnik will report on the recent rebalancing activity in the POB account. Documentation prepared by Staff is included on **Pages 21-22**. **No action is requested at this time.**

Search Update – Small Cap Growth

Stan Rupnik will present an update on the System's small cap growth equity search. Documentation is included in the due diligence report. **No action is requested at this time.**

Quarterly Reports

Stan Rupnik will present the funds recovered year-to-date by TRS from securities fraud litigation matters, securities litigation claims still pending, and securities held by TRS as of December 31, 2003 that are in bankruptcy or default status. Documentation prepared by Staff is inserted on **Pages 23-41**. **No action is requested at this time.**

Real Estate Allocations

Jon Bauman, Staff, and Callan met with existing separate account managers regarding their capacity to invest funds. Mike Bartletti, Director of Real Estate, and Jon Bauman will discuss the content of the meetings and make recommendations. Documentation is included in the due diligence report.

****Brandes IMA Revision**

Stan Rupnik will present a revision to the Brandes IMA to reflect a change in the allowable investments. Documentation for the revision is included on **Pages 42-46. Staff recommends the Board accept the IMA revision, as presented.**

NEW BUSINESS****Fixed Income Manager Search**

Staff and Callan have selected two fixed income core managers as finalists to be interviewed by the Committee to fill MDL Capital's fixed income mandate. A 20-minute presentation will be followed by a ten-minute question and answer period. Gordon Dickinson and Stan Rupnik will provide a brief introduction and overview of the search process that was conducted. Information is included in the due diligence report. Summary information prepared by Callan is enclosed under separate cover along with the presentation booklets prepared by the managers. Information concerning final negotiated fees will be distributed at the meeting. The two presenting firms and their attendees are listed below.

LM Capital

- Luis Maizel, Senior Managing Director
- John Chalker, Managing Director
- Richard Deary, Senior Vice President of Marketing & Client Service

Taplin, Canida & Habacht

- Tere Alvarez Canida, President and Managing Principal
- Alan Habacht, Principal

Private Equity Comprehensive Reviews

Scott Parrish, Investment Officer, will present reviews of selected private equity partnerships for the Committee's review. This series covers buyouts. Documentation is included in the due diligence report. **No action is requested at this time.**

****Private Equity Investment Opportunity – Carlyle Strategic Partners, L.P.**

David Rubenstein, Pete Clare, Alex Greene, and Ray Whiteman of The Carlyle Group will make a presentation regarding their new private equity fund, Carlyle Strategic Partners, L.P. Their presentation booklet is enclosed under separate cover. A 20-minute presentation will be followed by a ten-minute question and answer period. **Staff recommends that the Board invest \$25 million in Carlyle Strategic Partners, L.P., subject to satisfactory completion of contract and fee negotiations. Source of funds shall be TRS Cash Flow account. Staff also recommends that the Board invest an additional \$15 million in the Carlyle Strategic Partners, L.P., for the POB account. Source of funds will be the POB passive index funds.**

****Private Equity Investment Opportunity – Merit Mezzanine Fund IV, L.P.**

Marc Walfish, Terry Shipp, and Tim MacKenzie of Merit Capital Partners will make a presentation regarding their new private equity fund, Merit Mezzanine Fund IV, L.P. Their presentation booklet is enclosed under separate cover. A 20-minute presentation will be followed by a ten-minute question and answer period. **Staff recommends that the Board invest \$50 million in Merit Mezzanine Fund IV, L.P., subject to satisfactory completion of contract and fee negotiations. Source of funds shall be TRS Cash Flow account. Staff also recommends that the Board invest an additional \$10 million in Merit Mezzanine Fund IV, L.P., for the POB account. Source of funds will be the POB passive index funds.**

ADJOURNMENT



Teachers' Retirement System of the State of Illinois

MINUTES Meeting of the Investment Committee December 11, 2003

A meeting of the Investment Committee of the Illinois Teachers' Retirement System was held on December 11, 2003 at the Holiday Inn Chicago City Centre, 300 East Ohio Street, Chicago, Illinois. James Bruner, Chair, called the meeting to order at 8:55 a.m. A quorum was present.

Present: **Board Members:**

James Bruner, Chair
Jan Cleveland
Cinda Klickna
Sharon Leggett
Stuart Levine
Cynthia O'Neill
Molly Phalen
Phillip Schmidt (departs 12:00 p.m.)
Dr. Robert Schiller, President

TRS Staff:

Jon Bauman, Executive Director
Stan Rupnik, Director of Investments
Ruby Reynolds Taylor, Chief Operating Officer
Tom Gray, General Counsel
John Day, Communications Advisor
Stacy Smith, Internal Audit Manager
Nick Yelverton, Government Affairs Officer
Tammy Green, Admin. Coordinator – Executive

Outside Counsel:

Steve Loren, Gardner, Carton & Douglas

Fiduciary Counsel:

Bill Cavanagh, Cavanagh & O'Hara

Visitors:

Bob Lyons, IRTA Rep.

Mica Owens, CMG

Anne Spiecher, CMG

Rich Frankenfeld, IEA

Mildred Burt, IRTA Rep.

Marti Swanson, IRTA Rep.

Darren Massey, Merrill Lynch Inv.

Christine Williamson, Pensions & Investments

Darwin Heide, IRTA Rep.

Tom White, IRTA Rep.

Jack Tucker, IEA-R

Kathy Stevenson, Northern Trust

Steffanie Luther, Loop Capital

Kourtney Ratliff, Loop Capital

APPROVAL OF MINUTES

A draft of the minutes from the October 30-31, 2003 Investment Committee meeting was sent to the trustees for prior review. On a motion by Jan Cleveland, seconded by Stuart Levine, and by unanimous voice vote, the minutes were approved as printed.

OLD BUSINESS

Investment Manager Chart

Stan Rupnik, Director of Investments, provided an updated chart of TRS's investment managers as of September 30, 2003. Documentation is on file.

Cash Update

Stan Rupnik commented on recent cash withdrawals from the passive index funds managed by State Street Global Advisors. The withdrawals were completed at no cost to TRS.

VantagePoint

Scott Parrish, Investment Officer, presented a review of the VantagePoint private equity partnership as requested by the Board at the October meeting.

Private Equity Terms

Steve Loren of Gardner, Carton, & Douglas provided an overview of terms that TRS negotiates in the side letters it enters into with private equity partnerships. Documentation is on file.

RECESS

The meeting recessed at 9:32 a.m. and reconvened at 9:45 a.m.

PRESENTATIONS

Investment Performance Review – September 30, 2003

Gordon Dickinson of Callan Associates presented an overview of the investment performance for the quarter ending September 30, 2003. Documentation is on file. TRS ranks at the 58th percentile of large public funds tracked by Callan. Total assets: \$27.9 billion. The total fund return:

Quarter ending 9/30/03 2.9%
Fiscal Year To Date 2.9%
1 yr. 17.1%
3 yr. 0.5%
5 yr. 5.5%
(All returns gross of fees)

Watch List Review

Stan Rupnik, Director of Investments, provided an update of the investment managers currently on the watch list and provided revisions to the Investment Policy relating to Investment Manager Retention (Watch List). A review and a summary of the managers on the watch list are on file in the due diligence book. INVESCO and MFS Institutional Advisors were added to the watch list for organizational reasons due to pending SEC civil enforcement actions. A motion was made by Cinda Klickna, seconded by Stuart Levine, that the committee recommend to the Board to approve the revisions to the Investment Policy as presented. The motion passed by unanimous voice vote.

A motion was made by Cinda Klickna, seconded by Molly Phalen, that the committee recommend to the Board to accept the watch list as revised. The motion passed by unanimous voice vote.

Mutual Fund Industry Update

Gordon Dickinson provided an update of mutual fund industry investigations and distributed a timeline. Documentation is on file.

Absolute Return Strategy

A lengthy discussion was held regarding a potential allocation to a new absolute return asset class. Documentation is on file. Several trustees expressed their opinions regarding hedge fund investing. Further education will be provided on this topic.

Transition Reports

Scottie Bevill, Investment Officer, reported on the transitions of Dodge & Cox, MDL, and Neuberger Berman. Documentation is on file.

Investment Manager Search Updates

Stan Rupnik provided updates on the core fixed income search and small cap growth equity search. Finalists will be presented at the February meeting. Documentation is on file in the due diligence book.

POB Real Estate Structure

Director Bauman presented a proposal for future real estate investment in the POB account. The long-term plan is to invest a 14% allocation to real estate identical to the TRS Trust Fund. Documentation is on file in the due diligence book. Staff will conduct meetings in January with all existing separate account managers to discuss their ability to invest potential POB proceeds. Mike Bartletti, Director of Real Estate, provided an update on Walton Street's investments and recommended an additional commitment to Walton Street Real Estate Fund IV. A motion was made by Stuart Levine, seconded by Phillip Schmidt, that the committee recommend to the Board to allocate an additional \$25 million to the Walton Street Real Estate Fund IV.

The source of funds will be the pension obligation bond (POB) passive accounts. The motion passed by unanimous voice vote.

Proxy Voting Report

Scottie Bevill, Investment Officer, provided a summary of proxy voting for the year ended June 30, 2003. Documentation is on file in the due diligence book.

PIMCO Fixed Income Fee Revision

Scottie Bevill reported that Staff and PIMCO agreed to a new fee structure for the PIMCO fixed income core plus account to reflect a change in the performance fee calculation. This structure is now consistent with other managers who are paid performance-based fees. Documentation is on file. A motion was made by Molly Phalen, seconded by Cinda Klickna, that the committee recommend to the Board to approve the new fee structure as presented to take effect 1/1/04. The motion passed by unanimous voice vote.

NEW BUSINESS

Private Equity Comprehensive Reviews

Scott Parrish, Investment Officer, provided comprehensive reviews of Apollo, Banc Funds, Carlyle, Frontenac, HealthPoint Partners, Lightspeed Venture Partners, Penman, Sandler Capital, TCW/Latin America, and Warburg Pincus. This series covers Venture Capital and Special Situations. Documentation is on file in the due diligence book.

RECESS

The meeting recessed at 11:52 a.m. and reconvened at 1:00 p.m.

MatlinPatterson

Representatives from MatlinPatterson presented an investment opportunity in its new private equity fund, MatlinPatterson Global Opportunities Fund II, L.P. Their presentation booklet is on file. Documentation is included in the due diligence book. A motion was made by Stuart Levine, seconded by Jan

Cleveland, that the committee recommend to the Board to allocate \$65 million to the MatlinPatterson Global Opportunities Fund II, Limited Partnership. The source of funds will be cash flow (\$50 million) and the POB passive accounts (\$15 million). The motion passed by a unanimous voice vote.

Hopewell Ventures, Limited Partnership

Representatives from Woodland Venture Management, L.L.C. presented an investment opportunity in its new private equity fund, Hopewell Ventures, L.P. Their presentation booklet is on file. Documentation is included in the due diligence book. A motion was made by Molly Phalen, seconded by Stuart Levine, that the committee recommend to the Board to allocate up to \$10 million to Hopewell Ventures, Limited Partnership. The source of funds will be cash flow. The motion passed by a unanimous voice vote.

Interim Targets

Stan Rupnik reported that due to the increase of funding to private equity and real estate managers, interim targets for the TRS investment portfolio need adjusted. Documentation is on file. A motion was made by Cynthia O'Neill, seconded by Stuart Levine, that the committee recommend to the Board to accept the asset allocation interim targets as presented effective 1/1/04. The motion passed by a unanimous voice vote.

ADJOURNMENT

There being no further business to come before the Investment Committee, a motion was made by Stuart Levine, seconded by Cynthia O'Neill, to adjourn the meeting at 2:20 p.m.

Jon Bauman, Executive Director

Approved _____
(date)

Teachers' Retirement System of the State of Illinois
Current Public Market Manager Roster, Target Allocation and Current Values (December 31, 2003)
Total TRS (including POB Account)

	Main	POB	TOTAL
	\$Mil	\$Mil	\$Mil
	% Class	% Class	% Class
S&P 500 Index SSgA/NTGI (40.0%)	4,683.9 39.0%	1,024.8 40.6%	5,708.7 39.3%
Enhanced Passive Core PIMCO (10.0%)	1,133.1 9.4%	248.0 9.8%	1,381.0 9.5%
Active Large Cap Value Dodge & Cox (9.0%)	1,131.9 9.4%	230.2 9.1%	1,362.1 9.4%
Active Large Cap Value Bear Stearns (4.5%)	552.2 4.6%	114.0 4.5%	666.2 4.6%
Active Large Cap Value Boston Partners (4.5%)	521.3 4.3%	114.9 4.6%	636.3 4.4%
Active Large Cap Value EARNEST (1.0%)	123.3 1.0%	24.8 1.0%	148.0 1.0%
Active Large Cap Value Advisory Research (0.5%)	59.4 0.5%	12.6 0.5%	72.0 0.5%
Active Large Cap Value Great Lakes (0.5%) - <i>Watch List</i>	60.1 0.5%	- 0.0%	60.1 0.4%
Active Large Cap Growth MFS (4.8%) - <i>Watch List</i>	551.5 4.6%	112.9 4.5%	664.4 4.6%
Active Large Cap Growth Geewax Terker (4.2%)	490.1 4.1%	100.0 4.0%	590.1 4.1%
Active Large Cap Growth Holland (1.0%)	120.0 1.0%	24.4 1.0%	144.4 1.0%
Passive Small / Mid Core SSgA/NTGI (2.0%)	341.6 2.8%	209.0 8.3%	550.6 3.8%
Active Small / Mid Value LSV (3.3%)	422.7 3.5%	86.1 3.4%	508.8 3.5%
Active Small / Mid Value NorthPointe (3.3%) - <i>Watch List</i>	393.4 3.3%	- 0.0%	393.4 2.7%
Active Small / Mid Growth Delaware (3.3%)	415.7 3.5%	81.0 3.2%	496.7 3.4%
Active Small / Mid Growth Mazama (1.7%)	261.8 2.2%	41.9 1.7%	303.7 2.1%
Active Small / Mid Growth J.W. Seligman (1.7%)	202.1 1.7%	41.2 1.6%	243.3 1.7%
Active Small Cap Value Ariel (2.4%)	294.9 2.5%	58.8 2.3%	353.7 2.4%
Active Small Cap Growth Transition Portfolio - <i>OPEN SEARCH</i>	255.7 2.1%	- 0.0%	255.7 1.8%

	Main	POB	TOTAL
	\$Mil	\$Mil	\$Mil
	% Class	% Class	% Class
EAFE Index SSgA/NTGI (2.0%)	75.1 1.8%	215.5 21.6%	290.6 5.7%
Active Core-Benchmark Aware Capital Guardian (15.0%)	593.4 14.6%	- 0.0%	593.4 11.7%
Active Core-Benchmark Aware INVESCO (15.0%) - <i>Watch List</i>	561.0 13.8%	144.4 14.5%	705.3 13.9%
Active Core-Benchmark Aware Fidelity (15.0%)	575.9 14.2%	146.1 14.6%	722.0 14.2%
Active Core-Return Focused Brandes (15.0%)	661.0 16.2%	116.7 11.7%	777.8 15.4%
Active Core-Return Focused Delaware (15.0%)	608.4 15.0%	148.4 14.9%	756.8 14.9%
Active Core-Return Focused Artisan (7.5%) - <i>Watch List</i>	297.9 7.3%	71.6 7.2%	369.5 7.3%
Active Core-Return Focused Harris (7.5%)	310.4 7.6%	72.4 7.3%	382.8 7.6%
Emerging Markets GMO (8.0%)	385.9 9.5%	82.6 8.3%	468.5 9.2%

	Main	POB	TOTAL
	\$Mil	\$Mil	\$Mil
	% Class	% Class	% Class
Lehman Aggregate Index SSgA/NTGI (15.0%)	916.4 15.6%	243.1 18.5%	1,159.4 16.1%
Active Core Plus PIMCO (20.0%)	1,218.3 20.7%	259.4 19.8%	1,477.8 20.5%
Active Core Plus BlackRock (20.0%)	1,209.3 20.5%	258.4 19.7%	1,467.7 20.4%
Active Core Plus UBS Global Asset Mgmt. (10.0%)	591.2 10.0%	129.2 9.8%	720.4 10.0%
Active Core Payden & Rygel (10.0%)	600.7 10.2%	129.7 9.9%	730.4 10.1%
Active Core Dodge & Cox (10.0%)	587.2 10.0%	131.7 10.0%	718.9 10.0%
Active Core Weiss, Peck & Greer (10.0%)	603.3 10.2%	129.1 9.8%	732.4 10.2%
Active Core EARNEST (2.5%)	144.6 2.5%	31.8 2.4%	176.4 2.4%
Active Core <i>OPEN MANDATE</i> (2.5%)	- 0.0%	- 0.0%	- 0.0%

	Main	POB	TOTAL
	\$Mil	\$Mil	\$Mil
The Northern Trust Co.	258.6	0.6	259.2

TRS's minority investment managers highlighted

Teachers' Retirement System of the State of Illinois
Current Private Markets Manager Roster and Current Values (December 31, 2003)
Total TRS (Including POB Account)

	Main	POB	TOTAL
	\$Mil	\$Mil	\$Mil

Core 60.0%

Capri/Capital	744.3	-	744.3
Capri/Capital Apartment Fund III	72.9	-	72.9
Commonwealth Realty Advisors	605.9	-	605.9
Lincoln Property Company	108.7	-	108.7
Koll Bren Schrieber	66.9	-	66.9
Bear / Capital	0.4	-	0.4

Specialty 30.0%

Capri/Capital	60.8	-	60.8
Carlyle Europe Real Estate Partners	27.5	-	27.5
Stone Levy	296.1	-	296.1
DLJ	18.0	-	18.0
RREEF	29.6	-	29.6
JMB	0.0	-	0.0
Lincoln Property Company	75.5	-	75.5
Koll Bren Schrieber	114.6	-	114.6
The John Buck Co.	60.7	-	60.7
Walton Street Partners	5.9	1.4	7.3

Agricultural 10.0%

Cozad Farmland	322.5	-	322.5
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	Main	POB	TOTAL
	\$Mil	\$Mil	\$Mil

Buyout 35.0%

Castle Harlan	4.2	-	4.2
DLJ I	7.3	-	7.3
DLJ II	47.5	-	47.5
DLJ III	94.3	-	94.3
Evercore	12.0	-	12.0
GTCR Fund VII	43.0	-	43.0
GTCR Fund VIII	1.7	-	1.7
Glencoe Capital Partners III	-	-	-
Glencoe Institutional Partners III	-	-	-
KKR	57.4	-	57.4
Mesirow Capital Partners	5.6	-	5.6
Thayer	-	-	-
TPG Partners IV	1.5	0.9	2.4
Trivest	20.6	-	20.6
V S & A Comm	15.1	-	15.1
W P & G Corp Dev.	14.7	-	14.7

Special Situations 15.0%

Apollo Fund V	80.5	-	80.5
Banc Funds	24.2	-	24.2
Carlyle/Riverstone	19.5	-	19.5
HealthPoint Partners	-	-	-
TCW/Latin America	3.7	-	3.7
Warburg Pincus	24.3	-	24.3

	Main	POB	TOTAL
	\$Mil	\$Mil	\$Mil

Venture Capital 35.0%**Early-Stage**

Apex III	3.9	-	3.9
Apex V	5.6	-	5.6
Evergreen Partners	2.7	-	2.7
Hopewell Ventures	-	-	-
Periscope	0.6	-	0.6
VantagePoint	14.7	-	14.7

Multi-Stage

Carlyle Group	46.3	-	46.3
W P & G I	0.4	-	0.4
W P & G II	15.6	-	15.6
W P & G III	43.2	-	43.2

Late-Stage

Edgewater IV	4.5	-	4.5
Frontenac VI	0.4	-	0.4
Penman	3.3	-	3.3
21st Century Comm. Ptrs.	6.3	-	6.3
SCP Priv. Eq.	13.6	-	13.6
SCP Priv. Eq. II	41.5	-	41.5

Subordinated Debt 10.0%

Smith Whiley	1.5	-	1.5
William Blair II	26.6	-	26.6
William Blair III	30.2	-	30.2

Distressed Debt 5.0%

MatlinPatterson	-	-	-
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TRS's minority investment managers highlighted



MEMORANDUM

14.

2815 West Washington • P.O. Box 19253 • Springfield, Illinois 62794-9253 • (217) 753-0311
4200 Commerce Court • Suite 100 • Lisle, Illinois 60532-3611 • (630) 505-0071

Date: February 2, 2004
To: TRS Board of Trustees
From: Stan Rupnik, Director of Investments
Subject: Frank Russell – Neuberger Berman Transition

Introduction

At the October 2003 Board meeting, the domestic equity small cap growth account managed by Neuberger Berman (\$255 million), benchmarked to the Russell 2000 Growth Index, was terminated and transitioned to an optimized Russell 2000 Growth portfolio until a replacement manager is hired.

Frank Russell (Russell) was selected to execute the transition, which consisted of trading from the terminated Neuberger Berman portfolio that consisted of 69 securities into an optimized Russell 2000 Growth portfolio containing approximately 650 names. In their pre-trade analysis, Russell indicated the transition would require roughly two weeks to execute in order to minimize market impact and expected the transition's transaction costs to be 52 basis points or approximately \$1.3 million. Russell began executing trades on November 13, 2003, and completed trading on November 25, 2003.

Transaction Costs

Transitions contain two types of costs – explicit costs, which are commissions, taxes and fees, and implicit costs, which include market impact and opportunity costs. It should be noted that implicit costs could be positive or negative as a result of market movements during the transition period. Implicit costs are not entirely in the control of the transition manager; however, it is the transition manager's responsibility to minimize the risks associated with a transition's implicit costs, including market exposure, asset allocation, selection bias and security settlement.

The transition's total transaction costs, including both explicit costs and implicit costs, are shown in the following table. Russell's total transaction costs for the transition were 42.3 basis points, nearly 10 basis points below Russell's pre-trade estimate of 51.8.

**Transaction Cost Table
June 2003**

Table 1

Explicit Costs	BP's	(\$)	Implicit Costs	BP's	(\$)
Commissions	15.9	\$404,916	Bid/Ask Spread	18.8	\$481,139
Taxes & Fees	0.4	\$9,511	Market Impact	8.1	\$206,203
Total Explicit Costs	16.3	\$414,427	Total Implicit Costs	26.9	\$687,342

Total transaction costs = 43.2 basis points

Performance

The investment staff and Russell both agree the most appropriate way to completely measure a transition event is to also compare the performance of the transition portfolio to the target portfolio; in this case, it's the Optimized Russell 2000 Growth Portfolio. The difference between the two portfolios' returns is termed "implementation shortfall." In performing this analysis, the most optimal transition outcome is assumed – that is, full investment in the desired portfolio immediately and at no cost. The return of this optimal portfolio is then compared to the actual transition portfolio return for the transition period. Table 2 below contains the portfolio returns of the transition portfolio, target portfolio, and the Russell 2000 Growth Index for the transition period of November 13 – November 25, 2003.

**Portfolio Performance Comparison
November 13 - 25, 2003**

Table 2

	Transition Period Return
Transition Portfolio (A)	-0.75%
Target Portfolio (Optimized Russell 2000G) (B)	0.10%
Russell 2000 Growth Index	0.15%
Total Implementation Shortfall (A-B)	-0.85%

The transition portfolio returned -0.75% for the transition period (November 13 – November 25, 2003) compared to the target portfolio's return of 0.10%. The difference in the two returns was -85 basis points, which represents the transition's total implementation shortfall. The total transaction costs in Table 1 totaled 43.2 basis points, which leave 42 basis points unaccounted for. The 42 basis points difference represents the opportunity costs. Table 3 below contains the total costs of the transition, which includes both the explicit and implicit costs.

Total Cost Table

Table 3

	Basis Points	(\$)
<u>Explicit Costs</u>		
Commissions	15.9	\$404,916
Taxes & Fees	0.4	\$9,511
Total Explicit Costs	16.3	\$414,427
<u>Implicit Costs</u>		
Bid Ask Spread	18.8	\$481,139
Market Impact	8.1	\$206,203
Opportunity Costs	43.0	\$1,096,500
Total Implicit Costs	69.9	\$1,783,842
Total Transition Costs	86.2	\$2,198,269

The total cost of the transition during the transition period amounted to 86 basis points or \$2,198,269.

Since trading ceased on November 25, 2003, TRS staff has been monitoring the optimized Russell 2000 Growth portfolio's performance relative to the Russell 2000 Growth Index. The optimized portfolio has performed remarkably well, outperforming the Russell 2000 Growth Index by 19 basis points and the terminated Neuberger Berman portfolio by 2.35%. During the post transition, beginning November 25, 2003, through the end of January, the optimized portfolio has gained 6.70% compared to the benchmark's return of 6.51% and Neuberger Berman's 4.35%.

Transition Summary

TRS investment staff was pleased with Russell's management and execution of the transition. In an effort to reinforce staff's due diligence, TRS staff asked Abel Noser to conduct an independent transition cost analysis. As a result of this analysis, the explicit costs charged by Russell and the total cost of the transition were found to be well below the median in *Abel Noser's Universe*. Measured from a cost point of view, a ranking below median implies outperformance and a more efficient transition relative to the universe.



Memorandum

Date: February 5, 2004
To: Board of Trustees
From: Jon Bauman
Executive Director
Acting CIO
Subject: Broadening Investment Opportunities

Over the past three years, TRS has moved from providing virtually no opportunities to qualified minority and women-owned investment managers and brokers to becoming a recognized leader among the state's public pension systems in MBE/WBE participation.

In recent months, the increasing focus on this topic has led to numerous legislative hearings, meetings, and the likelihood of legislation to address the overall lack of inclusiveness in public pension funds across the state.

During their recent hearings, the Senate Select Committee on Pension Investment made several recommendations:

- The committee recommends that the Board request that the money managers report the executing broker as well as the clearing broker's name when reporting to your custodial bank in order to accurately monitor their brokerage activity in reference to actively and passively managed assets.
- The committee recommends that the Board adopt a policy with measurable goals for minority and women owned brokerage firms consistent with other plans.
- The committee recommends that the Board adopt a policy with measurable goals for minority and women owned asset management firms.
- The committee recommends that the Board appoint a trustee to oversee the Fund's utilization of minority and women owned businesses as broker-dealers and money managers for the Fund. One of the trustee's responsibilities should be to interface with the Fund's consultant regarding the inclusion of minority and women owned businesses in money manager searches. Specifically, the consultant should submit to the trustee names of minority and women owned money management firms that have been added to the consultant's database. This should be done on a periodic basis and should indicate the minority and women owned businesses investment style. This process will aid in having minority and women owned businesses included in money management searches.



Attached to this document is a proposed revision to the TRS Investment Policy that would implement the "measurable goals" recommendation. As Illinois' largest fund and as a fund built on the earnings of a diverse workforce, I believe we have an obligation to take a leadership role in broadening opportunities for participation.

Therefore, I am offering the following recommendations for your consideration:

- Create a standing subcommittee of the Board to oversee MBE/WBE and emerging manager issues.
- Hold a hearing of that committee or the Investment Committee to allow local firms the opportunity to dialogue with members of the Board.
- Amend the Callan Associates contract to include specific performance requirements concerning minority/women owned investments management firm representation.
- Improvements to the TRS Brokerage Policy, including:
 - Strengthening the process by which we introduce MBE/WBE brokers to TRS asset managers in written correspondence.
 - Re-certifying all TRS brokers to ensure that only financially stable and qualified MBE/WBE enterprises are participating in our programs.
 - Adding a secure area to the TRS Web site where qualified brokers may access current information on TRS asset managers, transitions, search activity, and other important information.
- Sponsor an Opportunity Forum later this year to allow our brokers and asset managers the chance to meet in person and discuss opportunities to work together on TRS' behalf.

I believe we can make meaningful progress toward this worthy goal yet this calendar year by prompt implementation of these recommendations. Strategic initiatives, including an emerging managers program or programs, should actively be reviewed by the subcommittee upon its formation.

I will look forward to discussing these issues with all of you at the Board meeting.

Proposed New Section to TRS Investment Policy
SECTION XXII : IMPROVING ACCESS TO THE TRS INVESTMENT PROCESS

This policy on utilization of minority and female-owned investment managers and broker/dealers is intended to memorialize existing policy direction from this Board to the staff. As a consequence of this policy direction, staff has successfully increased utilization percentages and amounts expended on a consistent basis since Fiscal Year 2000.

To achieve continued utilization increases, this policy establishes progressive and measurable utilization guidelines that reflect our historic commitment and future vision.

The term "minority, female and disabled" (MFD) will be used for all firms as defined in the Illinois Business Enterprise for Minorities (Black/African American, Asian American, Hispanic, Native American or Alaskan Native), Females, and Persons with Disabilities Act. On an annual basis, the Board will assess the effectiveness of the procedures established by which these objectives are to be met, unless circumstances warrant more frequent review.

Allocations of the System's assets to MFD investment managers will be made in accordance with the fiduciary standards under which the Fund operates. Broker/dealer transactions completed with MFD firms on behalf of the System must be completed at rates fully competitive with the market.

MFD BROKER/DEALER UTILIZATION

Annually, each public markets investment manager retained by the System shall establish a MFD broker/dealer utilization objective that shall be consistent with the System's commitment to including all segments of the economic community. The objective shall be reported to the System in writing no later than July 31 of each year. At a minimum, the objective shall be:

FY05	10.0% equities, 7.5 % fixed income
FY06	12.5% equities, 8.5 % fixed income
FY07	15.0% equities, 10 % fixed income

On a quarterly basis, each manager shall report on the progress towards attaining the adopted objective. Each report shall include all transactions involving or impacting a MFD broker/dealer, whether by direct transaction, step-out, referred transactions, or any other means which provide economic benefit to a MFD broker/dealer. The reporting requirements shall become effective on July 1, 2004.

Investment staff shall monitor the progress towards objectives, initiate necessary contact with managers as required, and report their findings and conclusions to the Board semi-annually. Investment managers may be requested to appear before the Board, any trustee designated by the Board, or staff to discuss compliance with this policy.

**INVESTMENT POLICY REVISION
PAGE 2**

At the time of becoming a search finalist, upon initial retention, and periodically as appropriate, all public markets managers shall be provided written notice of the System's brokerage goals and expectations.

Brokerage firms wishing to participate in TRS' Brokerage program shall be required to submit sufficient evidence of financial capacity and performance capability to the Investment staff on a periodic basis in a form prescribed by the Chief Investment Officer.

MFD INVESTMENT MANAGER UTILIZATION

As a result of the System's commitment to the selection and retention of qualified MFD investment managers, assets managed by MFD firms has increased to 10% of the trust fund. Recognizing that additional increases are desirable and can be achieved as manager searches are conducted, the following objectives are established:

FY05	12.5% or \$ 3.5 billion
FY06	15.0% or \$ 4.0 billion
FY07	to be determined at 4/05 asset allocation review

Investment staff shall monitor the progress towards objectives and report to the Board semi-annually. In addition to a utilization analysis, staff shall report on significant steps taken to achieve the stated objectives.

TRANSITION MANAGEMENT

Prior to the award of a contract for transition management services, the Chief Investment Officer shall ascertain the transition manager's proposed utilization of MFD broker/dealer services and determine that the proposal is consistent with the System's utilization objectives. Each transition report to the Board shall include specific information on the level of MFD utilization attained.

TRUSTEE OVERSIGHT

The Board will maintain a standing committee to oversee the System's utilization of MFD brokers/dealers and investment managers. The chair shall be responsible for interfacing with the consultant regarding the inclusion of MFD firms in manager searches. The committee will report regularly, no less than annually, to the Board.



Memorandum

Date: February 2, 2004

To: Investment Committee

From: Stan Rupnik, Director of Investments

Subject: POB rebalance

Given the strength of the equity markets since POB funding in July, by year-end the POB account reached a rebalance threshold as defined by the TRS Investment Policy. Specifically, fixed income crossed below the lower allocation band due the asset class' relatively flat performance compared to the double-digit returns of the equity classes. At December 31, 2003, the POB asset allocation was as follows:

	<u>12/31/03</u>	<u>Target</u>	<u>+/-</u>	<u>limit</u>
Domestic Equity	52.2%	51%	+1.2%	+/- 7%
International Equity	20.6%	18%	+2.6%	+/- 3%
Fixed Income	27.1%	31%	-3.9%	+/- 2%
Real Estate	0.0%	0%	-	+/- 3%
Private Equity	0.1%	0%	+0.1%	+/- 2%
Short Term	0.0%	0%	-	+/- 1%

Following Chairman Bruner's approval on January 13, 2004, Staff worked through the end of January to rebalance the POB account. To bring fixed income within its allowable range, Northern Trust was directed to liquidate \$91 million from its international equity index fund. Staff instructed Northern Trust to take advantage of any and all available crossing opportunities to minimize costs to TRS. By January 31, 2004, Northern Trust was able to cross \$14.6 million at no cost to TRS. With no other significant near-term crossing opportunities available, Staff instructed the remaining \$76.4 million sold at the open market, which Northern Trust estimates will cost 5-8 basis points. All trading was completed by January 31, 2004, with final settlement of all trades and the subsequent investment within the fixed income asset class complete by February 4, 2004.



The following details the withdrawals from the Northern Trust EAFE Index Fund:

<u>Date</u>	<u>Amount</u>	<u>Action</u>
January 21, 2004	\$ 3,800,000	Crossed at no cost
January 28, 2004	10,800,000	Crossed at no cost
January 30-31, 2004	76,400,000	Traded at market (settles Feb 4)
	91,000,000	

The following details the funding amounts to fixed income managers. These amounts will rebalance all managers to their target weight within the asset class.

<u>Investment Manager</u>	<u>Amount</u>
NTGI Lehman Index Fund	\$ 2,421,149
BlackRock	22,300,794
PIMCO	21,297,488
Weiss, Peck & Greer	11,091,712
UBS	10,993,249
Payden & Rygel	10,595,463
Dodge & Cox	9,130,951
EARNEST	3,169,193
TOTAL--	91,000,000



Memorandum

Date: February 19, 2004
To: TRS Board of Trustees
From: Jon Bauman, Executive Director
& Acting Chief Investment Officer
Subject: Securities Litigation and Bankruptcy Update

As required per the Recovery of Investment Losses policy, attached are the following reports:

- **Funds (both cash and securities) recovered for the quarter by TRS from securities fraud litigation matters.** During the quarter-ending December 31, 2004, \$74,922.04 in cash was recovered. For the fiscal year-to-date ending December 31, 2003, TRS has recovered \$96,820.75 in cash. Detail for the quarter-ending December 31, 2003 are found on the following pages.
- **Securities litigation claims status.** Since the Northern tracking system went into effect in January 2000, there have been 272 claims filed on separate positions, with 50 actual paid settlements, 59 settlements where TRS is awaiting a possible distribution, 39 in which TRS was not eligible for a settlement, and 124 claims in pending status. Detail for these items are found on the following pages.
- **Securities held by TRS as of December 31, 2003, that are in bankruptcy or default status.** Detail for these items follows.

Please contact me if you have any questions.

Class Action Reporting

01 October 03 - 31 December 03

Class Action Proceeds Received Report**22-35150 ILTRS-CASH FLOW**

Entry Date	Asset Description	Transaction Description	Payment Amount	Shares/Par Received
11/12/2003	PINNACLE HOLDINGS	RECEIVED DISTRIBUTION ON SETTLEMENT FD CLASS PERIOD 6/29/99 THRU 8/14/01 PINNACLE HOLDINGS LITIGATION 2205356	203.60	0
11/28/2003	ADR BUENOS AIRES EMNOTELLADORA #119424208	RECEIVED DISTRIBUTION FOR CLASS PERIOD 11/16/95 THRU 8/8/96 ON NET CLASS SETTLEMENT FUND ILLINOIS TEACHERS RETIRE SYS	234.52	0
12/17/2003	CURATIVE HEALTH SERVICES INC	RECEIVED DISTRIBUTION ON SETTLEMENT FD CLASS PERIOD 5/14/96 THRU 4/2/99 CURATIVE HEALTH SVCS LITIGATION 2238030	7,575.26	0
10/27/2003	AURORA FOODS INC	RECEIVED DISTRIBUTION FROM THE UNCLAIMED BALANCE OF FUNDS REMAINING IN THE AURORA FOODS SECURITIES LITIGATION. SUPPLEMENT TO DISTRIBUTION RECEIVED ON OR ABOUT DECEMBER 20, 2001. ILLINOIS TEACHERS RET SYS	77.65	0
12/24/2003	AURORA FOODS INC	RECEIVED DISTRIBUTION FOR CLASS PERIOD 10/28/98 THRU 04/03/00 ON NET CLASS SETTLEMENT FUND:AURORA FOODS PRIOR AC460LAZARD ASSET MGMT ILL TEACHERS RETIRE SYS.	2,290.18	0
10/31/2003	BOEING CO	RECEIVED REMAINING DISTR. ON STLMT FD CLASS PERIOD 4/7/97 THRU 10/22/97 BOEING SECURITIES LITIGATION 2235155	2,636.85	0
11/18/2003	CA AMPLIFIER INC	RECEIVED DISTRIBUTION ON SETTLEMENT FD CLASS PERIOD 4/7/00 THRU 10/7/02 CAL AMP SECURITIES LITIGATION 2205356	422.78	0
10/03/2003	CDT-COM	RECEIVED FINAL DISTRIBUTION OF SETLMT FD CLASS PERIOD 4/2/97 THRU 10/22/97 WASTE MGMT SECURITIES LITIGATION 22-35281-ILTRS PARADIGM	144.00	0
10/06/2003	CDT-COM	RECEIVED FINAL DISTRIBUTION OF SETLMT FD CLASS PERIOD 4/2/97 THRU 10/22/97 WASTE MGMT SECURITIES LITIGATION 22-35275-ILTRS STURDIVANT	163.10	0

Class Action Reporting

01 October 03 - 31 December 03

Class Action Proceeds Received Report**22-35150 ILTRS-CASH FLOW (Continued)**

Entry Date	Asset Description	Transaction Description	Payment Amount	Shares/Par Received
11/18/2003	CDT-COM	RECEIVED DISTRIBUTION ON SETTLEMENT FD CLASS PERIOD 11/20/97 THRU 8/26/98 HARNISCHFEGER INDUSTRIES LITIGATION 2249633	19,550.42	0
12/08/2003	CDT-COM	RECEIVED DISTRIBUTION ON SETTLEMENT FD CLASS PERIOD 4/20/99 THRU 3/20/00 EW BLANCH SECURITIES LITIGATION 2235164	24,321.52	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET SYS MASTER #71720	17.22	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET SYS #71720	17.22	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET #71800	47.80	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET #071715	72.15	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET #70493	103.14	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET #07099	126.55	0

Class Action Reporting
 01 October 03 - 31 December 03

Class Action Proceeds Received Report

22-35150 ILTRS-CASH FLOW (Continued)

Entry Date	Asset Description	Transaction Description	Payment Amount	Shares/Par Received
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET #71896	144.57	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET #71718	237.43	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET #070715	345.43	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION PRIOR-ILLINOIS TEACHERS RET #071714	441.07	0
12/12/2003	CDT-COM	RECEIVED 2ND PAYOUT- UNCLAIMED STLMT FD CLASS PERIOD 3/28/89 THRU 10/22/91 WESTINGHOUSE SECURITIES LITIGATION 2235154	629.69	0
10/27/2003	CENDANT CORP	RECEIVED DISTRIBUTION FOR CLASS PERIOD 5/31/95 THRU 8/28/98 ON NET CLASS SETTLEMENT FUND CK RECEIVED FROM HARRIS BANK	24.68	0
10/27/2003	CENDANT CORP	RECEIVED DISTRIBUTION FOR CLASS PERIOD 5/31/95 THRU 8/28/98 ON NET CLASS SETTLEMENT FUND CK RECEIVED FROM HARRIS BANK	385.05	0
10/27/2003	CENDANT CORP	RECEIVED DISTRIBUTION FOR CLASS PERIOD 5/31/95 THRU 8/28/98 ON NET CLASS SETTLEMENT FUND CK RECEIVED FROM HARRIS BANK	842.86	0
10/03/2003	HOMEFED CORP COM PAR \$.01	RECEIVED DISTRIBUTION FROM THE UNCLAIMED BALANCE OF FUNDS REMAINING IN THE HOME- FED SECURITIES LITIGATION FUND. CLASS PERIOD 10/25/89 THRU 10/8/91. 03-70715-ILLINOIS TEACHERS RET MASTER	570.74	0

Class Action Reporting

01 October 03 - 31 December 03

Class Action Proceeds Received Report**22-35150 ILTRS-CASH FLOW (Continued)**

Entry Date	Asset Description	Transaction Description	Payment Amount	Shares/Par Received
10/22/2003	PHYCOR INC SUB DEB CONV 4.5 DUE REG BOND IN DEFAULT	RECEIVED DISTRIBUTION FOR SETLMT FD CLASS PERIOD 4/22/97 THRU 9/22/98 PHYCOR SECURITIES LITIGATION ZZILTRS-BANK OF AMERICA 2235286	1,468.42	0
10/17/2003	PROCTER & GAMBLE	RECEIVED DIST OF UNCLAIMED SETLMT FD CLASS PERIOD 1/25/00 THRU 6/7/00 PROCTER & GAMBLE LITIGATION 2235161	643.43	0
11/18/2003	RELIANCE ACCEP GROUP INC	RECEIVED DISTRIBUTION ON SETTLEMENT FD CLASS PERIOD 3/14/95 THRU 11/14/97 RELIANCE ACCEPTANCE LITIGATION 2235496	3,533.07	0
TOTAL FOR ILTRS CASH FLOW			67,270.40	0

22-03710 ILTRS-NEUBERGER BERMAN

Entry Date	Asset Description	Transaction Description	Payment Amount	Shares/Par Received
11/12/2003	PINNACLE HOLDINGS 10/9/02	RECEIVED DISTRIBUTION ON SETTLEMENT FD CLASS PERIOD 6/29/99 THRU 8/14/01 PINNACLE HOLDINGS LITIGATION	6,774.34	0
TOTAL FOR ILTRS-NEUBERGER BERMAN			6,774.34	0

22-03717 ILTRS-GEEWAX TERKER

Entry Date	Asset Description	Transaction Description	Payment Amount	Shares/Par Received
10/20/2003	GATEWAY INC COM	RECEIVED DISTRIBUTION FOR SETLMT FD CLASS 4/14/00 PERIOD 2/28/01 THRU GATEWAY SECURITIES LITIGATION	877.30	0
TOTAL FOR ILTRS-GEEWAX TERKER			877.30	0

GRAND TOTAL			\$74,922.04	0
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Class Action Security Litigation for Illinois Teachers

As of January 02, 2004

Class Action Litigation Defendant	Asset ID	Acct Filed	Account Name	Agent	Claim Shares	Payment		Acct Actvty Desc
						Date	Amount	
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-03051	ILTRS-TRANSITION-US EQUITY	12/31/2003	54,900		\$0.00	Acct Paid: 22-03051
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-03717	*ILTRS-GEEWAX TERKER -SL	12/31/2003	38,100		\$0.00	Acct Paid: 22-03717
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-04123	*ILTRS-GE ASSET MANAGEMENT -SL	12/31/2003	863		\$0.00	Acct Paid: 22-04123
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-05354	*ILTRS-PROGRESS BAY ISLE FI-SL	12/31/2003	15,770		\$0.00	Acct Paid: 22-05354
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-05355	*ILTRS-PROGRESS FAN ASSET M-SL	12/31/2003	3,100		\$0.00	Acct Paid: 22-05355
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-35161	Illinois Teachers	12/31/2003	30,500		\$0.00	Acct Paid: 22-35161
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-35163	Illinois Teachers	12/31/2003	109,500		\$0.00	Acct Paid: 22-35163
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-35286	Illinois Teachers	12/31/2003	31,200		\$0.00	Acct Paid: 22-35286
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-38024	Illinois Teachers	12/31/2003	54,100		\$0.00	Acct Paid: 22-38024
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-49631	Illinois Teachers	12/31/2003	150,300		\$0.00	Acct Paid: 22-49631
COMPUTER ASSOCIATION 1/20/98 - 2/25/02	2049121	22-49634	Illinois Teachers	12/31/2003	70,000		\$0.00	Acct Paid: 22-49634
3COM 4/23/97 - 2/3/98	8855351	22-35161	Illinois Teachers	03/02/2001	252,100			
3COM 4/23/97 - 2/3/98	8855351	22-35190	Illinois Teachers	03/02/2001	901,400			
3COM 4/23/97 - 2/3/98	8855351	22-35286	Illinois Teachers	03/02/2001	28,000			
3COM 4/23/97 - 2/3/98	8855351	22-38024	Illinois Teachers	03/02/2001	65,700			
3COM 4/23/97 - 2/3/98	8855351	22-38030	Illinois Teachers	03/02/2001	5,000			
ADAC LABS 01/10/96-08/18/99	0053132	22-35164	Illinois Teachers	10/24/2000	27,300	12/10/01	\$10,426.78	Acct Paid: 22-35164
ADAC LABS 01/10/96-08/18/99	0053132	22-35165	Illinois Teachers	10/24/2000	74,500	12/10/01	\$17,142.09	Acct Paid: 22-35165
ADR ALCATEL ALSTHOM S.A. 9/17/98 - 10/22/01	0139043	17-35547	ILT11	12/31/2001	58,100	NE	\$0.00	Acct Paid: 17-35547
ADVANCED FIBRE COMMUNICATION 3/25/97 - 6/30/98	00754A1	22-35190	Illinois Teachers	02/10/2003	131,600			
ADVANCED FIBRE COMMUNICATION 3/25/97 - 6/30/98	00754A1	22-38030	Illinois Teachers	02/10/2003	5,350			
ADVANCED HEALTH CORP.	00756H-	22-35271	Illinois Teachers	05/15/2000	11,100		\$0.00	Acct Paid: 22-35271

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Class Action Litigation Defendant	Asset ID	Acct Filed	Account Name	Agent	Claim Shares	Payment		Acct Actvty Desc
						Date	Amount	
AETNA INC 3/6/97 - 9/29/97	0081171	22-35281	Illinois Teachers	02/28/2001	4,400	7/3/02	\$7,829.24	Acct Paid: 22-35150
ALLAIRE CORPORATION 12/7/99 - 9/18/00	0167141	22-03710	*ILTRS-NEUBERGER BERMAN -SL	12/18/2003	56,200		\$0.00	Acct Paid: 22-03710
ALLAIRE CORPORATION 12/7/99 - 9/18/00	0167141	22-03717	*ILTRS-GEEWAX TERKER -SL	12/18/2003	4,320		\$0.00	Acct Paid: 22-03717
APRIA HEALTHCARE GROUP, INC 3/2/95 - 12/31/98	0379331	22-35164	Illinois Teachers	10/29/2002	239,000		\$0.00	Acct Paid: 22-35164
APRIA HEALTHCARE GROUP, INC 3/2/95 - 12/31/98	0379331	22-35302	Illinois Teachers	10/29/2002	15,000		\$0.00	Acct Paid: 22-35302
APRIA HEALTHCARE GROUP, INC 3/2/95 - 12/31/98	0379331	22-35304	Illinois Teachers	10/29/2002	64,500		\$0.00	Acct Paid: 22-35304
AREMISSOFT CORP 4/22/99 - 7/27/01	0400261	22-03717	*ILTRS-GEEWAX TERKER -SL	07/19/2002	4,700		\$0.00	Acct Paid: 22-03717
AREMISSOFT CORP 4/22/99 - 7/27/01	0400261	22-05356	*ILTRS-PROGRESS-FORALEZA -SL	07/19/2002	7,600		\$0.00	Acct Paid: 22-05356
ASCEND COMMUNICATIONS 11/5/96 - 9/30/97	0434911	22-35190	Illinois Teachers	10/06/2000	2,679,400	7/1/02	\$16,000.70	Acct Paid: 22-35150
ASCEND COMMUNICATIONS 11/5/96 - 9/30/97	0434911	22-38026	Illinois Teachers	10/06/2000	4,000	NE	\$0.00	Not Eligible
ASCEND COMMUNICATIONS 11/5/96 - 9/30/97	0434911	22-38030	Illinois Teachers	10/06/2000	2,500	2/28/02	\$51.96	Acct Paid: 22-35150
ASSISTED LIVING CONCEPTS 2/6/97-3/31/99	04543L1	22-35190	Illinois Teachers	01/31/2001	527,400		\$0.00	Acct Paid: 22-35190
ASSISTED LIVING CONCEPTS 2/6/97-3/31/99	04543L1	22-38030	Illinois Teachers	01/31/2001	13,150	7/3/02	\$2,431.06	Acct Paid: 22-35150
ASSISTED LIVING CONCEPTS 2/6/97-3/31/99	04543L1	22-43065	Illinois Teachers	01/31/2001	36,500	NE	\$0.00	Not Eligible
ASSISTED LIVING CONCEPTS INC. COM 3/27/97 - 1/29/99	04543L1	22-35190	Illinois Teachers	07/31/2002	527,400	NE	\$0.00	Acct Paid: 22-35190
ASSISTED LIVING CONCEPTS INC. COM 3/27/97 - 1/29/99	04543L1	22-38030	Illinois Teachers	07/31/2002	13,150	NE	\$0.00	Acct Paid: 22-38030
ASSISTED LIVING CONCEPTS INC. COM 3/27/97 - 1/29/99	04543L1	22-43065	Illinois Teachers	07/31/2002	36,500	NE	\$0.00	Acct Paid: 22-43065
AVIATION SALES COMPANY 4/30/97 - 4/14/00	0536721	22-35164	Illinois Teachers	09/09/2002	42,500	2/18/03	\$39,413.66	Acct Paid: 22-35150
AVIATION SALES COMPANY 4/30/97 - 4/14/00	0536721	22-35241	Illinois Teachers	09/09/2002	8,000	2/18/03	\$12.18	Acct Paid: 22-35150
AVIATION SALES COMPANY 4/30/97 - 4/14/00	0536721	22-38030	Illinois Teachers	09/09/2002	7,100	2/18/03	\$392.97	Acct Paid: 22-35150
BANK AMERICA CORP 06605F102 9/30/98 - 12/31/98	06605F1	22-35163	Illinois Teachers	11/22/2002	219,600			
BANK AMERICA CORP 06605F102 9/30/98 - 12/31/98	06605F1	22-38024	Illinois Teachers	11/22/2002	38,800			

Class Action Security Litigation for Illinois Teachers

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						Date	Amount	
BANK AMERICA CORP 06605F102 9/30/98 - 12/31/98	06605F1	22-49631	Illinois Teachers	11/22/2002	17,400			
BANK AMERICA CORP 06605F102 9/30/98 - 12/31/98	06605F1	22-49633	Illinois Teachers	11/22/2002	26,100			
BANK ONE 10/22/98 - 11/10/99	06423A1	22-35163	Illinois Teachers	08/06/2001	84,800		\$0.00	Acct Paid: 22-35163
BANK ONE 10/22/98 - 11/10/99	06423A1	22-35281	Illinois Teachers	08/06/2001	2,500	NE	\$0.00	INELIGIBLE
BANK ONE 10/22/98 - 11/10/99	06423A1	22-49634	Illinois Teachers	08/06/2001	18,600		\$0.00	Acct Paid: 22-49634
BANK ONE 10/22/98 - 11/10/99	06423A1	22-54485	Illinois Teachers	08/06/2001	68,400		\$0.00	Acct Paid: 22-54485
BERGEN BRUNSWIG CORP 3/16/99 - 10/14/99	0837391	22-49633	Illinois Teachers	08/13/2001	77,200	1/31/03	\$28,641.23	Acct Paid: 22-49633
BORON L E PORE & ASSOC. 5/5/98 - 2/4/99	10001P1	22-38030	Illinois Teachers	07/17/2002	5,150	6/19/03	\$1,956.25	Acct Paid: 22-35150
BOSTON CHICKEN, INC. 2/6/95 - 10/4/98	1005781	22-35190	Illinois Teachers	04/19/2002	10,600		\$0.00	Acct Paid: 22-35190
BOSTON CHICKEN, INC. 2/6/95 - 10/4/98	1005781	22-35286	Illinois Teachers	04/19/2002	28,400		\$0.00	Acct Paid: 22-35286
BOX HILL SYS	10316R1	22-35271	Illinois Teachers	02/07/2001	11,450	9/12/02	\$5,746.24	Acct Paid: 22-35150
BRIGHTPOINT, INC 1/29/99 - 1/31/02	1094731	22-35164	Illinois Teachers	08/29/2003	207,700		\$0.00	Acct Paid: 22-35164
CABLETRON SYS INC 6/27/00 - 8/3/01	1269201	22-03717	*ILTRS-GEEWAX TERKER -SL	02/17/2004	15,700			
CABLETRON SYS INC 6/27/00 - 8/3/01	1269201	22-05354	*ILTRS-PROGRESS BAY ISLE FI-SL	02/17/2004	72,890			
CALIFORNIA AMPLIFIER, INC 4/7/00 - 3/28/01	1299001	22-05356	*ILTRS-PROGRESS-FORALEZA -SL	10/07/2002	3,900	11/17/03	\$422.78	Acct Paid: 22-35150
CAMPBELL SOUP CO. 9/8/97 - 1/8/99	1344291	22-35163	Illinois Teachers	07/10/2003	47,900		\$0.00	Acct Paid: 22-35163
CAMPBELL SOUP CO. 9/8/97 - 1/8/99	1344291	22-35286	Illinois Teachers	07/10/2003	71,100		\$0.00	Acct Paid: 22-35286
CAMPBELL SOUP CO. 9/8/97 - 1/8/99	1344291	22-49634	Illinois Teachers	07/10/2003	11,400		\$0.00	Acct Paid: 22-49634
CAPROCK COMMUNICATIONS CORP 4/28/00 - 7/6/00	1406671	22-03717	*ILTRS-GEEWAX TERKER -SL	01/16/2004	500			
CAREMATRIX CORPORATION 4/28/98 - 10/7/99	1417061	22-38030	Illinois Teachers	07/18/2003	10,050			
CARIBINER INTERNATIONAL, INC 6/12/97 - 2/14/00	1418881	22-38030	Illinois Teachers	12/05/2001	4,000	6/4/03	\$810.71	Acct Paid: 22-35150
CARIBINER INTERNATIONAL, INC 6/12/97 - 2/14/00	1418881	22-43065	Illinois Teachers	12/05/2001	15,100	6/4/03	\$497.81	Acct Paid: 22-35150

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Class Action Litigation Defendant	Asset ID	Acct Filed	Account Name	Agent	Claim Shares	Payment		Acct Actvty Desc
						Date	Amount	
CARNIVAL CORP 7/28/98 - 2/28/00	1436581	22-35161	Illinois Teachers	02/06/2004	43,800			
CARNIVAL CORP 7/28/98 - 2/28/00	1436581	22-35163	Illinois Teachers	02/06/2004	76,000			
CARNIVAL CORP 7/28/98 - 2/28/00	1436581	22-35286	Illinois Teachers	02/06/2004	55,000			
CARNIVAL CORP 7/28/98 - 2/28/00	1436581	22-49634	Illinois Teachers	02/06/2004	47,900			
CENDANT 12654510 5/31/95 - 8/28/98	1265451	22-35162	ILTRS - RCM EQUITY	10/31/2000	57,000	NE	\$0.00	No loss
CENDANT 12654510 5/31/95 - 8/28/98	1265451	22-35163	Illinois Teachers	10/31/2000	994,000		\$0.00	See CUSIP 151313103
CENDANT 12654510 5/31/95 - 8/28/98	1265451	22-35190	Illinois Teachers	10/31/2000	751,750		\$0.00	See CUSIP 151313103
CENDANT 12654510 5/31/95 - 8/28/98	1265451	22-35286	Illinois Teachers	10/31/2000	96,700		\$0.00	See CUSIP 151313103
CENDANT 151313103 5/31/95 - 8/28/98	1513131	22-35163	Illinois Teachers	10/31/2000	400,000	4/7/03	\$1,887,392	Acct Paid: 22-35150
CENDANT 151313103 5/31/95 - 8/28/98	1513131	22-35190	Illinois Teachers	10/31/2000	1,792,985	4/7/03	\$1,096,693	Acct Paid: 22-35150
CENDANT 151313103 5/31/95 - 8/28/98	1513131	22-35286	Illinois Teachers	10/31/2000	82,600	4/21/03	\$589,189.7	Acct Paid:22-35150
CENDANT 151313103 5/31/95 - 8/28/98	1513131	22-49631	Illinois Teachers	10/31/2000	68,500	NE	\$0.00	INELIGIBLE
CERIDIAN 1/23/96 - 8/26/97	15677T1	22-35281	Illinois Teachers	06/26/2000	1,400	NE	\$0.00	Not Eligible
CERIDIAN 1/23/96 - 8/26/97	15677T1	22-35285	Illinois Teachers	06/26/2000	1,600	NE	\$0.00	Not Eligible
CERIDIAN 1/23/96 - 8/26/97	15677T1	22-35304	Illinois Teachers	06/26/2000	36,500	NE	\$0.00	Not Eligible
CERIDIAN 1/23/96 - 8/26/97	15677T1	22-38024	Illinois Teachers	06/26/2000	36,900	NE	\$0.00	Not Eligible
COLE NATIONAL CORPORATION 1/31/98 - 5/16/03	1932901	22-03051	ILTRS-TRANSITION-US EQUITY	10/28/2003	1,000		\$0.00	Acct Paid: 22-03051
COLE NATIONAL CORPORATION 1/31/98 - 5/16/03	1932901	22-35164	Illinois Teachers	10/28/2003	89,100		\$0.00	Acct Paid: 22-35164
COLUMBIA HCA HEALTHCARE 4/9/94 - 9/9/97	1976771	22-35161	Illinois Teachers	05/12/2004	135,900			
COLUMBIA HCA HEALTHCARE 4/9/94 - 9/9/97	1976771	22-35163	Illinois Teachers	05/12/2004	60,000			
COLUMBIA HCA HEALTHCARE 4/9/94 - 9/9/97	1976771	22-35285	Illinois Teachers	05/12/2004	42,800			
COLUMBIA HCA HEALTHCARE 4/9/94 - 9/9/97	1976771	22-35286	Illinois Teachers	05/12/2004	500			

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Class Action Litigation Defendant	Asset ID	Acct Filed	Account Name	Agent	Claim Shares	Payment		Acct Actvty Desc
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COLUMBIA HCA HEALTHCARE 4/9/94 - 9/9/97	1976771	22-38024	Illinois Teachers	05/12/2004	52,200			
COMPAQ COMPUTER CORP 7/10/97 TO 3/6/98	2044931	22-35161	Illinois Teachers	10/25/2002	820,600		\$0.00	Acct Paid: 22-35161
COMPAQ COMPUTER CORP 7/10/97 TO 3/6/98	2044931	22-35190	Illinois Teachers	10/25/2002	2,189,800		\$0.00	Acct Paid: 22-35190
COMPAQ COMPUTER CORP 7/10/97 TO 3/6/98	2044931	22-35281	Illinois Teachers	10/25/2002	4,600		\$0.00	Acct Paid: 22-35281
COMPAQ COMPUTER CORP 7/10/97 TO 3/6/98	2044931	22-35286	Illinois Teachers	10/25/2002	104,000		\$0.00	Acct Paid: 22-35286
COMPUSA, INC 12/31/97 - 4/29/98	2049321	22-35304	Illinois Teachers	12/19/2003	85,900		\$0.00	Acct Paid: 22-35304
COMPUSA, INC 12/31/97 - 4/29/98	2049321	22-38024	Illinois Teachers	12/19/2003	159,900		\$0.00	Acct Paid: 22-38024
CONSECO INC 8.5% 10/15/02 - 4/28/99 TO 4/14/00	208464A	17-38280	ILT32	11/30/2002	13,400,000	NE	\$0.00	All Sells
CONSECO INC 9% 10/15/06 - 4/28/99 TO 4/14/00	208464A	17-38280	ILT32	11/30/2002	3,000,000		\$0.00	Acct Paid: 17-38280
CONSECO INC 9% 10/15/06 - 4/28/99 TO 4/14/00	208464A	22-03747	*ILTRS-WEISS PECK & GREER -SL	11/30/2002	4,000,000		\$0.00	Acct Paid: 22-03747
CONSECO INC NOTES 8.75 DUE 2/09/04 208464AS6 4/28/99 - 4/14/00	208464A	22-03747	*ILTRS-WEISS PECK & GREER -SL	11/30/2002	5,000,000		\$0.00	Acct Paid: 22-03747
CREDIT ACCEPTANCE 8/14/95 - 10/22/97	2253101	22-35271	Illinois Teachers	11/23/2001	2,600	NE	\$0.00	No loss
CRITICAL PATH 9/26/00 - 2/1/01	22674V1	22-03713	*ILTRS-MSDW/MAS EQUITY -SL	05/30/2002	36,500	NE	\$0.00	No Loss
CRITICAL PATH 9/26/00 - 2/1/01	22674V1	22-03717	*ILTRS-GEEWAX TERKER -SL	05/30/2002	800	8/8/03	\$548.15	Acct Paid: 22-03717
CUMULUS MEDIA., INC 10/26/98 - 3/16/00	2310821	22-38030	Illinois Teachers	04/03/2002	7,000	NE	\$0.00	No Recognized Loss
CURATIVE HEALTH SERVICES, INC 5/14/96 - 4/2/99	2312641	22-38030	Illinois Teachers	11/04/2002	12,500	12/17/03	\$7,575.26	Acct Paid: 22-35150
DAIMLERCHRYSLER AG 11/13/98 - 11/17/00	D1668R1	17-01938	*TNT-LDN-ILT47-INVESCO GLOB-SL	03/31/2004	85,000			
DAIMLERCHRYSLER AG 11/13/98 - 11/17/00	D1668R1	22-35281	Illinois Teachers	03/31/2004	9,800			
DANKA BUSINESS SYSTEMS	2362771	22-38030	Illinois Teachers	06/08/2001	7,050	7/3/02	\$466.65	Acct Paid: 22-35150
DELTA FINANCIAL COMMON STOCK.CSV 10/31/96 - 8/19/99	2479181	22-35165	Illinois Teachers	05/16/2003	319,200		\$0.00	Acct Paid: 22-35165
DOLLAR GENERAL CORPORATION 3/5/97 - 1/14/02	2566691	22-03051	ILTRS-TRANSITION-US EQUITY	07/08/2002	24,700		\$0.00	Acct Paid: 22-03051

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DOLLAR GENERAL CORPORATION 3/5/97 - 1/14/02	2566691	22-03713	*ILTRS-MSDW/MAS EQUITY -SL	07/08/2002	49,200		\$0.00	Acct Paid: 22-03713
DOLLAR GENERAL CORPORATION 3/5/97 - 1/14/02	2566691	22-05358	*ILTRS-PROGRESS JORDAN ADV.-SL	07/08/2002	11,500		\$0.00	Acct Paid: 22-05358
DOLLAR GENERAL CORPORATION 3/5/97 - 1/14/02	2566691	22-35161	Illinois Teachers	07/08/2002	1,000	NE	\$0.00	Acct Paid: 22-35161
DOLLAR GENERAL CORPORATION 3/5/97 - 1/14/02	2566691	22-38030	Illinois Teachers	07/08/2002	13,800		\$0.00	Acct Paid: 22-38030
DPL INC 10/15/98 - 8/14/02	2332931	22-03051	ILTRS-TRANSITION-US EQUITY	03/01/2004	13,100			
DPL INC 10/15/98 - 8/14/02	2332931	22-03717	*ILTRS-GEEWAX TERKER -SL	03/01/2004	16,400			
DPL INC 10/15/98 - 8/14/02	2332931	22-35281	Illinois Teachers	03/01/2004	50,100			
DRKOOP.COM.INC 6/8/99 - 12/7/00	2620981	22-35190	Illinois Teachers	01/14/2002	25,200	NE	\$0.00	No Loss
E.,W. BLANCH HOLDINGS INC 4/20/99 - 3/20/00	0932101	22-35164	Illinois Teachers	06/30/2003	9,600	12/8/03	\$24,321.52	Acct Paid: 22-35150
ENGINEERING	2928721	22-43065	Illinois Teachers	06/01/2001	11,000		\$0.00	Acct Paid: 22-43065
ENTERASYS NETWORKS INC 8/6/01 - 2/1/02	2936371	22-03717	*ILTRS-GEEWAX TERKER -SL	02/17/2004	41,400			
ENVOY CORP 2/12/97 - 8/18/98	2939821	22-35271	Illinois Teachers	02/20/2004	13,600			
ESC MEDICAL SYSTEM, LTD 1/27/97 - 9/28/98	M408681	22-35271	Illinois Teachers	05/24/2002	600	NE	\$0.00	No Loss
ESC MEDICAL SYSTEM, LTD 1/27/97 - 9/28/98	M408681	22-38030	Illinois Teachers	05/24/2002	10,500		\$0.00	Acct Paid: 22-38030
FEDERAL MOGUL CORP 10/22/98 - 5/25/00	3135491	22-35282	Illinois Teachers	01/09/2004	58,400		\$0.00	Acct Paid: 22-35282
FINE HOST CORP. 6/19/96-12/12/97	3178321	22-35271	Illinois Teachers	11/27/2000	8,300	4/24/02	\$22,130.13	Acct Paid: 22-35150
FINE HOST CORP. 6/19/96-12/12/97	3178321	22-38030	Illinois Teachers	11/27/2000	7,350	4/24/02	\$13,306.73	Acct Paid: 22-35150
FINE HOST CORP. 6/19/96-12/12/97	3178321	22-43065	Illinois Teachers	11/27/2000	17,200	4/19/02	\$1,622.36	Acct Paid: 22-35150
FINOVA CORP 5.875% 10/15/01 - 1/14/99 TO 11/13/00	318074A	22-03748	*ILTRS-PIMCO STOCKS PLUS -SL	09/30/2002	1,100,000		\$0.00	Acct Paid: 22-03748
FINOVA CORP 6.75% 3/9/09 - 1/14/99 TO 11/13/00	318074A	17-48235	ILT40	09/30/2002	1,300,000		\$0.00	Acct Paid: 17-48235
FINOVA CORP 7.25% 11/18/04 - 1/14/99 TO 11/13/00	318074A	17-38280	ILT32	09/30/2002	5,000,000		\$0.00	Acct Paid: 17-38280
FINOVA CORP 7.25% 11/18/04 - 1/14/99 TO 11/13/00	318074A	17-43993	ILT33	09/30/2002	1,380,000		\$0.00	Acct Paid: 17-43993

Class Action Security Litigation for Illinois Teachers

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Class Action Litigation Defendant	Asset ID	Acct Filed	Account Name	Agent	Claim Shares	Payment		Acct Actvty Desc
						Date	Amount	
FIRST MERCHANTS ACCEP	3208161	22-35271	Illinois Teachers	05/12/2000	400	5/11/01	\$11,464.28	Acct Paid: 22-35150
FORE SYSTEMS, INC 7/19/96 - 4/1/97	3454491	22-35190	Illinois Teachers	01/14/2003	979,200			
FPA MEDICAL MANAGEMENT INC COM STK 2/3/97 - 5/14/98	3025431	22-38030	Illinois Teachers	11/25/2003	10,650		\$0.00	Acct Paid: 22-38030
FTD COM INC 3/1/02 - 6/27/02	30265F1	22-03051	ILTRS-TRANSITION-US EQUITY	05/13/2004	800			
GATEWAY, INC 4/14/00 - 2/28/01	3676261	22-03051	ILTRS-TRANSITION-US EQUITY	09/30/2002	29,600	NE	\$0.00	No Loss
GATEWAY, INC 4/14/00 - 2/28/01	3676261	22-03717	*ILTRS-GEEWAX TERKER -SL	09/30/2002	9,200	10/20/03	\$877.30	Acct Paid: 22-03717
GREEN TREE FINANCIAL CORP 7/15/95 - 1/27/99	3935051	22-35161	Illinois Teachers	10/24/2003	26,600		\$0.00	Acct Paid: 22-35161
GREEN TREE FINANCIAL CORP 7/15/95 - 1/27/99	3935051	22-35163	Illinois Teachers	10/24/2003	319,000		\$0.00	Acct Paid: 22-35163
HARNISCHFEGER INDUSTRIES, INC 11/20/97 - 8/26/98	4133451	22-49633	Illinois Teachers	03/19/2002	34,100	11/18/03	\$19,550.42	Acct Paid: 22-35150
HI FN INC 7/26/99 - 10/7/99	4283581	22-43065	Illinois Teachers	09/20/2002	4,000	9/19/03	\$7,588.23	Acct Paid: 22-35150
HOMESTORE.COM, INC 1/1/00 - 12/21/01	4378521	22-03710	*ILTRS-NEUBERGER BERMAN -SL	12/05/2003	30,200		\$0.00	Acct Paid: 22-03710
HOMESTORE.COM, INC 1/1/00 - 12/21/01	4378521	22-03713	*ILTRS-MSDW/MAS EQUITY -SL	12/05/2003	76,400		\$0.00	Acct Paid: 22-03713
ICT GROUP, INC 6/14/96 - 10/23/97	44929Y1	22-03051	ILTRS-TRANSITION-US EQUITY	02/01/2003	300		\$0.00	Acct Paid: 22-03051
INACOM CORPORATION 10/9/98 - 5/17/00	45323G1	22-35164	Illinois Teachers	02/12/2003	197,600		\$0.00	Acct Paid: 22-35164
INACOM CORPORATION 10/9/98 - 5/17/00	45323G1	22-35302	Illinois Teachers	02/12/2003	5,000		\$0.00	Acct Paid: 22-35302
INDEPENDENT ENERGY HOLDINGS 2/14/00 - 9/8/00	45384X1	22-03710	*ILTRS-NEUBERGER BERMAN -SL	09/25/2003	40,000		\$0.00	Acct Paid: 22-03710
INFORMIX CORP 2/8/95 - 11/18/97	4567791	22-35161	Illinois Teachers	12/10/1999	173,800	5/14/01	\$20,094.55	Acct Paid: 22-35150
INFORMIX CORP 2/8/95 - 11/18/97	4567791	22-35162	ILTRS - RCM EQUITY	12/10/1999	233,100	5/14/01	\$37,645.67	Acct Paid: 22-35190
IXL ENTERPRISES, INC. 11/30/99 - 9/1/00	4507181	22-03717	*ILTRS-GEEWAX TERKER -SL	08/20/2003	9,800		\$0.00	Acct Paid: 22-03717
JDN REALTY CORPORATION 2/15/97 - 4/12/00	4659171	22-35164	Illinois Teachers	12/12/2001	93,800		\$0.00	Acct Paid: 22-35164
JUST FOR FOR FEET, INC 5/5/97 - 11/1/99	48213P1	22-43065	Illinois Teachers	04/01/2002	29,000		\$0.00	Acct Paid: 22-43065

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Class Action Litigation Defendant	Asset ID	Acct Filed	Account Name	Agent	Claim Shares	Payment		Acct Actvty Desc
						Date	Amount	
JUST FOR FOR FEET, INC 5/5/97 - 11/1/99	48213P1	22-81342	Illinois Teachers	04/01/2002	85,600		\$0.00	Acct Paid: 22-81342
KTI INC 5/4/98 - 8/14/98	4826892	22-43065	Illinois Teachers	08/15/2002	27,900		\$0.00	Acct Paid: 22-43065
LAIDLAW 6.50% 5/1/05 - 3/1/96 TO 5/12/00	50730K	17-48237	ILT42	03/29/2003	1,500,000	NE	\$0.00	Not Eligible
LAIDLAW 6.65% 10/1/04 - 3/1/96 TO 5/12/00	50730ka	17-43993	ILT33	03/29/2003	1,950,000		\$0.00	Acct Paid: 17-43993
LAIDLAW 7.875% 4/15/05 - 3/1/96 TO 5/12/00	50730K	17-38280	ILT32	03/29/2003	1,300,000	NE	\$0.00	Not Eligible
LAIDLAW INCE 7.65% 5/15/06 - 3/1/96 TO 5/12/00	50730K	17-38280	ILT32	03/29/2003	10,420,000		\$0.00	Acct Paid: 17-38280
LAIDLAW INCE 7.65% 5/15/06 - 3/1/96 TO 5/12/00	50730K	17-43993	ILT33	03/29/2003	1,950,000		\$0.00	Acct Paid: 17-43993
LASON, INC 2/17/98 - 12/17/99	51808R1	22-43065	Illinois Teachers	05/01/2003	14,600		\$0.00	Acct Paid: 22-43065
LUCENT TECHNOLOGIES INC COM STK 10/26/99 -	5494631	22-03051	ILTRS-TRANSITION-US EQUITY	03/31/2004	297,600			
LUCENT TECHNOLOGIES INC COM STK 10/26/99 -	5494631	22-04123	*ILTRS-GE ASSET MANAGEMENT -SL	03/31/2004	32,110			
LUCENT TECHNOLOGIES INC COM STK 10/26/99 -	5494631	22-05358	*ILTRS-PROGRESS JORDAN ADV.-SL	03/31/2004	15,000			
LUCENT TECHNOLOGIES INC COM STK 10/26/99 -	5494631	22-35161	Illinois Teachers	03/31/2004	228,600			
MACROMEDIA INC. 4/18/96 - 1/9/97	5561001	22-35190	Illinois Teachers	01/29/2002	279,200	6/18/02	\$375,616.6	Acct Paid: 22-35150
MATTEL INC 2/2/99 - 10/1/99	5770811	22-35286	Illinois Teachers	10/23/2003	169,100		\$0.00	Acct Paid: 22-35286
MERCATOR SOFTWARE, INC 4/20/00 - 8/21/00	5875871	22-03717	*ILTRS-GEEWAX TERKER -SL	01/27/2003	700		\$0.00	Acct Paid: 22-03717
NATIONAL TECHTEAM	6381081	22-38030	Illinois Teachers	10/11/1999	8,100	5/4/01	\$9,846.83	Acct Paid: 22-35150
NATIONS BANK 8/4/98 - 9/30/98	6385851	22-38024	Illinois Teachers	07/15/2002	25,500			
NATIONS BANK 8/4/98 - 9/30/98	6385851	22-49631	Illinois Teachers	07/15/2002	32,600			
NATIONS BANK 8/4/98 - 9/30/98	6385851	22-49633	Illinois Teachers	07/15/2002	26,300			
NETWORK ASSOCIATES 1/20/98 - 4/6/99	6409381	22-35161	Illinois Teachers	06/14/2001	42,100	NE	\$0.00	Not Eligible
NETWORKS ASSOCIATES, INC 4/15/99 - 12/26/00	6409381	22-03717	*ILTRS-GEEWAX TERKER -SL	03/02/2004	17,500			
NEW ERA OF NETWORKS, INC 10/18/00 - 4/5/01	6443121	22-35164	Illinois Teachers	08/12/2002	39,600		\$0.00	Acct Paid: 22-35164

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						Date	Amount	
NEW ERA OF NETWORKS, INC. 10/29/98 - 7/6/99	6443121	22-35190	Illinois Teachers	12/31/2001	89,100			
NEW ERA OF NETWORKS, INC. 10/29/98 - 7/6/99	6443121	22-43065	Illinois Teachers	12/31/2001	11,000			
NICE SYSTEMS LTD 11/3/99 - 2/7/01	6536561	17-01939	*TNT-LDN-ILT48-ILTRS MARTIN-SL	05/01/2003	91,000		\$0.00	Acct Paid: 17-01939
NIKE, INC 6/29/00 - 2/26/01	6541061	22-03717	*ILTRS-GEEWAX TERKER -SL	03/10/2003	900		\$0.00	Acct Paid: 22-03717
NUANCE COMMUNICATIONS 1/31/01 - 3/15/01	6699671	22-03713	*ILTRS-MSDW/MAS EQUITY -SL	12/15/2003	15,000		\$0.00	Acct Paid: 22-03713
OLSTEN CORP 205/96 - 7/22/97	6813851	22-35162	ILTRS - RCM EQUITY	10/15/2001	54,900		\$0.00	Acct Paid: 22-35162
OLSTEN CORP 205/96 - 7/22/97	6813851	22-38027	Illinois Teachers	10/15/2001	10,000		\$0.00	Acct Paid: 22-38027
P-COM, INC. SECURITIES LITIIGATION 4/15/97 - 9/11/98	6932621	22-38026	Illinois Teachers	03/15/2002	32,000	6/27/03	\$3,926.94	Acct Paid:22-35150
PEDIATRIX MEDICAL GROUP, INC 3/31/97 - 4/2/99	7053241	22-38030	Illinois Teachers	06/03/2002	1,300	NE	\$0.00	No Loss
PHYCOR, INC 4/22/97 - 9/22/98	71940F1	22-35286	Illinois Teachers	08/05/2002	69,900	10/21/03	\$1,468.42	Acct Paid: 03-59983
PHYCOR, INC 4/22/97 - 9/22/98	71940F1	22-38030	Illinois Teachers	08/05/2002	3,600	NE	\$0.00	All Sells
PINNACLE HOLDINGS, INC 6/29/99 - 8/14/01	72346N1	22-03710	*ILTRS-NEUBERGER BERMAN -SL	01/03/2003	51,600	11/12/03	\$6,774.34	Acct Paid: 22-03710
PINNACLE HOLDINGS, INC 6/29/99 - 8/14/01	72346N1	22-05356	*ILTRS-PROGRESS-FORALEZA -SL	01/03/2003	3,000	11/12/03	\$203.60	Acct Paid: 22-35150
PINNACLE HOLDINGS, INC 6/29/99 - 8/14/01	72346N1	22-38030	Illinois Teachers	01/03/2003	2,400		\$0.00	Acct Paid: 22-38030
PREMIERE TECHNOLOGIES INC 2/11/97 - 6/10/98	74058f10	22-38030	Illinois Teachers	09/06/2002	10,350		\$0.00	Acct Paid: 22-38030
PRI AUTOMATION, INC 1/27/00 - 9/11/00	69357H1	22-03717	*ILTRS-GEEWAX TERKER -SL	08/23/2002	3,200		\$0.00	Acct Paid: 22-03717
PROCTOR & GAMBLE COMPANY (P&G) 1/25/00 - 6/7/00	7477181	22-03051	ILTRS-TRANSITION-US EQUITY	03/31/2002	122,800		\$0.00	Acct Paid: 22-03051
PROCTOR & GAMBLE COMPANY (P&G) 1/25/00 - 6/7/00	7477181	22-04123	*ILTRS-GE ASSET MANAGEMENT -SL	03/31/2002	161	1/10/03	\$18.15	Acct Paid: 22-35150
PROCTOR & GAMBLE COMPANY (P&G) 1/25/00 - 6/7/00	7477181	22-35161	Illinois Teachers	03/31/2002	191,100	1/9/03	\$15,065.16	Acct Paid: 22-35150
PROVIDIAN FINANCIAL CORP 1/21/99 - 6/4/99	74406A1	22-35281	Illinois Teachers	09/14/2002	9,900		\$0.00	Acct Paid: 22-35281
PROVIDIAN FINANCIAL CORP 1/21/99 - 6/4/99	74406A1	22-35286	Illinois Teachers	09/14/2002	43,900		\$0.00	Acct Paid: 22-35286
PVTPL RITE AID CORP DEB 5/2/97 - 11/10/99	767754A	17-48236	ILT41	06/30/2003	2,105,000			

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PVTPLE RITE AID CORP DEB 6.875 5/2/97 - 11/10/99	767754A	17-48236	ILT41	06/30/2003	2,105,000			
QUINTILES TRANSNATIONAL 4/21/99-9/15/99	7487671	22-35161	Illinois Teachers	09/28/2001	32,200		\$0.00	Acct Paid: 22-35161
QUORUM HEALTH GROUP, INC 10/25/95 - 9/28/98	7490841	22-35282	Illinois Teachers	09/16/2002	111,100		\$0.00	Acct Paid: 22-35282
QUORUM HEALTH GROUP, INC 10/25/95 - 9/28/98	7490841	22-38030	Illinois Teachers	09/16/2002	7,150	NE	\$0.00	NOT ENTITLED
RENT-WAY, INC. 12/10/98 - 10/27/00	76009U1	22-38030	Illinois Teachers	10/23/2003	9,450		\$0.00	Acct Paid: 22-38030
RESOURCE AMERICA, INC. 11/17/97 - 2/22/99	7611952	22-43065	Illinois Teachers	05/06/2003	19,300		\$0.00	Acct Paid: 22-43065
RITE AID CORP 6.7 DUE 12/15/01 5/2/97 - 11/10/99	767754A	22-35274	Illinois Teachers	06/30/2003	2,200,000		\$0.00	Acct Paid: 22-35274
RITE AID CORP COM 5/2/97 - 11/10/99	7677541	22-35161	Illinois Teachers	06/30/2003	276,600		\$0.00	Acct Paid: 22-35161
RITE AID CORP COM 5/2/97 - 11/10/99	7677541	22-35282	Illinois Teachers	06/30/2003	35,300		\$0.00	Acct Paid: 22-35282
RITE AID CORP COM 5/2/97 - 11/10/99	7677541	22-35285	Illinois Teachers	06/30/2003	47,900	NE	\$0.00	Acct Paid: 22-35285
RITE AID CORP COM 5/2/97 - 11/10/99	7677541	22-35304	Illinois Teachers	06/30/2003	47,900		\$0.00	Acct Paid: 22-35304
RITE AID CORP COM 5/2/97 - 11/10/99	7677541	22-38024	Illinois Teachers	06/30/2003	162,200		\$0.00	Acct Paid: 22-38024
RITE AID CORP COM 5/2/97 - 11/10/99	7677541	22-49633	Illinois Teachers	06/30/2003	82,800		\$0.00	Acct Paid: 22-49633
RITE AID CORP COM 5/2/97 - 11/10/99	7677541	22-49634	Illinois Teachers	06/30/2003	12,700		\$0.00	Acct Paid: 22-49634
ROBOTIC VISIONS SYSEMMS, INC 1/27/00 - 5/15/01	7710741	22-03717	*ILTRS-GEEWAX TERKER -SL	08/11/2003	3,600		\$0.00	Acct Paid: 22-03717
RURAL METRO CORPORATION 4/24/97 - 6/11/98	7817481	22-38030	Illinois Teachers	12/15/2003	900		\$0.00	Acct Paid: 22-38030
SABRATEK CORPORATION 2/25/97 - 10/6/99	78571U1	22-35271	Illinois Teachers	07/07/2003	7,100	NE	\$0.00	No Loss
SABRATEK CORPORATION 2/25/97 - 10/6/99	78571U1	22-43065	Illinois Teachers	07/07/2003	17,400		\$0.00	Acct Paid: 22-43065
SAFESKIN CORPORATION 2/18/98 - 3/11/99	7864541	22-43065	Illinois Teachers	04/28/2003	19,600		\$0.00	Acct Paid: 22-43065
SCB COMPUTER TECHNOLOGY 11/19/97 - 4/14/00	78388N1	22-38030	Illinois Teachers	03/20/2002	10,700	12/9/02	\$270.12	Acct Paid: 22-35150
SCHICK TECHNOLOGIES INC. 7/1/97 - 2/19/99	8066831	22-35271	Illinois Teachers	11/23/2001	7,700	NE	\$0.00	No loss
SEGUE SOFTWARE , INC 7/14/98 - 4/9/99	8158071	22-38030	Illinois Teachers	10/28/2001	4,700	6/18/02	\$1,443.30	Acct Paid: 22-35150

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						Date	Amount	
SELECTCOMFORT 12/3/98 - 6/7/99	81616X1	22-03710	*ILTRS-NEUBERGER BERMAN -SL	04/30/2003	60,800		\$0.00	Acct Paid: 22-03710
SENSORMATIC ELECTRONICS CORP 8/8/00 - 4/26/01	8172651	22-35164	Illinois Teachers	11/14/2002	9,900		\$0.00	Acct Paid: 22-35164
SMART MODULAR TECHNOLOGIES, INC 7/1/97 - 5/21/98	8316901	22-43065	Illinois Teachers	04/07/2003	7,600		\$0.00	Acct Paid: 22-43065
SMARTALK TELESERVICES, INC 8/13/97 - 1/7/99	83169A1	22-35271	Illinois Teachers	03/15/2002	16,400	NE	\$0.00	No Loss
SMARTALK TELESERVICES, INC 8/13/97 - 1/7/99	83169A1	22-38030	Illinois Teachers	03/15/2002	4,100	NE	\$0.00	No loss
SOUTHERN PACIFIC FUNDING CORP (SPFC)	8435761	22-35165	Illinois Teachers	03/28/2001	145,100	NE	\$0.00	No loss
SPECTRIAN CORP. 07/17/97-10/23/97	8476081	22-38026	Illinois Teachers	11/06/2000	6,000	4/22/02	\$3,445.54	Acct Paid: 22-35150
SPRINT CORP COM FON GROUP 10/4/99 - 9/18/00	8520611	22-03051	ILTRS-TRANSITION-US EQUITY	02/02/2004	81,400			
SPRINT CORP COM FON GROUP 10/4/99 - 9/18/00	8520611	22-04123	*ILTRS-GE ASSET MANAGEMENT -SL	02/02/2004	58,399			
SPRINT CORP PCS COM 10/4/99 - 9/19/00	8520615	22-03051	ILTRS-TRANSITION-US EQUITY	02/02/2004	136,400			
SPRINT CORP PCS COM 10/4/99 - 9/19/00	8520615	22-03717	*ILTRS-GEEWAX TERKER -SL	02/02/2004	10,000			
SPRINT CORP PCS COM 10/4/99 - 9/19/00	8520615	22-35161	Illinois Teachers	02/02/2004	181,800			
SRI SURGICAL EXPRESS 3/30/01 - 4/1/02	78464W	22-03717	*ILTRS-GEEWAX TERKER -SL	11/27/2003	1,200		\$0.00	Acct Paid: 22-03717
SUNBEAM CORP 4/23/97 - 6/30/98	8670711	22-35282	Illinois Teachers	11/15/2001	58,400	12/20/02	\$58,800.32	Acct Paid: 22-35150
SUNBEAM CORP 4/23/97 - 6/30/98	8670711	22-35304	Illinois Teachers	11/15/2001	42,200	12/19/02	\$79,588.67	Acct Paid: 22-35150
SYSTEMSOFT CORP 1/25/96 - 2/5/98	8719261	22-35271	Illinois Teachers	06/21/2002	1,200	8/26/03	\$44.40	Acct Paid: 22-35150
TAKE-TWO INTERACTIVE SOTWARE 2/24/00 - 12/17/01	8740541	22-07091	*ILTRS-NORTHPOINTE CAPITAL -SL	01/02/2003	98,400		\$0.00	Acct Paid: 22-07091
TAKE-TWO INTERACTIVE SOTWARE 2/24/00 - 12/17/01	8740541	22-35165	Illinois Teachers	01/02/2003	211,800		\$0.00	Acct Paid: 22-35165
THOMAS & BETTS CORPORATION 4/28/99 - 8/21/00	8843151	22-03051	ILTRS-TRANSITION-US EQUITY	01/20/2003	19,600	NE	\$0.00	No Loss
THOMAS & BETTS CORPORATION 4/28/99 - 8/21/00	8843151	22-35164	Illinois Teachers	01/20/2003	7,400		\$0.00	Acct Paid: 22-35164
THOMAS & BETTS CORPORATION 4/28/99 - 8/21/00	8843151	22-35281	Illinois Teachers	01/20/2003	1,000		\$0.00	Acct Paid: 22-35281
THOMAS & BETTS CORPORATION 4/28/99 - 8/21/00	8843151	22-35304	Illinois Teachers	01/20/2003	28,300		\$0.00	Acct Paid: 22-35304

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						Date	Amount	
THQ INC 10/26/99 - 5/24/00	8724434	22-03717	*ILTRS-GEEWAX TERKER -SL	06/30/2003	6,400		\$0.00	Acct Paid: 22-03717
TOTAL RENTAL CARE 3/11/97-7/18/99	89151A1	22-35302	Illinois Teachers	11/09/2000	37,400	9/5/02	\$1,990.82	Acct Paid: 22-35150
TOWNE SERVICES, INC 6/23/99 - 10/13/99	8921481	22-38030	Illinois Teachers	09/15/2003	12,750		\$0.00	Acct Paid: 22-38030
TRANSCRIPT INTERNATIONAL, INC	89363A1	22-43065	Illinois Teachers	04/23/2001	54,000	NE	\$0.00	Not Eligible
TRANSMETA CORPORATION 11/7/00 - 7/19/01	89376R1	22-03710	*ILTRS-NEUBERGER BERMAN -SL	03/20/2003	300	NE	\$0.00	No Loss
TRANSMETA CORPORATION 11/7/00 - 7/19/01	89376R1	22-03713	*ILTRS-MSDW/MAS EQUITY -SL	03/20/2003	800	NE	\$0.00	No Loss
TWINLAB CORPORATION 4/8/98 - 2/24/99	9017741	22-35282	Illinois Teachers	02/22/2002	46,600			
TWINLAB CORPORATION 4/8/98 - 2/24/99	9017741	22-38030	Illinois Teachers	02/22/2002	7,100			
U. S. FRANCHISE SYSTEMS, INC 5/6/99 - 10/29/99	9029563	22-43065	Illinois Teachers	06/05/2002	39,000		\$0.00	Acct Paid: 22-43065
UNISYS CORPORATION 5/4/99 - 10/14/99	9092141	22-35282	Illinois Teachers	02/16/2002	97,400	5/21/03	\$4,188.00	Acct Paid: 22-35150
UNISYS CORPORATION 5/4/99 - 10/14/99	9092141	22-35286	Illinois Teachers	02/16/2002	86,600	5/16/03	\$4,621.00	Acct Paid: 22-35150
UNITED HEALTHCARE INC.	9105811	22-35282	Illinois Teachers	06/18/2000	43,300		\$0.00	Acct Paid: 22-35282
UNITED HEALTHCARE INC.	9105811	22-35286	Illinois Teachers	06/18/2000	49,400		\$0.00	Acct Paid: 22-35286
USA WASTE 2952491 6/11/98 - 11/9/99	9029171	22-49631	Illinois Teachers	07/15/2002	8,500			
USA WASTE 6.125% 7/15/01 - 6/11/98 TO 11/9/99	92929qa	17-43993	ILT33	07/15/2002	3,080,000			
USA WASTE 6.125% 7/15/01 - 6/11/98 TO 11/9/99	92929qa	17-48235	ILT40	07/15/2002	2,500,000			
USA WASTE 6.125% 7/15/01 - 6/11/98 TO 11/9/99	92929qa	17-48236	ILT41	07/15/2002	2,900,000			
USA WASTE 7% 7/15/28 - 6/11/98 TO 11/9/99	902917A	17-48234	ILT39	07/15/2002	1,545,000			
USA WASTE 7% 7/15/28 - 6/11/98 TO 11/9/99	902917A	17-48235	ILT40	07/15/2002	1,300,000			
USA WASTE 7% 7/15/28 - 6/11/98 TO 11/9/99	902917A	17-48236	ILT41	07/15/2002	1,905,000			
VENCOR, INC 2/10/97 - 10/21/97	9226021	22-35304	Illinois Teachers	06/14/2002	22,500	NE	\$0.00	Acct Paid: 22-35304
VENCOR, INC 2/10/97 - 10/21/97	9226021	22-38030	Illinois Teachers	06/14/2002	7,400		\$0.00	Acct Paid: 22-38030

Class Action Security Litigation for Illinois Teachers

As of January 02, 2004

Class Action Litigation Defendant	Asset ID	Acct Filed	Account Name	Agent	Claim Shares	Payment		Acct Actvty Desc
						Date	Amount	
VESTA INSURANCE GROUP, INC 6/2/95 - 6/28/98	9253911	22-81342	Illinois Teachers	02/04/2002	4,400	5/5/03	\$52,642.64	Acct Paid: 22-35150
VIVUS INC	9285511	22-35281	Illinois Teachers	12/03/1999	1,400		\$0.00	Acct Paid: 22-35281
VIVUS INC	9285511	22-35285	Illinois Teachers	12/03/1999	1,600		\$0.00	Acct Paid: 22-35285
WASTE MANAGEMENT INC 2902927 6/11/98 - 11/9/99	94106L1	22-35281	Illinois Teachers	07/15/2002	46,370	10/3/03	\$144.00	Acct Paid: 22-35150
WASTE MANAGEMENT INC 2902927 6/11/98 - 11/9/99	94106L1	22-49631	Illinois Teachers	07/15/2002	94,300		\$0.00	Acct Paid: 22-49631
WASTE MANAGEMENT INC 2902927 6/11/98 - 11/9/99	94106L1	22-54485	Illinois Teachers	07/15/2002	63,600	NE	\$0.00	No Loss
WASTE MANAGEMENT, INC 2902925 6/11/98 - 11/9/99	94106k1	22-35281	Illinois Teachers	07/15/2002	26,200		\$0.00	See Cusip 2902927
WASTE MGMT 6.5% 5/15/04 - 6/11/98 TO 11/9/99	94106LA	17-35537	ILT04	07/15/2002	30,000,000		\$0.00	Acct Paid: 17-35537
WASTE MGMT 6.625% 7/15/02 - 6/11/98 TO 11/9/99	94106K	22-50217	Illinois Teachers	07/15/2002	1,250,000		\$0.00	Acct Paid: 22-50217
WESTELL TECHNOLOGIES 6/27/00 - 10/18/00	9575411	22-35165	Illinois Teachers	08/31/2003	125,200		\$0.00	Acct Paid: 22-35165
					126,271,367.69			

Securities / Bankruptcy
As of December 31, 2003

Security Name	Account Name	Moody's Rating	Rate	Maturity Date	Shares / Par	Market Value (\$)	Cost (\$)	Filing Date	Notes
County Seat, Inc.	Private Equity Transition	NA	NA	NA	51,475	1	398,438	1995	From former Frontenac portfolio.
County Seat, Inc.	Private Equity Transition	NA	NA	NA	90,273	1	601,819	6/17/95	From former Frontenac portfolio.
County Seat, Inc. (Preferred)	Private Equity Transition	NA	NA	NA	15,207	1	380,174	1995	From former Frontenac portfolio.
Horizon Natural Resources	U.S. Equity Transition	NA	NA	NA	48,436	48	1,011,249	4/16/03	TRS received distribution of shares as a result of AEI bond bankruptcy settlement.
Mid-American Waste Systems Escrow Account	U.S. Fixed-Transition	NR	NA	NA	300,000	1	303,749	8/28/98	Security formerly held in terminated WR Huff portfolio.
Newmark & Lewis	U.S. Equity Transition	NA	NA	NA	2,000	1	17,639	1995	From former Frontenac portfolio.
Paracelsus Healthcare Corp.	Private Equity Transition	NA	NA	NA	478,681	1	1,499,993	9/15/00	From former Frontenac portfolio.
Safety-Kleen Services, Inc.	PIMCO	NR	9.25	6/1/08	700,000	1,750	682,850	12/15/00	Safety-Kleen has emerged from Bankruptcy in January 2004. PIMCO is awaiting liquidity.
CMO United Airlines	PIMCO SP	B	1.39	3/2/04	2,578,798	4,124,045	5,057,076	12/1/02	Bond still rated B and still held in portfolio.
CMO United Airlines	PIMCO	B	1.39	3/2/04	2,578,798	3,800,836	5,461,574	12/1/02	Bond still rated B and still held in portfolio.

Notes:

The SSgA Lehman Index account held NObonds that was in bankruptcy as of 12/31/03, representing 0.0000% of the fund.
The SSgA EAFE Index account held 1 company that was in bankruptcy as of 12/31/03, representing 0.0000% of the fund.
The SSgA Small Cap account held 3 companies that was in bankruptcy as of 12/31/03, representing 0.058% of the fund.
The SSgA S&P500 Index account held NO companies that was in bankruptcy as of 12/31/03, representing 0.0000% of the fund.
The NTGI Lehman Index account held NO bonds that was in bankruptcy as of 12/31/03, representing 0.0000% of the fund.
The NTGI EAFE Index account held 2 companies that was in bankruptcy as of 12/31/03, representing 0.0000% of the fund.
The NTGI Small Cap Index account held 169 companies that was in bankruptcy as of 12/31/03, representing 0.0003% of the fund.
The NTGI S&P500 Index account held NO companies that was in bankruptcy as of 12/31/03, representing 0.0000% of the fund.



Retirement Security for Illinois Educators

Memorandum

Date: January 26, 2004
To: TRS Board of Trustees
From: Jon Bauman, Executive Director and Interim Chief Investment Officer
Subject: Brandes Investment Partners, L.P.
Revision to Investment Parameters – Appendix B

Brandes Investment Partners, L.P. (Brandes) has asked the TRS Investment Staff and Callan to expand the System's International Equity Investment Manager Parameters to include Initial Public Offerings, Secondary Offerings, and Private Placements as allowable investment vehicles. Brandes has indicated they are frequently offered the opportunity to participate in these types of offerings and would like to have the capability to take advantage of these offerings if they believe they are suitable for the TRS portfolio.

Callan's opinion is Brandes should have the investment discretion to purchase these types of offerings and Callan noted Brandes would be held accountable for the effect these securities have on both absolute and relative performance. TRS Investment Staff agrees with Callan's opinion to allow Brandes the ability to purchase these types of offerings. TRS investment staff has revised Brandes' investment manager parameters to include IPO's, secondary offerings, and private placements as allowable investment vehicles and in aggregate, can hold up to 10% of the market value of the portfolio in these types of securities.

TRS staff recommends the Board adopt the Brandes Investment Partners, L.P., Appendix B: Investment Parameters revision as presented.

Appendix B**Brandes Investment Partners, L.P.
Investment Manager Parameters****INTERNATIONAL EQUITY - ACTIVE ALL COUNTRY EX-US FUND****I. Introduction**

On ²July 31, 2003, the Teachers' Retirement System of the State of Illinois (hereinafter referred to as "TRS" or "System") entered into an Investment Management Agreement with Brandes Investment Partners, LLC ("Brandes") retaining it to serve as a fully discretionary external investment manager. Brandes has been retained to invest a portion of the System's active international equity allocation. The following investment manager parameters ("Parameters") have been prepared jointly by TRS's investment staff, external asset consultant, and Brandes.

As the market value of the Fund fluctuates over time, TRS's staff will periodically rebalance the dollar allocation of the Fund in order to maintain the 15 percent target allocation adopted by the Board.¹

II. Investment Management Procedures**Specific Investment Parameters**

It is anticipated that the international equity Fund managed by Brandes may be invested in equity securities, and securities convertible into equity securities, of issuers organized under the laws of, headquartered in, whose principal operations are located in, or whose common equity securities are principally traded in international developed and emerging market countries. The Fund will not invest in equity securities, or securities convertible into equity securities, of U.S. issuers, although permissible investment may include the securities of issuers organized under the laws of, headquartered in, whose principal operations are located in, or whose common equity securities are principally traded in the U.S., so long as one of the criteria set forth in this paragraph is met. The following securities and corresponding investment restrictions have been approved for the Fund:

- International equities (common or preferred),
- Depository Receipts (ADRs, GDRs, GDSs, EDRs),
- Rule 144A, Initial Public Offerings, Private Placements, and Secondary Offerings securities may be utilized, but in aggregate may not at any time exceed 10.00 percent of the market value of the Fund,
- Convertible debentures may be utilized, but may not at any time exceed 5.00 percent of the market value of the Fund, and

¹ This target percentage allocation will remain constant until such time as the Board elects to change its asset allocation/manager targets.

- Warrants may be utilized, but may not at any time exceed 10.00 percent of the market value of the Fund.

The Fund managed by Brandes will consist primarily of equity securities issued by publicly held corporations domiciled in foreign nations. The securities representing debt and equity of any one company shall not exceed 5.00 percent of the market value of the Fund, and no more than 5.00 percent of a single issuer will be held in the Fund. Preferred stocks, convertible preferred stocks and convertible bonds shall, at a minimum, be rated Baa (Moody's) or BBB (Standard & Poor's) and, in the aggregate, shall not exceed 5.00 percent of the market value of the Fund.

Currency hedging, through the use of forward or option currency contracts,² shall be permitted for the purpose of risk reduction, up to a maximum of 50.00 percent of the Fund's market value at time of purchase. With the exception of currency forward contracts and the instruments expressly allowed above, Brandes shall not purchase derivative securities without prior written authorization from staff and external asset consultant. Net short positions on individual currencies are not permitted. Cross hedging shall be permitted for non-speculative purposes for a reasonable extent necessary for the efficient management of the Fund. Net long positions on individual currencies are permissible to the extent the total long position does not exceed the country or region benchmark weight. Under no circumstances will leverage be permitted in the Fund.

The Fund is to be diversified, and invested in a minimum of 8 markets. Ranges of specific country weights allowed (minimums and maximums) are to be based on each country's weight in the MSCI All Country World Ex-US Free Index (ACWI) benchmark. Brandes has been hired as an active investment manager, and has full discretion in the selection of individual securities and portfolio structure subject to the following benchmark constraints:

Country Weight (%)	Minimum (%)	Maximum (%)
0.00 - 3.99	0	Benchmark (%) + 10%
4.00 - 7.99	0	Benchmark (%) + 12%
8.00 - 10.00	0	Benchmark (%) + 15%
United Kingdom	0	Benchmark (%) + 20%
Japan	0	Benchmark (%) + 20%
Emerging Markets	0	Benchmark (%) + 10%

These constraints are not intended to impair the investment process of Brandes in any way. Instead, these "floors and ceilings" are designed to accomplish two objectives:

1. floors ensure that the Fund is prudently diversified across world markets, and
2. ceilings minimize the Fund's exposure to the various risks inherent in concentrating investments in particular geographic locations.

² Counter-party credit risk on OTC transactions shall be limited to A or above.

Brandes shall be fully invested at all times; residual short-term investments (uninvested cash and fixed income securities with a maturity of one year or less) should account for less than 5.00 percent of the market value of the Fund. All residual short-term investments in the Fund will be held in a short-term investment fund designated by the System.

Brandes is prohibited from violating any of these Parameters; however, these Parameters are not intended to impair the investment practices of Brandes. If Brandes believes a compelling case exists, the Parameters may be appealed, in advance and in writing, to the investment staff and external asset consultant.

III. Performance

Benchmark

The benchmark for the System's international equity Fund is the MSCI All Country World Ex-U.S. Free Index ("ACWI"). The investment staff and consultant will monitor the performance of the Fund relative to its benchmark, its peers, and general market conditions. Staff also evaluates Brandes' performance on a quarterly basis as part of the Investment Manager Retention Policy described in the Investment Policy.

Performance Reporting and Monitoring

Brandes will provide standardized performance reporting for the Fund invested on behalf of TRS on a quarterly basis, in a format specified by the System. Other reports generated by Brandes may be submitted as additional information. Copies of these standard performance reports, as well as all other material correspondence from Brandes to TRS's staff, should be provided to the external investment consultant. The consultant and Master Trustee will also provide performance reporting on the Fund. Brandes will be provided a copy of the Master Trustee performance report on a quarterly basis. Brandes is responsible for reconciling any differences in trade and asset holdings with the System's Master Trustee on a monthly basis. In addition, Brandes shall provide the System with discrepancy letters or reconciliations outlining any such differences no later than 30 days after month end.

Brandes is expected to meet with representatives of the System at least annually. In addition, Brandes may be expected to make presentations to the Board at its meetings, from time to time as requested by the System.

TRS, Callan Associates, Inc., and Brandes Investment Partners, have jointly developed these Parameters for the System's Active International Equity Fund. Brandes acknowledges it is contractually bound by these Parameters under the Investment Management Agreement. These Parameters may be subject to re-negotiation or revision at the request of any of the signatory parties at any time. Any such re-negotiation or revision shall not be effective unless and until agreed to in writing by TRS. The parties agree that these Parameters supersede all previous investment manager parameter documents.

Chief Investment Officer
TRS

Date

Brandes Investment Partners, L.P.

Date

Callan Associates, Inc.

Date

AGENDA
Regular Board Meeting
Illinois Teachers' Retirement System
Springfield, Illinois – February 19-20, 2004

1. **ROLL CALL**
2. **PUBLIC COMMENTS**
3. **APPROVAL OF MINUTES**Resolution Page 47
Board (12/11-12/03).....Documentation Pages 51-59
Securities Litigation Subcomm. (10/23, 11/25/03)...Documentation Pages 60-63
4. **COMMITTEE REPORTS**
Investment Committee*James Bruner, Chair*
Legislative Committee*Jan Cleveland, Chair*
Rules and Personnel Committee*Stuart Levine, Chair*
Audit Committee*Cynthia O'Neill, Chair*
Claims Hearing Committee (Schuerman).....*Sharon Leggett, Chair*
5. **NEW BUSINESS**
Securities Litigation Counsel InterviewsDocumentation Pages 64-68
Jon Bauman; Tom Gray
6. **EXECUTIVE DIRECTOR'S REPORT**.....*Jon Bauman*
OMB Actuarial Review – Update
Governor's FY05 Budget – Update
Financial Statement (12/31/03)Documentation Pages 69-70
Administrative Expenses (12/31/03).....Resolution Page 49
.....Documentation Pages 71-107
Miscellaneous Reports
 - EEOC (12/31/03)Documentation Page 108
 - Member Services Stat. (12/31/03)Documentation Pages 109-115
 - Employer ServicesDocumentation Pages 116-118
7. **TRUSTEE CONCERNS**
8. **EXECUTIVE SESSION**Resolution Page 49
Approval of Minutes-Board (12/11/03)Resolution Page 50
9. **ADJOURNMENT**



Retirement Security for Illinois Educators

February 9, 2004

Submitted for your review prior to the regular meeting of the Illinois Teachers' Retirement System's Board of Trustees is information regarding topics for discussion and items for action.

The Board meeting is scheduled to begin upon conclusion of the Investment Committee meeting.

Roll Call: Dr. Robert Schiller, President
 Phillip Schmidt, Vice President
 James Bruner
 Jan Cleveland
 Cinda Klickna
 Sharon Leggett
 Stuart Levine
 Cynthia O'Neill
 Molly Phalen

CPC *POB-50*
SL-35

PUBLIC COMMENTS

APPROVAL OF MINUTES

A draft of the minutes from the December 11-12, 2003 Regular Board Meeting is inserted on **Pages 51-59**. The following resolution is submitted for your consideration.

Resolved: To approve the minutes of the December 11-12, 2003 Regular Board Meeting, as printed.

Drafts of the minutes from the October 23, 2003 and November 25, 2003 Securities Litigation Subcommittee Meetings are inserted on **Pages 60-63**. The following resolution is submitted for your consideration.

Resolved: To approve the minutes of the October 23, 2003 and November 25, 2003 Securities Litigation Subcommittee Meetings, as printed.

CD-100 R
120 POB
-75 KBS-R
50 POB

COMMITTEE REPORTS

- Investment Committee – James Bruner, Chair
- Legislative Committee – Jan Cleveland, Chair
- Rules and Personnel Committee – Stuart Levine, Chair
- Audit Committee – Cynthia O’Neill, Chair
- Claims Hearing Committee – Sharon Leggett, Chair
 - Administrative Review – Thomas Schuerman

NEW BUSINESS

Securities Litigation Counsel Interviews

The Securities Litigation Subcommittee has selected six securities litigation law firms to make presentations to the Board. A brief description of each firm is inserted on **Pages 64-68**. Presentation materials will be provided at the Board meeting.

EXECUTIVE DIRECTOR’S REPORT

Jon Bauman, Executive Director, will present the Executive Director’s Report.

OMB Actuarial Review

Director Bauman will provide an update on the status of the actuarial review being conducted by the Office of Management and Budget.

Governor’s Fiscal Year 2005 Budget

Governor Blagojevich will present his fiscal year 2005 budget message on Wednesday, February 18. Staff will provide the Board with a briefing on the budget proposal at the Board meeting.

Financial Statement

The financial statement for the quarter ended December 31, 2003 is inserted on **Pages 69-70**.

Administrative Expenses

The administrative expenses for the quarter ended December 31, 2003 are inserted on **Pages 71-107**. The following resolution is submitted for your consideration.

Resolved: To approve the administrative expenses for the quarter ended December 31, 2003, as presented.

Roll Call:	Stuart Levine	James Bruner
	Cynthia O'Neill	Cinda Klickna
	Molly Phalen	Phillip Schmidt
	Sharon Leggett	Robert Schiller
	Jan Cleveland	

Miscellaneous Reports

The following reports are provided for your information. Staff will be available to answer questions.

- EEOC Report for the quarter ending December 31, 2003, **Page 108**
- Member Services Statistical Report for the period ending December 31, 2003, **Pages 109-115**
- Employer Services Report for the period July 16, 2003 through January 16, 2004, **Pages 116-118**

TRUSTEE CONCERNS

EXECUTIVE SESSION

The following resolution is submitted for your consideration.

Resolved: That the Board of Trustees resolve itself into executive session for the purpose of discussing probable or imminent litigation; the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body; and discussion of closed meeting minutes as permitted under the following exceptions

in the Open Meetings Act which authorizes the closing of the meeting to the public: 5ILCS 120/2(c)(1), 5ILCS 120/2(c)(11), and 5ILCS 120/2(c)(21).

Roll Call:	Molly Phalen	Stuart Levine
	Jan Cleveland	Cynthia O'Neill
	James Bruner	Cinda Klickna
	Sharon Leggett	Phillip Schmidt
		Robert Schiller

APPROVAL OF EXECUTIVE SESSION MINUTES

A draft of the December 11, 2003 executive session minutes of the Board has been sent to you for review. The following resolution is submitted for your consideration.

Resolved: To approve the minutes of the December 11, 2003 executive session meeting of the Board, as printed.

Roll Call:	Cinda Klickna	Molly Phalen
	Sharon Leggett	James Bruner
	Stuart Levine	Jan Cleveland
	Cynthia O'Neill	Phillip Schmidt
		Robert Schiller

ADJOURNMENT



Teachers' Retirement System of the State of Illinois

MINUTES Board of Trustees December 11-12, 2003

The regular meeting of the Board of Trustees of the Illinois Teachers' Retirement System was held on December 11-12, 2003 at the Holiday Inn Chicago City Centre, 300 East Ohio Street, Chicago, Illinois. James Bruner called the meeting to order at 2:30 p.m. A quorum was present.

Present: **Board Members:**

Dr. Robert Schiller, President (12/12/03)
James Bruner
Jan Cleveland
Cinda Klickna
Sharon Leggett
Stuart Levine
Cynthia O'Neill
Molly Phalen

Absent: Dr. Robert Schiller, President (12/11/03)
Phillip Schmidt, Vice President

TRS Staff:

Jon Bauman, Executive Director
Tom Gray, General Counsel
Ruby Reynolds Taylor, Chief Operating Officer
Stan Rupnik, Director of Investments
Gina Larkin, Director of Human Resources
Stacy Smith, Internal Audit Manager
John Day, Communications Advisor
Nick Yelverton, Government Affairs Officer
Mike Bartletti, Director of Real Estate
Scott Parrish, Investment Officer
Scottie Bevill, Investment Officer
Tammy Green, Admin. Coordinator – Executive

Outside Counsel:

Steve Loren, Gardner, Carton & Douglas

Investment Consultant:

Gordon Dickinson, Callan Associates
Kevin Dolsen, Callan Associates

Visitors:

Bob Lyons, IRTA Rep.

Kathy Stevenson, Northern Trust

Silvija Martincevic, IRTA Rep.

Robert Libertini, Cabrera Capital

NEW BUSINESS

Retreat Agenda

Director Bauman proposed an agenda for the Board Retreat to be held April 1-2, 2004 at the Rend Lake Resort. Documentation is on file.

OMB Actuarial Review

Director Bauman reported that the Office of Management and Budget (OMB) issued a Request For Proposals (RFP) for actuarial services. An analysis of the deliverables under the RFP is on file along with a list of firms that have submitted bids for this project. Staff will keep the Board updated.

EXECUTIVE DIRECTOR'S REPORT

Updates

Nick Yelverton, Government Affairs Officer, provided an update on the Medicare only referendum. December 19th is a tentative date that Governor Blagojevich plans to sign the proclamation. The ballots and TRS materials will be sent to eligible participants on February 9, 2004. The voting period will conclude on May 15, 2004. The Board received copies of the TRS Medicare brochure and a schedule of the Medicare referendum regional meetings. Documentation is on file. Additional information is included on the TRS Web site.

Ruby Reynolds Taylor, Chief Operating Officer, reported that staff has formed a standing committee that will conduct a detailed review of the Pension Code as it applies to TRS. The project is scheduled to be complete in mid-April. Documentation is on file. Ms. Reynolds Taylor also provided an update on the progress of removing social security numbers from the Trustee Election Petition and from various correspondence sent to members due to recent events involving identity theft. Documentation is on file.

Member Services Statistical Report

The report for the period ending October 31, 2003 is on file.

Retirement

Director Bauman announced that John Thompson, the System's actuary, is retiring at the end of the year from Mellon Human Resources & Investosr Solutions (formerly known as Buck Consultants). The Board requested that staff send a letter to Mr. Thompson expressing TRS's appreciation for his contributions.

EXECUTIVE SESSION

A motion was made by Jan Cleveland, seconded by Cynthia O'Neill, that the Board enter into executive session for the purpose of discussing the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body; probable or imminent litigation; and discussion of closed meeting 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)(1) and 5 ILCS 120/2(c)(11), and 5 ILCS 120/2(c)(21). Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, and Phalen. Motion CARRIED.

No action was taken during executive session. A motion was made by Cynthia O'Neill, seconded by Sharon Leggett, that the Board come out of executive session. Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, and Phalen. Motion CARRIED.

RECESS

The meeting recessed at 4:45 p.m. and reconvened the following day at 8:05 a.m.

Roll call: Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller.

APPROVAL OF MINUTES

A draft of the minutes from the October 31, 2003 Board meeting was sent to the trustees for prior review. On a motion by James Bruner, seconded by Cynthia O'Neill, and by unanimous voice vote, the minutes were approved as printed.

INVESTMENT COMMITTEE REPORT-*James Bruner, Chair*

Watch List

On a motion by Molly Phalen, seconded by Jan Cleveland, it was resolved:

To approve the watch list, as revised.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

Interim Targets

On a motion by Sharon Leggett, seconded by Cynthia O'Neill, it was resolved:

To accept the asset allocation interim targets as presented effective 1/1/04.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

PIMCO Fee Structure

On a motion by Cinda Klickna, seconded by Jan Cleveland, it was resolved:

To approve the new PIMCO fee structure for the fixed income core plus account as presented to take effect January 1, 2004.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

MatlinPatterson

On a motion by Cynthia O'Neill, seconded by Sharon Leggett, it was resolved:

To invest \$50 million in MatlinPatterson Global Opportunities Fund II, L.P., subject to satisfactory completion of contract and fee negotiations. Source of funds shall be TRS Cash Flow account. Also, to invest an additional \$15 million in MatlinPatterson Global Opportunities Fund II, L.P. for the POB account. Source of funds will be the POB domestic equity passive index fund.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

Hopewell

On a motion by Molly Phalen, seconded by Jan Cleveland, it was resolved:

To invest 10% of the total private commitments, up to \$10 million, in Hopewell Ventures, L.P., subject to satisfactory completion of contract and fee negotiations. Source of funds shall be TRS Cash Flow account.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

Walton Street – POB Real Estate Program

On a motion by Cinda Klickna, seconded by Stuart Levine, it was resolved:

To invest \$25 million in Walton Street IV as an initial investment in the POB Real Estate Program. Source of funds will be the POB passive accounts.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

Watch List Policy

On a motion by Sharon Leggett, seconded by James Bruner, it was resolved:

To approve the watch list policy, as presented.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

RULES AND PERSONNEL COMMITTEE-*Stuart Levine, Chair*

Executive Director's Employment Agreement

On a motion by Jan Cleveland, seconded by Cinda Klickna, it was resolved:

To amend the Executive Director's Employment Agreement, as presented.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

Chair of Audit Committee

On a motion by Sharon Leggett, seconded by James Bruner, it was resolved:

To elect Cynthia O'Neill as Chair of the Audit Committee.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

Trustee Appreciation – John Glennon

On a motion by Jan Cleveland, seconded by Cinda Klickna, it was resolved:

WHEREAS, John Glennon has served as a member of the Board of Trustees since his appointment in 2001, and

WHEREAS, John has graciously shared his intellect, imagination and considerable experience in the investment community; and

WHEREAS, he was among the very first to suggest the issuance of pension obligation bonds as a means improving the System's funded status; and

WHEREAS, he played a prominent role in developing the charter of the Audit Committee, serving as its initial chair, exerting a strong guiding influence, and implementing procedures to assure appropriate oversight of financial, compliance, and internal control issues; and

WHEREAS, John chaired a subcommittee dedicated to improving the System's relationships with all segments of the Illinois financial community, with the result that the System's commitment to minority and female managers and brokers is demonstrable and productive; and

WHEREAS, John served as a member of the Legislative and Claims Hearings Committees, providing much welcomed guidance and input; and

WHEREAS, John's service and participation on this Board is appreciated and valued; therefore be it

RESOLVED, By the Board of Trustees of the Teachers' Retirement System of the State of Illinois that we extend our congratulations and sincere appreciation to John Glennon for his dedicated service as a member of the Board of Trustees.

Motion passed by a unanimous voice vote.

AUDIT COMMITTEE-*Cynthia O'Neill, Chair*

Chair O'Neill noted that the Internal Audit Manager reported on the internal audits and upcoming real estate audit.

SENATE HEARING

President Schiller announced that on December 8th, he and Director Bauman addressed the Senate Select Committee on Pension Investments regarding minority-owned firms in the TRS investment program. Following the presentation, the Senate Committee made three recommendations to TRS.

- 1) Establish a policy for utilization of minority/female brokerage and manager firms with measurable goals;
- 2) In reporting of brokerage commissions that both the executing and clearing broker be properly reported to the System;
- 3) Appoint a trustee to oversee the utilization of minority firms in asset management and brokerage.

Discussion followed. Staff plans to report back to the Senate Committee in March.

Ethics Law Presentation

Jim Morphew of the Sorling Law Firm provided an educational presentation on the recent passage of ethics legislation and its impacts on the Board and staff. Discussion followed. Tom Gray, General Counsel, will prepare a compliance memorandum for the Board.

Financial Statement and Administrative Expenses

The financial statement and administrative expenses for the quarter ended September 30, 2003 were sent to the trustees for review. The reports are on file. On a motion by Molly Phalen, seconded by Cinda Klickna, it was resolved:

To approve the administrative expenses for the quarter ended September 30, 2003, as presented.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

APPROVAL OF EXECUTIVE SESSION MINUTES

A draft of the October 31, 2003 minutes of the executive session meeting of the Board was sent to the trustees for prior review. On a motion by Cynthia O'Neill, seconded by Sharon Leggett, it was resolved:

To approve the minutes of the October 31, 2003 executive session meeting of the Board, as printed.

Roll call resulted in affirmative voice votes from Trustees Bruner, Cleveland, Klickna, Leggett, Levine, O'Neill, Phalen, and Schiller. Motion CARRIED.

ADJOURNMENT

On a motion by Molly Phalen, seconded by Cynthia O'Neill, and by unanimous vote, the meeting adjourned at 10:00 a.m.

Jon Bauman, Executive Director

Approved _____



Teachers' Retirement System of the State of Illinois

MINUTES

Securities Litigation Subcommittee Meeting October 23, 2003

At the August 15, 2003 Board meeting, the Board appointed a subcommittee to review responses to the securities litigation legal services Request for Proposal (RFP) and make interview recommendations to the Board.

A meeting of the Securities Litigation Subcommittee of the Board of Trustees of the Illinois Teachers' Retirement System was held via teleconference on October 23, 2003 at the Springfield office, 2815 West Washington Street. The meeting was called to order at 2:00 p.m. A quorum was present.

Present: **Subcommittee Members:**
 Molly Phalen (via telephone)
 Cynthia O'Neill (via telephone)
 Stuart Levine (via telephone)
 Phil Schmidt

TRS Staff:
 Jon Bauman, Executive Director
 Tom Gray, General Counsel
 Cynthia Fain, Senior Assistant General Counsel
 Tammy Green, Admin. Coordinator – Executive

Tom Gray, General Counsel, reported that 12 firms responded to the RFP and recommended that the subcommittee choose three to five firms for the Board to interview. Documentation is on file. Following discussion, the subcommittee selected the following firms for the Board to interview at its December meeting:

- Bernstein Liebhard & Lifshitz and the Lakin Law Firm (joint proposal)
- Entwistle & Cappucci
- Kirby McInerney & Squire; Carroll & Sain; Futterman & Howard (joint proposal)
- Bernstein Litowitz Berger & Grossman

Staff will provide all trustees with copies of the RFP responses of these firms.

ADJOURNMENT

There being no further business to come before the Securities Litigation Subcommittee, the meeting adjourned at 2:33 p.m.

Jon Bauman, Executive Director

Approved _____

(date)



Teachers' Retirement System of the State of Illinois

MINUTES Securities Litigation Subcommittee Meeting November 25, 2003

A meeting of the Securities Litigation Subcommittee of the Board of Trustees of the Illinois Teachers' Retirement System was held via teleconference on November 25, 2003 at the Springfield office, 2815 West Washington Street. The meeting was called to order at 11:10 a.m. A quorum was present.

Present: **Subcommittee Members:**
 Molly Phalen (via telephone)
 Cynthia O'Neill (via telephone)
 Stuart Levine (via telephone)
 Phil Schmidt

TRS Staff:
 Jon Bauman, Executive Director
 Tom Gray, General Counsel
 Cynthia Fain, Senior Assistant General Counsel
 Tammy Green, Admin. Coordinator – Executive

At its October 23, 2003 meeting, the subcommittee selected the following firms for the Board to interview:

- Bernstein Liebhard & Lifshitz and the Lakin Law Firm (joint proposal)
- Entwistle & Cappucci
- Kirby McInerney & Squire; Carroll & Sain; Futterman & Howard (joint proposal)
- Bernstein Litowitz Berger & Grossman

Prior to the October 30-31, 2003 Board meeting, two subcommittee members raised issues regarding a firm that the subcommittee had selected for the Board to interview and also an additional firm to interview. Following discussion, it was consensus of the subcommittee to reconsider the joint proposal of Kirby McInerney & Squire; Carroll & Sain; Futterman & Howard. The subcommittee

further recommended that Lovell Stewart Halebian & Barth be added to the interview list.

Director Bauman additionally reported that a disclosure issue had arisen concerning the proposal received from the Lakin Law Firm. The System's fiduciary counsel will provide a brief report on this topic in the near future. The subcommittee will meet again when the briefing is received from counsel.

ADJOURNMENT

There being no further business to come before the Securities Litigation Subcommittee, the meeting adjourned at 11:33 a.m.

Jon Bauman, Executive Director

Approved _____

(date)



MEMORANDUM

64.

2815 West Washington • P.O. Box 19253 • Springfield, Illinois 62794-9253 • (217) 753-0311
4200 Commerce Court • Suite 100 • Lisle, Illinois 60532-3611 • (630) 505-0071

DATE: February 9, 2004
TO: TRS Board of Trustees
FROM: Tom Gray & Cynthia Fain
SUBJECT: Securities Litigation Law Firms

The securities litigation subcommittee has selected the following securities litigation law firms to make presentations to the full Board to be considered for inclusion in the System's securities litigation law firm pool. Following are firm descriptions taken from the RFP responses submitted by the firms in August 2003. Also attached is the Board Presentation Outline provided to each of the firms. The firms will also be providing presentation materials to the Board at the meeting.

Barrack Rodos & Bacine

- Main office: Philadelphia
- 30+ attorneys, 0 in Chicago
- Securities litigation practice group has more than 30 attorneys located in Philadelphia, San Diego, New York City, and Haddonfield, NJ
- Principal practice areas: securities, class, and derivative actions (80%), antitrust, broker-dealer litigation, consumer fraud, commercial litigation
- From Web site 2/3/04: As co-lead counsel in *Cendant Securities Litigation*, achieved \$3.18 billion recovery

TRS Board of Trustees
February 9, 2004
Re: Securities Litigation Law Firms

Bernstein Liebhard & Lifshitz; and The Lakin Law Firm (joint proposal)

- Main office: Lakin: Wood River, Illinois BL&L: New York City
- BL&L: 25 attorneys, 0 in Chicago, securities litigation practice group has 23 attorneys located in New York, New Jersey, and Pennsylvania; Lakin: 16 attorneys, 0 in Chicago
- Principal practice areas: BL&L: Class and private securities fraud, derivative, antitrust, consumer protection; Lakin: class actions, maritime law, railroad law, personal injury, workers compensation, medical malpractice, nursing home law, product liability
- From Web Site 2/3/04: BL&L, as lead counsel in *Bankers Trust Securities Litigation*, obtained \$58 million settlement

Bernstein Litowitz Berger & Grossmann

- Main office: New York City
- 35 attorneys, 0 in Chicago, but Chicago office is under consideration
- Securities litigation practice group has 35 attorneys located in New York City, San Diego, Westfield NJ, and New Orleans
- Principal practice areas: securities class action litigation, complex commercial litigation
- From Web site 2/3/04: As co-lead counsel in *Cendant Securities Litigation*, settled for more than \$3 billion in cash

TRS Board of Trustees
February 9, 2004
Re: Securities Litigation Law Firms

Entwistle & Cappucci

- Main office: New York City
- 30+ attorneys, 6 in Chicago
- Securities litigation practice group consists of 50% of its attorneys
- Principal practice areas: securities related litigation, corporate governance, financial instrument litigation, antitrust, general corporate, bankruptcy, insurance, trusts & estates, intellectual property, employment law
- From Web Site 2/3/04: Counsel in *In Re BankAmerica Corp. Securities Litigation*, settled for \$490 million, second largest post-PSLRA securities class action settlement

Kirby McInerney & Squire; Carroll & Sain; and Futterman & Howard (joint proposal)

- Main office: KM&S: New York City C&S and F&H: Chicago
- F&H: 7 attorneys in Chicago; KM&S: 19 attorneys in New York City and California; C&S: 2 attorneys in Lincolnwood, Illinois
- Securities litigation practice group has 19 attorneys located in New York and California
- Principal practice areas: KM&S: securities class action litigation; C&S: government law; F&H: class actions, civil rights, fraud, antitrust, consumer rights
- From Web site 2/3/04: As lead counsel in *In re Cendant Corporation PRIDES Litigation*, \$340 million settlement

TRS Board of Trustees
February 9, 2004
Re: Securities Litigation Law Firms

Lovell Stewart Halebian & Barth

- Main office: Seattle
- 14 attorneys, 0 in Chicago, but planning to open Chicago office
- Securities litigation practice group has 14 attorneys located in Seattle, New York City, and San Francisco
- Principal practice areas: securities fraud litigation
- From Web site 2/3/04: In lead counsel position, \$1.027 billion recovery in 1998 in *In Re NASDAQ Market-Makers Antitrust Litigation*

Securities Litigation
Legal Services
RFP

Board Presentation Outline

- 1) Description of firm's practice
- 2) Experience and qualification in representing public / private pension plans in securities litigation
- 3) Attorneys who would be directly assigned to System and their roles
- 4) Firm's approach to representing the System in securities litigation including potential case monitoring and litigation recommendations
- 5) Explanation of firm's contingency fee arrangement and flexibility in negotiating fee arrangements
- 6) Discuss how public pension funds should decide whether to an file independent securities lawsuit, move for lead plaintiff status, or participate passively in a class action

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 STATEMENT OF PLAN NET ASSETS
 DECEMBER 31, 2003

ASSETS	
Cash	\$ 2,294,118
Receivables and prepaid expenses	
Member payroll deduction	74,218,771
Member contributions	862,599
Employer contributions	2,147,309
Investment income	72,893,788
Prepaid expenses	<u>0</u>
Total receivables	150,122,467
Investments, at fair value*	31,006,327,515
Property and equipment	<u>2,422,231</u>
TOTAL ASSETS	31,161,166,331
LIABILITIES	
Administrative expenses payable	1,444,862
Payable to brokers for unsettled trades, net	<u>659,390,771</u>
TOTAL LIABILITIES	660,835,633
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u>30,500,330,698</u>

*The fair value will not agree to performance fair value due to the timing of adjustments and
 Governmental Accounting Standards Board Statement No. 25 financial reporting requirements.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
STATEMENT OF CHANGES IN PLAN NET ASSETS
DECEMBER 31, 2003

	<u>Current Quarter</u>	<u>Fiscal Year To Date</u>
ADDITIONS		
Contributions		
Members	\$ 201,276,744	\$ 319,562,147
State of Illinois	246,060,209	508,552,104
State of Illinois Pension Obligation Bond Proceeds	0	4,330,373,948
Employers		
Early retirement	3,845,839	44,130,047
Federal funds	6,862,532	9,056,557
2.2 benefit formula	<u>10,329,108</u>	<u>14,160,950</u>
Total contributions	<u>468,374,432</u>	<u>5,225,835,753</u>
Investment income		
Net appreciation/depreciation in fair value	2,378,786,133	3,054,281,420
Interest	69,056,783	131,776,181
Real estate operating income, net	41,638,882	45,469,195
Dividends	42,207,276	81,833,918
Private equity income	1,681,822	3,651,967
Other investment income	<u>2,758,128</u>	<u>5,210,401</u>
	2,536,129,024	3,322,223,082
Less investment expense	<u>23,408,424</u>	<u>22,379,440</u>
Net investment income	<u>2,512,720,600</u>	<u>3,299,843,642</u>
TOTAL ADDITIONS	<u>2,981,095,032</u>	<u>8,525,679,395</u>
DEDUCTIONS		
Retirement benefits	528,808,706	1,058,773,487
Survivor benefits	23,693,418	46,762,427
Disability benefits	4,889,370	9,635,661
Refunds	11,735,974	27,634,275
Administrative expenses	<u>3,708,459</u>	<u>7,365,918</u>
TOTAL DEDUCTIONS	<u>572,835,927</u>	<u>1,150,171,768</u>
NET INCREASE	2,408,259,105	7,375,507,627
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of Period	<u>28,092,071,593</u>	<u>23,124,823,071</u>
End of Period	<u>\$ 30,500,330,698</u>	<u>\$ 30,500,330,698</u>

AK

Expense Summary by Exp Obj

FY04 Budget: Administrative

10/01/2003 through 12/31/2003

	Current Budget Amt	Vouchered Current Period	Vouchered Prior Yr Period	Vouchered YTD	Balance YTD
1120 Personal services	7,947,631.00	1,956,829.50	1,943,892.56	3,938,634.24	4,008,996.76
1129 Employee ret. cont. paid by the State	450,300.00	109,744.37	103,005.26	219,930.33	230,369.67
1161 Retirement contributions-SERS	755,400.00	186,993.60	155,670.92	379,468.83	375,931.17
1165 Retirement contributions-TRS (2.2)	16,000.00	3,524.60	2,779.91	6,981.56	9,018.44
1170 Social Security/Medicare contributions	456,200.00	109,742.25	122,594.94	228,430.25	227,769.75
1180 Group insurance	1,593,000.00	391,520.09	334,095.66	781,619.12	811,380.88
1201 Petty cash fund reimbursements	2,000.00	504.87	492.47	504.87	1,495.13
1202 Contractual exp. reimb. to State Employee	1,450.00	150.56	89.90	484.41	965.59
1205 Delivery services, freight	14,500.00	3,759.53	4,603.92	7,344.28	7,155.72
1221 Repair/maint. furniture, office equip.	39,997.13	5,582.47	10,924.95	21,218.40	18,778.73
1223 Repair/maint. real property	42,800.00	13,468.80	6,148.84	19,193.26	23,606.74
1224 Repair/maint. machinery/mechanical equipment	6,000.00	840.00	895.44	1,960.00	4,040.00
1225 Repair/maint. EDP equipment	140,150.00	12,047.22	4,313.49	110,947.22	29,202.78
1229 Repair/maint. not elsewhere classified	10,000.00	0.00	0.00	9,515.00	485.00
1230 In-house repair/maint.-purchase of merch.	9,500.00	682.58	1,157.04	4,145.88	5,354.12

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Expense Summary by Exp Obj

FY04 Budget: Administrative

10/01/2003 through 12/31/2003

	Current Budget Amt	Vouchered Current Period	Vouchered Prior Yr Period	Vouchered YTD	Balance YTD
1231 Rental, office equipment	60,674.00	7,437.00	11,970.00	19,663.00	41,011.00
1232 Rental, motor vehicles	10,400.00	2,925.00	3,299.82	5,850.00	4,550.00
1233 Rental, real property	69,920.00	16,870.83	15,902.72	34,629.82	35,290.18
1237 Rental, audio/visual aids	2,600.00	0.00	452.60	1,185.90	1,414.10
1239 Rental, not elsewhere classified	3,300.00	0.00	100.00	824.00	2,476.00
1240 Statistical/tabulation/data entry services	8,400.00	3,181.10	2,026.61	4,401.10	3,998.90
1241 Medical consultant fees	3,560.00	1,500.00	260.00	1,500.00	2,060.00
1242 Auditing/management/consulting services	698,350.00	141,906.63	193,960.85	280,655.64	417,694.36
1244 Legal fees	387,910.00	59,410.99	151,766.65	109,565.09	278,344.91
1245 Professional fees (audit, inspection, speakers, etc.)	114,700.00	456.00	1,717.50	643.20	114,056.80
1248 Building and ground maintenance	82,626.00	17,689.74	20,508.73	38,151.98	44,474.02
1251 Gas service	9,000.00	2,354.38	3,017.70	2,388.65	6,611.35
1252 Electric service	91,000.00	22,107.27	18,807.76	50,887.70	40,112.30
1253 Water service	7,500.00	1,241.34	960.88	3,019.50	4,480.50
1261 Postage and postal charges	463,100.00	196,248.73	173,908.17	263,948.73	199,151.27



Expense Summary by Exp Obj

FY04 Budget: Administrative

10/01/2003 through 12/31/2003

	Current Budget Amt	Vouchered Current Period	Vouchered Prior Yr Period	Vouchered YTD	Balance YTD
1266 Court reporting and filing services	1,400.00	1,275.45	0.00	1,275.45	124.55
1271 Insurance premiums	23,194.00	1,194.00	1,080.00	1,194.00	22,000.00
1273 Advertising	3,000.00	362.34	638.47	529.92	2,470.08
1274 Reg. fees & conf. exp/payments to vendor	38,765.00	3,764.20	4,391.00	8,820.20	29,944.80
1275 Subscriptions	8,916.03	2,593.57	1,646.60	5,861.05	3,054.98
1277 Association dues	56,765.00	34,426.00	34,884.00	48,736.00	8,029.00
1279 Employee tuition and fees	6,000.00	0.00	186.80	879.02	5,120.98
1280 Copying and photographic services	19,260.87	14,284.21	522.88	14,936.48	4,324.39
1284 Computer software-purchase & maintenance	164,917.00	64,715.23	4,447.45	89,821.00	75,096.00
1285 Operating taxes, pension filing fee & passports	6,500.00	0.00	0.00	196.82	6,303.18
1289 Contractual services, not elsewhere classified	152,691.50	25,190.97	26,803.99	55,389.26	97,302.24
1291 In-state travel, reimb. to employees	69,610.00	18,033.22	22,286.45	26,902.99	42,707.01
1292 Out-of-state travel, reimb. to employees	10,000.00	230.82	7,301.69	2,012.18	7,987.82
1293 In-state travel, payments to vendors	16,295.97	233.00	1,298.53	233.00	16,062.97
1294 Out-of-state travel, payments to vendors	5,440.50	1,263.50	943.50	1,263.50	4,177.00

Expense Summary by Exp Obj
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

	Current Budget Amt	Vouchered Current Period	Vouchered Prior Yr Period	Vouchered YTD	Balance YTD
1302 Printing and paper used for printing	184,350.00	21,154.82	20,274.86	34,485.17	149,864.83
1304 Office and printing press supplies	28,535.00	6,178.78	5,024.65	17,432.55	11,102.45
1310 Mechanical supplies	3,000.00	0.00	0.00	1,546.63	1,453.37
1335 Rock salt, calcium chloride & abrasives	500.00	183.00	0.00	183.00	317.00
1360 Food supplies	2,400.00	396.19	388.67	504.50	1,895.50
1370 Uniforms, shoes, T-shirts	850.00	0.00	95.95	374.95	475.05
1391 Cleaning supplies, paper towels, styro cups	2,000.00	654.37	506.82	1,421.97	578.03
1394 Office equipment less than \$100	4,910.00	1,432.34	584.72	1,889.39	3,020.61
1395 Small tools less than \$100	750.00	29.99	129.44	192.85	557.15
1399 Commodities,not elsewhere classified	1,000.00	258.83	181.22	527.31	472.69
1510 Office furniture/equip. greater than \$100	10,408.00	3,497.36	2,465.57	7,840.05	2,567.95
1540 Machinery, implements and major tools	750.00	498.60	179.95	498.60	251.40
1560 Library books/references/reports	10,035.00	2,408.88	2,607.40	2,972.38	7,062.62
1561 Audio & video training materials	1,500.00	0.00	0.00	0.00	1,500.00
1685 EDP supplies	41,700.00	3,807.72	2,658.53	9,166.79	32,533.21

Expense Summary by Exp Obj

FY04 Budget: Administrative

10/01/2003 through 12/31/2003

	Current Budget Amt	Vouchered Current Period	Vouchered Prior Yr Period	Vouchered YTD	Balance YTD
1687 EDP equipment	140,050.00	40,082.64	2,172.53	128,122.77	11,927.23
1710 Repair/maint. telephone,modem & fax equip.	5,650.00	546.16	344.04	2,397.62	3,252.38
1721 Rental, telephone services and equipment	265,000.00	82,757.04	50,922.64	105,508.07	159,491.93
1722 Rental, data comm. services and equip.	40,000.00	9,779.50	8,227.47	16,561.88	23,438.12
1730 Parts/supplies, telephone, fax & modem	4,000.00	1,600.00	400.00	2,484.50	1,515.50
1740 Answering & paging comm. serv. & equip.	3,000.00	630.69	1,111.12	840.92	2,159.08
1750 Telephone, fax, modem, other comm equip	1,650.00	0.00	470.25	1,112.49	537.51
1893 Repair/maintenance, automotive equipment	3,000.00	714.58	705.60	976.55	2,023.45
1894 Parts and fittings, automotive equipment	3,000.00	0.00	41.10	1.50	2,998.50
1896 Gasoline, oil & antifreeze - automotive	4,000.00	1,214.68	1,351.73	1,588.99	2,411.01
6625 Remodeling and renovation	6,660.00	1,657.00	0.00	6,634.50	25.50
6628 Architectural and engineering fees	2,000.00	0.00	254.37	0.00	2,000.00
8888 Budget Initiatives	131,200.00	0.00	0.00	0.00	131,200.00
9999 Reserve Funds	561,599.00	0.00	0.00	0.00	561,599.00

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Expense Summary by Exp Obj

FY04 Budget: Administrative

10/01/2003 through 12/31/2003

	Current Budget Amt	Vouchered Current Period	Vouchered Prior Yr Period	Vouchered YTD	Balance YTD
Total for Administrative Budget	15,544,221.00	3,615,769.13	3,496,855.28	7,151,008.76	8,393,212.24

Expense Detail
 FY04 Budget: Administrative
 10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
1120 Personal services				
Personal Services - refund	10/30/03	Payroll	Gross amount - 10/1-15/03 salary refund	(1,137.42)
Personal Services	10/01/03	Payroll	Gross amount - 10/1-15/03 payroll	332,346.13
Personal Services	10/20/03	Payroll	Gross amount - 10/16-31/03 payroll	330,620.33
Personal Services	11/03/03	Payroll	Gross amount - 11/1-15/03 payroll	327,501.25
Personal Services	11/13/03	Payroll	Gross amount - 11/16-30/03 payroll	327,198.06
Teachers' Retirement System	11/03/03	Payroll	Reimbursement from THIS Fund (September)	(3,183.35)
Personal Services	12/02/03	Payroll	Gross amount - 12/1-15/03 payroll	322,332.20
Personal Services	12/12/03	Payroll	Gross amount - 12/1-15/03 suppl payroll	704.44
Teachers' Retirement System	11/21/03	Payroll	Reimbursement from THIS Fund (October)	(2,949.36)
Personal Services	12/17/03	Payroll	Gross amount - 12/16-31/03 payroll	326,346.58
Teachers' Retirement System	12/23/03	Payroll	Reimbursement from THIS Fund (November)	(2,949.36)
				1,956,829.50
1129 Employee ret. cont. paid by the State				
Personal Services	10/01/03	Payroll	Retirement pickup - 10/1-15/03 payroll	18,420.38
Personal Services	10/20/03	Payroll	Retirement pickup - 10/16-31/03 payroll	18,349.50
Personal Services	11/03/03	Payroll	Retirement pickup - 11/1-15/03 payroll	18,326.60
Personal Services	11/13/03	Payroll	Retirement pickup - 11/16-30/03 payroll	18,366.22
Teachers' Retirement System	11/03/03	Payroll	Reimbursement from THIS Fund (September)	(127.34)
Personal Services	12/02/03	Payroll	Retirement pickup - 12/1-15/03 payroll	18,360.61
Personal Services	12/12/03	Payroll	Retirement pickup - 12/1-15/03 suppl payroll	28.18
Teachers' Retirement System	11/21/03	Payroll	Reimbursement from THIS Fund (October)	(117.98)
Personal Services	12/17/03	Payroll	Retirement pickup - 12/16-31/03 payroll	18,256.18

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Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Teachers' Retirement System	12/23/03	Payroll	Reimbursement from THIS Fund (November)	(117.98)
				109,744.37
1161 Retirement contributions-SERS				
Personal Services	10/01/03	Payroll	Retirement contributions - 10/1-15/03 payroll	32,025.34
Personal Services	10/20/03	Payroll	Retirement contributions - 10/16-31/03 payroll	31,562.25
Personal Services	11/03/03	Payroll	Retirement contributions - 11/1-15/03 payroll	31,111.30
Personal Services	11/13/03	Payroll	Retirement contributions - 11/16-30/03 payroll	31,220.72
Teachers' Retirement System	11/03/03	Payroll	Reimbursement from THIS Fund (September)	(427.82)
Personal Services	12/02/03	Payroll	Retirement contributions - 12/1-15/03 payroll	31,193.04
Personal Services	12/12/03	Payroll	Retirement contributions - 12/1-15/03 suppl payroll	94.67
Teachers' Retirement System	11/21/03	Payroll	Reimbursement from THIS Fund (October)	(396.38)
Personal Services	12/17/03	Payroll	Retirement contributions - 12/16-31/03 payroll	31,006.86
Teachers' Retirement System	12/23/03	Payroll	Reimbursement from THIS Fund (November)	(396.38)
				186,993.60
1165 Retirement contributions-TRS (2.2)				
Personal Services	10/01/03	Payroll	Employer due on TRS salaries - 10/1-15/03 payroll	588.90
Personal Services	10/20/03	Payroll	Employer due on TRS salaries - 10/16-31/03 payroll	587.16
Personal Services	11/03/03	Payroll	Employer due on TRS salaries - 11/1-15/03 payroll	587.94
Personal Services	11/13/03	Payroll	Employer due on TRS salaries - 11/16-30/03 payroll	588.81
Personal Services	12/02/03	Payroll	Employer due on TRS salaries - 12/1-15/03 payroll	586.45
Personal Services	12/17/03	Payroll	Employer due on TRS salaries - 12/16-31/03 payroll	585.34
				3,524.60
1170 Social Security/Medicare contributions				

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Teachers' Retirement System of the State of Illinois

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EO/Payee	Date	Dept	Description	Amount
Personal Services	10/01/03	Payroll	SS/Medicare - 10/1-15/03 payroll	18,761.72
Personal Services	10/20/03	Payroll	SS/Medicare - 10/16-31/03 payroll	18,500.90
Personal Services	11/03/03	Payroll	SS/Medicare - 11/1-15/03 payroll	18,269.38
Personal Services	11/13/03	Payroll	SS/Medicare - 11/16-30/03 payroll	18,316.77
Teachers' Retirement System	11/03/03	Payroll	Reimbursement from THIS Fund (September)	(219.69)
Personal Services	12/02/03	Payroll	SS/Medicare - 12/1-15/03 payroll	18,258.55
Personal Services	12/12/03	Payroll	SS/Medicare - 12/1-15/03 suppl payroll	53.89
Teachers' Retirement System	11/21/03	Payroll	Reimbursement from THIS Fund (October)	(201.78)
Personal Services	12/17/03	Payroll	SS/Medicare - 12/16-31/03 payroll	18,204.29
Teachers' Retirement System	12/23/03	Payroll	Reimbursement from THIS Fund (November)	(201.78)
				109,742.25
1180 Group insurance				
Personal Services	10/01/03	Payroll	Group insurance premiums - 10/1-15/03 payroll	65,646.65
Personal Services	10/20/03	Payroll	Group insurance premiums - 10/16-31/03 payroll	65,386.52
Turasky Jacquelin	10/03/03	Payroll	Reimbursement of TRS paid insurance	(75.00)
Personal Services	11/03/03	Payroll	Group insurance premiums - 11/1-15/03 payroll	65,557.89
Personal Services	11/13/03	Payroll	Group insurance premiums - 11/16-30/03 payroll	65,271.29
Teachers' Retirement System	11/03/03	Payroll	Reimbursement from THIS Fund (September)	(977.40)
Personal Services	12/02/03	Payroll	Group insurance premiums - 12/1-15/03 payroll	65,567.51
Teachers' Retirement System	11/21/03	Payroll	Reimbursement from THIS Fund (October)	(977.40)
Personal Services	12/17/03	Payroll	Group insurance premiums - 12/16-31/03 payroll	65,292.63
Turasky Jacquelin	11/24/03	Payroll	Reimbursement of TRS paid insurance	(75.00)
Turasky Jacquelin	12/10/03	Payroll	Reimbursement of TRS paid insurance	(75.00)

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Expense Detail
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EO/Payee	Date	Dept	Description	Amount
Teachers' Retirement System	12/23/03	Payroll	Reimbursement from THIS Fund (November)	(977.40)
Group Insurance Premium Fund	10/20/03	Payroll	Group insurance premiums - 1st quarter FMLA	1,954.80
				391,520.09
1201 Petty cash fund reimbursements				
Taylor Susan B - Custodian	10/06/03	Accounting	Petty cash reimbursement	245.36
Taylor Susan B - Custodian	11/17/03	Accounting	Petty cash reimbursement	259.51
				504.87
1202 Contractual exp. reimb. to State Employee				
Dye Susan M	10/06/03	Information Systems	Reimb. - Disaster Recovery cable modem	44.95
Green Tammy	11/10/03	Executive	Food expense reimbursement	60.66
Dye Susan M	12/08/03	Information Systems	Reimb. - Disaster Recovery cable modem	44.95
				150.56
1205 Delivery services, freight				
Teachers' Retirement System	11/03/03	Support Services	Reimbursement from THIS Fund (September)	(134.09)
Teachers' Retirement System	11/21/03	Support Services	Reimbursement from THIS Fund (October)	(172.10)
Teachers' Retirement System	12/23/03	Support Services	Reimbursement from THIS Fund (November)	(147.06)
United Parcel Service	10/06/03	Support Services	Parcel delivery service	17.38
Federal Express Corporation	10/14/03	Support Services	Express delivery service (THIS*)	36.57
Federal Express Corporation	10/14/03	Support Services	Express delivery service (Inv)	26.08
Federal Express Corporation	10/14/03	Support Services	Express delivery service	384.55
United Parcel Service	10/14/03	Support Services	Parcel delivery service	20.88
United Parcel Service	10/20/03	Support Services	Parcel delivery service	21.48
Federal Express Corporation	10/20/03	Support Services	Express delivery service (THIS*)	24.38



Expense Detail
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EO/Payee	Date	Dept	Description	Amount
Federal Express Corporation	10/20/03	Support Services	Express delivery service	83.47
Federal Express Corporation	10/20/03	Support Services	Express delivery service (Inv)	12.19
United Parcel Service	10/27/03	Support Services	Parcel delivery service	42.71
Federal Express Corporation	10/27/03	Support Services	Express delivery service (Inv)	106.82
Federal Express Corporation	10/27/03	Support Services	Express delivery service	169.57
Federal Express Corporation	10/27/03	Support Services	Express delivery service (THIS*)	36.69
United Parcel Service	11/03/03	Support Services	Parcel delivery service	24.42
United Parcel Service	11/10/03	Support Services	Parcel delivery service	69.47
Box Shoppe	11/10/03	Support Services	Parcel delivery service	262.69
Federal Express Corporation	11/10/03	Support Services	Express delivery service (Inv)	137.04
Federal Express Corporation	11/10/03	Support Services	Express delivery service (THIS*)	73.86
Federal Express Corporation	11/10/03	Support Services	Express delivery service	87.57
Federal Express Corporation	11/10/03	Support Services	Express delivery service	297.18
Federal Express Corporation	11/10/03	Support Services	Express delivery service (THIS*)	12.31
Federal Express Corporation	11/10/03	Support Services	Express delivery service (Inv)	26.53
Federal Express Corporation	11/10/03	Support Services	Express delivery service	390.16
Federal Express Corporation	11/10/03	Support Services	Express delivery service (THIS*)	49.24
Federal Express Corporation	11/10/03	Support Services	Express delivery service (Inv)	83.60
United Parcel Service	11/17/03	Support Services	Parcel delivery service	18.49
Federal Express Corporation	11/24/03	Support Services	Express delivery service	76.09
Federal Express Corporation	11/24/03	Support Services	Express delivery service (THIS*)	61.55
Federal Express Corporation	11/24/03	Support Services	Express delivery service (Inv)	67.00
Federal Express Corporation	11/24/03	Support Services	Express delivery service (THIS*)	36.99
Federal Express Corporation	11/24/03	Support Services	Express delivery service	268.94

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Expense Detail
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EO/Payee	Date	Dept	Description	Amount
Federal Express Corporation	11/24/03	Support Services	Express delivery service (Inv)	167.66
United Parcel Service	12/08/03	Support Services	Parcel delivery service	61.63
Federal Express Corporation	12/08/03	Support Services	Express delivery service (THIS*)	24.26
Federal Express Corporation	12/08/03	Support Services	Express delivery service	255.09
Federal Express Corporation	12/08/03	Support Services	Express delivery service (Inv)	122.08
Federal Express Corporation	12/08/03	Support Services	Express delivery service (Inv)	64.84
Federal Express Corporation	12/08/03	Support Services	Express delivery service (THIS*)	24.26
Federal Express Corporation	12/08/03	Support Services	Express delivery service	300.57
United Parcel Service	12/08/03	Support Services	Parcel delivery service	22.81
Federal Express Corporation	12/22/03	Support Services	Express delivery service (THIS*)	24.38
Federal Express Corporation	12/22/03	Support Services	Express delivery service	47.59
United Parcel Service	12/22/03	Support Services	Parcel delivery service	71.71
				3,759.53
1221 Repair/maint. furniture, office equip.				
Xerox Corporation	10/14/03	Support Services	Xerox 5322 copier maint. charge (1st qtr)	153.00
CDS Office Technologies	10/27/03	Support Services	Metered maint. charge for 2 Minolta copiers	394.75
IKON Office Solutions Inc	11/10/03	Support Services	Monthly maint.-color copier (Inv) (Aug/Sept)	1,868.00
IKON Office Solutions Inc	11/10/03	Support Services	Charge for copies over 6000 per month (Inv)	149.69
A B Dick Company	11/10/03	Support Services	Repair/maint.: TRS printing press	267.55
IKON Office Solutions Inc	11/17/03	Support Services	Monthly maint.-color copier (Inv) (October)	934.00
IKON Office Solutions Inc	11/17/03	Support Services	Monthly maint.-color copier (Inv) (November)	934.00
IKON Office Solutions Inc	11/17/03	Support Services	Charge for copies over 6000 per month (Inv)	667.37
IKON Office Solutions Inc	12/22/03	Support Services	Charge for copies over 6000 per month (Inv)	214.11

Expense Detail
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EO/Payee	Date	Dept	Description	Amount
				5,582.47
1223 Repair/maint. real property				
Punzak Air Conditioning	10/20/03	Building Services	HVAC maint./repair (9/29-10/1/03)	490.46
Bangert Plumbing Inc	11/03/03	Building Services	Jet the 4" line and inspect for cracks via camera	667.50
A-1 Lock Inc	11/03/03	Building Services	Key duplication/lock repair	13.50
Bortmess Concrete Contractor	11/03/03	Building Services	Replace driveway in delivery area	3,800.00
Punzak Air Conditioning	11/03/03	Building Services	HVAC monthly maint. charge (November)	600.00
Punzak Air Conditioning	11/10/03	Building Services	HVAC maint./repair (9/26/03)	152.00
Bangert Plumbing Inc	11/10/03	Building Services	Replace four foot of cast iron pipe	299.20
Punzak Air Conditioning	11/10/03	Building Services	HVAC maint./repair (10/20-24/03)	3,729.00
Progressive Electric Inc	11/10/03	Building Services	Install new exit lights	318.63
Bacon & Van Buskirk Glass Co	11/10/03	Building Services	Furnish and install new threshold on existing entrance door	590.00
Carrier Corporation	11/17/03	Building Services	Repairs to chiller	227.63
Progressive Electric Inc	11/24/03	Building Services	Repair parking lot lights	349.56
Progressive Electric Inc	11/24/03	Building Services	Repair outside conduit in ramp area	259.48
Progressive Electric Inc	11/24/03	Building Services	Install outlet in computer room	239.07
Punzak Air Conditioning	12/08/03	Building Services	HVAC monthly maint. charge (December)	600.00
Punzak Air Conditioning	12/15/03	Building Services	HVAC maint./repair (10/27/03)	231.50
Punzak Air Conditioning	12/15/03	Building Services	HVAC maint./repair (11/18-21/03)	825.27
Punzak Air Conditioning	12/29/03	Building Services	HVAC maint./repair (12/15/03)	76.00
				13,468.80
1224 Repair/maint. machinery/mechanical equipment				
Long Elevator	11/03/03	Building Services	Elevator maintenance (November)	280.00

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EO/Payee	Date	Dept	Description	Amount
Long Elevator	12/08/03	Building Services	Elevator maintenance (December)	280.00
Long Elevator	12/29/03	Building Services	Elevator maintenance (January)	280.00
				840.00
1225 Repair/maint. EDP equipment				
Sentinel Technologies Inc	10/14/03	Information Systems	Repairs - laser printer (1)	319.00
Avaya Inc	10/14/03	Information Systems	Annual hardware maint.-Telephone Conversant system	6,131.52
IKON Office Solutions Inc	10/27/03	Information Systems	Annual hardware maint.-Canon ImageRunner printers (2)	4,565.00
Independent Field Services Inc	11/24/03	Information Systems	Mainframe maint. - time & materials (10/24/03)	450.00
Sentinel Technologies Inc	12/08/03	Information Systems	Repairs - laser printers (2)	581.70
				12,047.22
1230 In-house repair/maint.-purchase of merch.				
R W Bradley Supply Co	10/06/03	Building Services	Misc. maintenance supplies	39.60
Lowes Acct 82140144001928	10/20/03	Building Services	Bulbs/ballasts	1.97
Lowes Acct 82140144001928	10/20/03	Building Services	Misc. maintenance supplies	40.75
ICI Dulux Paint Centers	10/20/03	Building Services	Paint/painting supplies	108.00
Big R of Springfield	10/20/03	Building Services	Misc. maintenance supplies	16.88
Sherwin-Williams Company	10/27/03	Building Services	Paint/painting supplies	59.95
Illinois Plumbing and Heating	11/03/03	Building Services	Misc. maintenance supplies	114.40
Lowes Acct 82140144001928	11/03/03	Building Services	Misc. maintenance supplies	11.91
Lowes Acct 82140144001928	11/10/03	Building Services	Misc. maintenance supplies	5.96
Wiley Office Furniture	11/17/03	Support Services	Modular furniture - worksurface	125.60
Lowes Acct 82140144001928	12/01/03	Building Services	Misc. maintenance supplies	11.00
Affiliated Steam Equipment Co	12/08/03	Building Services	Humidifier drain valve to be installed by Punzak	146.56

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EO/Payee	Date	Dept	Description	Amount
				682.58
1231 Rental, office equipment				
CDS Office Technologies-Lease	10/06/03	Support Services	Lease of Minolta copiers (2) - pmnt #48	1,100.00
IOS Capital	10/20/03	Support Services	Lease of Canon copiers (5) - pmnt #2	1,290.00
IOS Capital	11/10/03	Support Services	Lease of color copier (Inv) pmnt #3/#4	580.00
IOS Capital	11/17/03	Support Services	Lease of Canon copiers (5) - pmnt #3	1,290.00
IOS Capital	12/15/03	Support Services	Lease of Canon copiers (5) - pmnt #4	1,290.00
IOS Capital	12/22/03	Support Services	Lease of Canon copiers (2) - pmnt #1	1,635.00
Pitney Bowes-Credit Corp	12/29/03	Support Services	Lease of Lisle postal meter - quarterly pmnt #10	252.00
				7,437.00
1232 Rental, motor vehicles				
State Garage Revolving Fund	12/01/03	Support Services	Long-term vehicle rental (10/1/03 - 12/31/03)	1,300.00
State Garage Revolving Fund	12/01/03	Support Services	Long-term vehicle rental (10/1/03 - 12/31/03)	1,625.00
				2,925.00
1233 Rental, real property				
Teachers Retirement Sys - Rent	10/06/03	Support Services	Lisle office rent (October)	5,623.61
Teachers Retirement Sys - Rent	11/03/03	Support Services	Lisle office rent (November)	5,623.61
Teachers Retirement Sys - Rent	12/08/03	Support Services	Lisle office rent (December)	5,623.61
				16,870.83
1240 Statistical/tabulation/data entry services				
Statistical Services Revolving	10/06/03	Information Systems	CMS Data Center services (August)	1,053.24
Statistical Services Revolving	10/14/03	Human Resources	Payroll processing charge (August)	309.60
Statistical Services Revolving	11/10/03	Information Systems	CMS Data Center services (September)	564.79

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EO/Payee	Date	Dept	Description	Amount
Statistical Services Revolving	11/17/03	Human Resources	Payroll processing charge (September)	314.10
Statistical Services Revolving	12/08/03	Information Systems	CMS Data Center services (October)	626.17
Statistical Services Revolving	12/15/03	Human Resources	Payroll processing charge (October)	313.20
				3,181.10
1241 Medical consultant fees				
Fletcher David J MD	12/22/03	Legal	Medical testimony in TRS v. Schuerman	1,500.00
				1,500.00
1242 Auditing/management/consulting services				
Hupp Information Technologies	10/06/03	Information Systems	Contractual programming (82.75 hrs)	3,516.88
Ashbaugh and Associates Inc	10/06/03	Information Systems	Contractual programming (81 hrs)	6,075.00
Hupp Information Technologies	10/14/03	Information Systems	Contractual programming (81 hrs)	3,442.50
King Technology Inc	10/14/03	Information Systems	Contractual programming (167.5 hrs)	10,217.50
Compu-Tech LLC	10/20/03	Information Systems	Contractual programming (71 hrs)	4,615.00
Ciber Inc	10/27/03	Information Systems	Contractual programming (168 hrs)	11,592.00
Ashbaugh and Associates Inc	10/27/03	Information Systems	Contractual programming (91 hrs)	6,825.00
Hupp Information Technologies	11/03/03	Information Systems	Contractual programming (72 hrs)	3,060.00
Ashbaugh and Associates Inc	11/10/03	Information Systems	Contractual programming (82.5 hrs)	6,187.50
Compu-Tech LLC	11/10/03	Information Systems	Contractual programming (54.5 hrs)	3,452.50
King Technology Inc	11/17/03	Information Systems	Contractual programming (171.5 hrs)	10,461.50
Hupp Information Technologies	11/17/03	Information Systems	Contractual programming (92.5 hrs)	3,931.25
Ashbaugh and Associates Inc	11/24/03	Information Systems	Contractual programming (88 hrs)	6,600.00
Compu-Tech LLC	11/24/03	Information Systems	Contractual programming (80.25 hrs)	5,216.25
Ciber Inc	11/24/03	Information Systems	Contractual programming (184 hrs)	12,696.00

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EO/Payee	Date	Dept	Description	Amount
Hupp Information Technologies	12/01/03	Information Systems	Contractual programming (73.5 hrs)	3,123.75
Compu-Tech LLC	12/01/03	Information Systems	Contractual programming (64.75 hrs)	4,208.75
Compu-Tech LLC	12/08/03	Information Systems	Contractual programming (54.5 hours - underpaid \$90)	90.00
Ashbaugh and Associates Inc	12/08/03	Information Systems	Contractual programming (71 hrs)	5,325.00
Compu-Tech LLC	12/15/03	Information Systems	Contractual programming (59.5 hrs)	3,867.50
King Technology Inc	12/15/03	Information Systems	Contractual programming (113 hrs)	6,893.00
Hupp Information Technologies	12/15/03	Information Systems	Contractual programming (60 hrs)	2,550.00
Ashbaugh and Associates Inc	12/22/03	Information Systems	Contractual programming (62.5 hrs)	4,687.50
Ciber Inc	12/22/03	Information Systems	Contractual programming (144 hrs)	9,936.00
Hupp Information Technologies	12/29/03	Information Systems	Contractual programming (78.5 hrs)	3,336.25
				141,906.63
1244 Legal fees				
Heyl Royster Voelker & Allen	10/14/03	Legal	Legal services (August)	602.00
Loewenstein Hagen & Smith	10/20/03	Legal	Legal services (September)	200.00
Gardner Carton & Douglas	10/27/03	Legal	Legal services (September)	2,520.00
Gardner Carton & Douglas	10/27/03	Legal	Legal services - investment related (September)	5,440.50
Loewenstein Hagen & Smith	11/17/03	Legal	Legal services (October)	2,160.00
Heyl Royster Voelker & Allen	11/24/03	Legal	Legal services (September)	2,091.20
Gardner Carton & Douglas	11/24/03	Legal	Legal services (October)	7,749.53
Gardner Carton & Douglas	11/24/03	Legal	Legal services - investment related (October)	13,329.00
Cavanagh & OHara	11/24/03	Legal	Legal services - Board Fiduciary Counsel (September)	1,102.50
Cavanagh & OHara	11/24/03	Legal	Legal services - Board Fiduciary Counsel (October)	4,173.06
Loewenstein Hagen & Smith	12/08/03	Legal	Legal services (November)	3,092.14

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EO/Payee	Date	Dept	Description	Amount
Heyl Royster Voelker & Allen	12/22/03	Legal	Legal services (October)	1,782.21
Cavanagh & OHara	12/29/03	Legal	Legal services - Board Fiduciary Counsel (November)	1,181.25
Gardner Carton & Douglas	12/29/03	Legal	Legal services - investment related (November)	9,217.50
Gardner Carton & Douglas	12/29/03	Legal	Legal services (November)	4,770.10
				59,410.99
1245 Professional fees (audit, inspection, speakers, etc.)				
Verify	11/17/03	Human Resources	Preemployment investigations (5)	61.00
Getz Fire Equipment Company	12/08/03	Building Services	Fire suppression system inspection fee	395.00
				456.00
1248 Building and ground maintenance				
Sentinel Insect Control	10/14/03	Building Services	Insect control service (September)	55.00
Standefer Lawn Care Inc	10/14/03	Building Services	Lawn mowing service (September)	1,002.50
Land of Lincoln Goodwill Ind	10/14/03	Building Services	Janitorial services (October)	4,689.67
Robertson Lawn Care	11/03/03	Building Services	Fertilizer & grub control service (Fall)	409.00
Sentinel Insect Control	11/17/03	Building Services	Insect control service (October)	55.00
Standefer Lawn Care Inc	11/17/03	Building Services	Lawn mowing service (October)	802.00
Land of Lincoln Goodwill Ind	12/08/03	Building Services	Janitorial services (November)	4,689.67
Sentinel Insect Control	12/08/03	Building Services	Insect control service (November)	55.00
Robertson Lawn Care	12/08/03	Building Services	Fertilizer & grub control service (Late Fall)	349.00
George Alarm Company Inc	12/15/03	Building Services	Security alarm monitoring service (3rd qtr)	572.73
Land of Lincoln Goodwill Ind	12/15/03	Building Services	Janitorial services (December)	4,689.67
Standefer Lawn Care Inc	12/22/03	Building Services	Lawn mowing service (November)	200.50
Painter Robert Jr	12/29/03	Building Services	Snow removal/salting service (12/14/03)	120.00



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EO/Payee	Date	Dept	Description	Amount
				17,689.74
1251 Gas service				
University of IL - Chicago	10/30/03	Building Services	Reimbursement from DSCC	(65.68)
University of IL - Chicago	12/02/03	Building Services	Reimbursement from DSCC	(49.32)
Ameren CILCO	10/20/03	Building Services	Gas service through read date 10/4/03	92.75
Ameren CILCO	11/17/03	Building Services	Gas service through read date 10/31/03	255.34
Ameren CILCO	12/22/03	Building Services	Gas service through read date 12/3/03	2,121.29
				2,354.38
1252 Electric service				
University of IL - Chicago	10/30/03	Building Services	Reimbursement from DSCC	(3,156.50)
University of IL - Chicago	12/02/03	Building Services	Reimbursement from DSCC	(2,998.99)
City Water Light & Power	10/27/03	Building Services	Electrical service through read date 10/15/03	9,836.97
City Water Light & Power	11/24/03	Building Services	Electrical service through read date 11/13/03	9,165.82
City Water Light & Power	12/29/03	Building Services	Electrical service through read date 12/15/03	9,259.97
				22,107.27
1253 Water service				
City Water Light & Power	10/27/03	Building Services	Water/sewer service through read date 10/15/03	566.70
City Water Light & Power	11/24/03	Building Services	Water/sewer service through read date 11/13/03	421.17
City Water Light & Power	12/29/03	Building Services	Water/sewer service through read date 12/15/03	253.47
				1,241.34
1261 Postage and postal charges				
Postmaster	10/14/03	Publications	Third class/bulk rate postage (acct #590)	100,000.00
Postmaster	10/27/03	Support Services	Metered postage (Springfield)	17,500.00

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EO/Payee	Date	Dept	Description	Amount
Postmaster	11/10/03	Support Services	Metered postage (Springfield)	16,500.00
Postmaster	11/10/03	Support Services	Metered postage (Lisle)	960.00
Postmaster - Fee Payment	12/01/03	Support Services	Annual fee - 590 Standard	150.00
Postmaster	12/08/03	Support Services	Metered postage (Springfield)	17,500.00
Postmaster - Fee Payment	12/22/03	Support Services	Annual fee - Business Reply	625.00
Postmaster	12/22/03	Publications	Third class/bulk rate postage (acct #590)	50,000.00
Teachers' Retirement System	12/23/03	Support Services	Reimbursement from THIS Fund (prior to Dec)	(6,986.27)
				196,248.73
1266 Court reporting and filing services				
Capitol Reporting Service	12/08/03	Legal	Court reporter - Schuerman hearing	1,275.45
				1,275.45
1271 Insurance premiums				
Mesirow Insurance Services Inc	10/14/03	Information Systems	EDP Equipment Insurance Premium	1,194.00
				1,194.00
1273 Advertising				
Edwardsville Publishing Co Inc	10/06/03	Building Services	Bid advertising	7.20
State Journal-Register	10/27/03	Human Resources	Classified ad (Claims Processor)	115.94
State Journal-Register	11/24/03	Human Resources	Classified ad (Personnel Administrator)	239.20
				362.34
1274 Reg. fees & conf. exp/payments to vendor				
GFOA	12/08/03	Accounting	Registration refund (less cost of videotape)	(55.05)
GFOA	12/18/03	Investments	Registration - Dulakis, K (refunded)	(95.00)
Government Technology	10/06/03	Information Systems	Registration - Medlar-Baker, V	115.00



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EO/Payee	Date	Dept	Description	Amount
Government Technology	10/06/03	Information Systems	Registration - Crites, J	115.00
Government Technology	10/06/03	Information Systems	Registration - Tanner, J	115.00
Government Technology	10/06/03	Information Systems	Registration - DeGroot, K	115.00
GFOA	10/14/03	Investments	Registration - Dulakis, K	95.00
Global Knowledge	11/24/03	Information Systems	Registration - Heitz, B	2,455.25
American Red Cross-Springfield	11/24/03	Human Resources	Registration - CPE/AED review class for 7 staff	280.00
Sterling Education Services	12/08/03	Human Resources	Registration - Larkin, G	212.00
Sterling Education Services	12/08/03	Legal	Registration - Fain, C	212.00
NCPERS	12/29/03	Executive	Registration - Yelverton, N	200.00
				3,764.20
1275 Subscriptions				
Microsoft Technical Support	11/04/03	Information Systems	MSDN rebate	(300.00)
Creatas	10/06/03	Publications	Renewal - Elementary Education Collection	399.99
Dynamic Graphics Inc	10/06/03	Publications	Renewal - Liquid Library	708.00
C & F Publications	10/14/03	Executive	Renewal - Chicago Sun-Times (10/2004)	156.00
Legislative Reference Bureau	10/14/03	Executive	Renewal - Legislative Synopsis and Digest	55.00
Chicago Tribune	12/01/03	Executive	Renewal - Chicago Tribune (11/11/04)	132.60
State Capital Info Service Inc	12/08/03	Executive	Renewal - Daily Legislative Report (12/2004)	825.00
Crains Chicago Business	12/08/03	Executive	Renewal - Crain's Chicago Business (03/2005)	94.95
GASB Publications Dept	12/08/03	Accounting	Renewal - GASB Comprehensive Plan plus Action Report	152.00
Creatas	12/08/03	Publications	Renewal - Beauty of Nature (clipart)	104.00
Creatas	12/08/03	Publications	Renewal - Mature Lifestyles (clipart)	104.00
Aspen Publishers Inc	12/22/03	Accounting	Renewal - Miller Governmental GAAP Guide 2004	162.03

Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
				2,593.57
1277 Association dues				
ARDC	10/20/03	Legal	Annual registration fee - Gray, T (12/2004)	229.00
ARDC	10/20/03	Legal	Annual registration fee - Fain, C (12/2004)	229.00
NCPERS	11/10/03	Executive	Membership (12/2004)	400.00
IFEBP - Membership Dept	11/10/03	Executive	Membership (12/2004)	625.00
Illinois State Bar Association	11/24/03	Legal	Membership - Gray, T (6/2004)	143.00
Public Retire Info Sys Mngmnt	12/08/03	Information Systems	Membership (12/2004)	150.00
National Assn State Retirement	12/22/03	Executive	Membership (12/2004)	2,000.00
Council Institut'l Investors	12/22/03	Executive	Membership dues (12/2004)	30,000.00
NAPPA	12/22/03	Legal	Membership - Fain, C (12/2004)	325.00
NAPPA	12/22/03	Legal	Membership - Gray, T (12/2004)	325.00
				34,426.00
1280 Copying and photographic services				
Printing Center The	10/27/03	Publications	Printing press plate - Understanding Personal Statement	35.00
Capitol Blueprint Co	11/03/03	Publications	Copying services - Investment Committee meeting	333.38
Printing Center The	11/03/03	Publications	Printing press plate - Investment Returns	105.00
Terry Farmer Photography Inc	11/24/03	Publications	Professional portrait - Fain, C	80.00
Capitol Blueprint Co	12/08/03	Publications	Copying services - Rules and Personnel Comm meeting	219.96
Record Systems Inc	12/15/03	Support Services	Microfilming of Member Records	13,310.87
Record Systems Inc	12/29/03	Support Services	Microfilm inserted into film jackets	200.00
				14,284.21
1284 Computer software-purchase & maintenance				



Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
CDW Government Inc	10/20/03	Information Systems	Software - Microsoft licensing renewal	47,814.00
NovaStor Corporation	10/27/03	Information Systems	Software maint. - NovaXchange (10/2004)	119.00
Sunbelt Software Distribution	11/03/03	Information Systems	Software maint.-Sunbelt Remote Administrator (6/2005)	455.67
Sunbelt Software Distribution	11/10/03	Information Systems	Software maint.-iHateSpam Server Edition (6/2004)	595.00
eHelp Corporation	12/22/03	Information Systems	Software maint. - RoboHelp (6/2005)	1,996.00
Crystal Decisions	12/22/03	Information Systems	Software maint. - Crystal Reports (6/2005)	892.50
QWIZ Inc	12/22/03	Information Systems	Software maint. - QWIZ (6/2005)	323.92
Attachmate Corporation	12/22/03	Information Systems	Software maint. - MyExtra (6/2005)	701.25
CDW Government Inc	12/22/03	Information Systems	Software - MS Office Pro Media Kit	30.00
CDW Government Inc	12/29/03	Information Systems	Software maint. - WinInstall (6/2005)	990.00
Sybari Software Inc	12/29/03	Information Systems	Software maint.-Antigen for Exchange (6/2005)	2,346.67
CDW Government Inc	12/29/03	Information Systems	Software maint. - Websense (6/2005)	5,976.22
Network Associates Inc	12/29/03	Information Systems	Software minat. - Sniffer (6/2005)	2,475.00
				64,715.23

1289 Contractual services, not elsewhere classified

IL Rural Telecommunication Co	10/06/03	Executive	Monthly internet access charge (trustee)	20.00
Spinner Plastics Inc	10/06/03	Human Resources	Engraved EOQ/Retirement plaques	52.50
Express Services Inc	10/06/03	Support Services	Temporary services (35 hrs)	423.15
Quicksilver Mailing Service	10/14/03	Support Services	Daily mail presort (September)	937.90
Illinois Press Assoc	10/14/03	Executive	Press clipping service (September)	72.05
Communications Revolving Fund	10/14/03	Publications	Daily press summaries (August)	35.00
IBM Corporation	10/14/03	Information Systems	Disaster Recovery site - Boulder (October)	3,541.00
Express Services Inc	10/20/03	Support Services	Temporary services (35 hrs)	423.15

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Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Pension Benefit Information	10/20/03	Benefits	Quarterly death match service	2,349.00
Lexis-Nexis	10/27/03	Legal	Online legal research (September)	450.00
Express Services Inc	10/27/03	Support Services	Temporary services (35 hrs)	423.15
IL Rural Telecommunication Co	11/03/03	Executive	Monthly internet access charge (trustee)	20.00
Communications Revolving Fund	11/03/03	Publications	Daily press summaries (September)	35.00
Express Services Inc	11/03/03	Support Services	Temporary services (35 hrs)	423.15
Express Services Inc	11/03/03	Support Services	Temporary services (28 hrs)	338.52
Pension Benefit Information	11/10/03	Benefits	Out-of-State death certificates	147.00
Illinois Press Assoc	11/17/03	Executive	Press clipping service (October)	76.45
Quicksilver Mailing Service	11/17/03	Support Services	Daily mail presort (October)	945.34
Express Services Inc	11/17/03	Support Services	Temporary services (28 hrs)	338.52
IBM Corporation	11/17/03	Information Systems	Disaster Recovery site - Boulder (November)	3,541.00
Carmi-White County CUSD 5	11/24/03	Executive	Substitute pay for Jan Cleveland (1 day)	70.00
Conns Catering Inc	11/24/03	Executive	Catering-Board meeting in Springfield (October)	300.45
Communications Revolving Fund	11/24/03	Publications	Daily press summaries (October)	35.00
Lexis-Nexis	11/24/03	Legal	Online legal research (October)	450.00
Express Services Inc	11/24/03	Support Services	Temporary services (35 hrs)	423.15
Spinner Plastics Inc	11/24/03	Support Services	Engraved name plates & name badges	98.00
Express Services Inc	11/24/03	Support Services	Temporary services (35 hrs)	423.15
I-Pass Distribution Center	12/01/03	Support Services	Pre-paid toll for Lisle office vehicle	50.00
Credit Data of Illinois	12/01/03	Support Services	Trace reports and searches (October)	18.00
IL Rural Telecommunication Co	12/08/03	Executive	Monthly internet access charge (trustee)	20.00
Express Services Inc	12/08/03	Support Services	Temporary services (21 hrs)	253.89
Express Services Inc	12/08/03	Support Services	Temporary services (32.5 hrs)	392.93



Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Quicksilver Mailing Service	12/08/03	Support Services	Daily mail presort (November)	561.58
Spinner Plastics Inc	12/15/03	Human Resources	Engraved EOQ/Retirement plaques	52.50
IBM Corporation	12/15/03	Information Systems	Disaster Recovery site - Boulder (December)	3,541.00
Illinois Press Assoc	12/22/03	Executive	Press clipping service (November)	70.60
Spinner Plastics Inc	12/22/03	Human Resources	Engraving - longevity	90.00
Credit Data of Illinois	12/22/03	Support Services	Trace reports and searches (September)	2,376.80
Express Services Inc	12/22/03	Support Services	Temporary services (21 hrs)	253.89
Carmi-White County CUSD 5	12/22/03	Executive	Substitute pay for Jan Cleveland (3 days)	210.00
Lexis-Nexis	12/29/03	Legal	Online legal research (November)	450.00
Communications Revolving Fund	12/29/03	Publications	Daily press summaries (November)	35.00
Express Services Inc	12/29/03	Support Services	Temporary services (35 hrs)	423.15
				<hr/> 25,190.97
1291 In-state travel, reimb. to employees				
Eggert Robert E	10/06/03	Member Services	Travel expense reimbursement	17.00
Taylor Kay	10/06/03	Member Services	Travel expense reimbursement	22.50
Snopko James	10/06/03	Member Services	Travel expense reimbursement	373.37
Kullick Erin	10/06/03	Member Services	Travel expense reimbursement	123.31
Sweetland Ann	10/14/03	Investments	Travel expense reimbursement	197.01
Parrish Scott K	10/14/03	Investments	Travel expense reimbursement	669.02
Bevill Scott	10/14/03	Investments	Travel expense reimbursement	335.99
Rupnik Stanley	10/14/03	Investments	Travel expense reimbursement	591.65
Taylor Ruby Reynolds	10/14/03	Executive	Travel expense reimbursement	563.46
Viar Terry	10/14/03	Member Services	Travel expense reimbursement	559.32

Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Bergschneider Jana L	10/14/03	Benefits	Travel expense reimbursement	331.74
Sherwood Rase	10/14/03	Benefits	Travel expense reimbursement	329.39
Ritsert Larry	10/14/03	Member Services	Travel expense reimbursement	36.14
Taylor Ronald	10/14/03	Member Services	Travel expense reimbursement	331.74
Bauman Jon	10/14/03	Executive	Travel expense reimbursement	578.19
Sherman Sally	10/14/03	Benefits	Travel expense reimbursement	547.64
Griffin Tim	10/14/03	Member Services	Travel expense reimbursement	378.19
Gray Thomas S	10/20/03	Legal	Travel expense reimbursement	398.24
Fain Cynthia	10/20/03	Legal	Travel expense reimbursement	328.24
Farney Kathleen	10/20/03	Research	Travel expense reimbursement	332.89
Bartletti S Michael	10/27/03	Investments	Travel expense reimbursement	172.20
Yelverton Nicholas	10/27/03	Executive	Travel expense reimbursement	192.51
Bauman Jon	10/27/03	Executive	Travel expense reimbursement	346.47
Huber Maren	11/03/03	Member Services	Travel expense reimbursement	240.28
Ribelin Claire	11/03/03	Member Services	Travel expense reimbursement	183.80
Snopko James	11/03/03	Member Services	Travel expense reimbursement	457.58
Bruner James	11/10/03	Executive	Travel expense reimbursement	64.80
Taylor Kay	11/17/03	Member Services	Travel expense reimbursement	147.50
Huber Maren	11/17/03	Member Services	Travel expense reimbursement	84.48
Eggert Robert E	11/17/03	Member Services	Travel expense reimbursement	34.00
Rollins Steven	11/17/03	Member Services	Travel expense reimbursement	146.62
Talley-Taylor Mary	11/17/03	Member Services	Travel expense reimbursement	96.52
Bracey Michael J	11/17/03	Member Services	Travel expense reimbursement	171.06
Stabler Nick	11/17/03	Member Services	Travel expense reimbursement	119.00

Expense Detail
 FY04 Budget: Administrative
 10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Griffin Kim	11/17/03	Member Services	Travel expense reimbursement	271.67
ONeill Cynthia	11/17/03	Executive	Travel expense reimbursement	235.85
Phalen Molly	11/17/03	Executive	Travel expense reimbursement	308.00
Ritsert Larry	11/24/03	Member Services	Travel expense reimbursement	112.40
Kennedy Todd	11/24/03	Accounting	Travel expense reimbursement	35.00
Cleveland Jan	11/24/03	Executive	Travel expense reimbursement	313.04
Bruner James	11/24/03	Executive	Travel expense reimbursement	64.80
Glennon John	11/24/03	Executive	Travel expense reimbursement	109.00
Gray Thomas S	11/24/03	Legal	Travel expense reimbursement	185.20
Snopko James	11/24/03	Member Services	Travel expense reimbursement	77.84
Bauman Jon	11/24/03	Executive	Travel expense reimbursement	199.31
Phalen Molly	12/01/03	Executive	Travel expense reimbursement	353.12
Stabler Nick	12/08/03	Member Services	Travel expense reimbursement	34.00
Ribelin Claire	12/08/03	Member Services	Travel expense reimbursement	17.00
Griffin Tim	12/08/03	Member Services	Travel expense reimbursement	85.00
Parrish Scott K	12/08/03	Investments	Travel expense reimbursement	339.21
Bartletti S Michael	12/08/03	Investments	Travel expense reimbursement	169.70
Taylor Ronald	12/08/03	Member Services	Travel expense reimbursement	17.00
Leggett Sharon	12/15/03	Executive	Travel expense reimbursement	214.00
Proffitt Jeffrey	12/22/03	Employer Services	Travel expense reimbursement	41.04
Eggert Robert E	12/22/03	Member Services	Travel expense reimbursement	52.20
Love Jack	12/22/03	Information Systems	Travel expense reimbursement	403.76
Talley-Taylor Mary	12/22/03	Member Services	Travel expense reimbursement	35.00
Bevill Scott	12/22/03	Investments	Travel expense reimbursement	298.52

Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Parrish Scott K	12/22/03	Investments	Travel expense reimbursement	293.37
Rupnik Stanley	12/22/03	Investments	Travel expense reimbursement	476.52
Taylor Ruby Reynolds	12/22/03	Executive	Travel expense reimbursement	470.74
Schmidt Phillip	12/22/03	Executive	Travel expense reimbursement	350.02
Bruner James	12/22/03	Executive	Travel expense reimbursement	485.58
Huber Maren	12/29/03	Member Services	Travel expense reimbursement	66.68
Green Tammy	12/29/03	Executive	Travel expense reimbursement	279.52
Smith Stacy	12/29/03	Executive	Travel expense reimbursement	276.52
Bartletti S Michael	12/29/03	Investments	Travel expense reimbursement	334.52
Heitz Brad	12/29/03	Information Systems	Travel expense reimbursement	769.90
Bauman Jon	12/29/03	Executive	Travel expense reimbursement	756.34
				<hr/>
				18,033.22
1292 Out-of-state travel, reimb. to employees				
Bauman Jon	10/14/03	Executive	Travel expense reimbursement	158.32
Parrish Scott K	10/27/03	Investments	Travel expense reimbursement	72.50
				<hr/>
				230.82
1293 In-state travel, payments to vendors				
Atlas Travel	11/10/03	Executive	Air - Leggett, S	233.00
				<hr/>
				233.00
1294 Out-of-state travel, payments to vendors				
Atlas Travel	10/20/03	Investments	Air - Parrish, S	1,263.50
				<hr/>
				1,263.50
1302 Printing and paper used for printing				

Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Capital City Paper Co Div	10/14/03	Support Services	Paper - 20# 8.5" x 11" white (200000 sheets)	952.00
Paper & Printing Revolv Fund	10/14/03	Support Services	Paper - 60# 11" x 17" white (15 reams)	106.80
Paper & Printing Revolv Fund	10/14/03	Support Services	Paper - 20# 8.5" x 11" blue (10 reams)	32.30
Paper & Printing Revolv Fund	10/14/03	Support Services	Paper - 60# 8.5" x 11" white (10 reams)	34.60
Paper & Printing Revolv Fund	10/14/03	Support Services	Paper - 20# 8.5" x 11" canary (10 reams)	32.30
Capital City Paper Co Div	10/20/03	Support Services	Paper - 20# 8.5" x 11" cream (20000 sheets)	157.60
Capital City Paper Co Div	10/20/03	Support Services	Paper - 70# 11" x 17" white (110000 sheets)	2,032.80
Capital City Paper Co Div	10/27/03	Support Services	Paper - 100# 8.5" x 11" gloss (1000 sheets)	39.94
Midwest Office Supply LLC	10/27/03	Support Services	Paper for color copier (Inv)	196.96
Capital City Paper Co Div	10/27/03	Support Services	Paper - 24# 8.5" x 11" white (500 sheets)	17.17
OfficeMax Credit Plan	11/03/03	Support Services	Envelopes - Kraft (9" x 12")	29.99
Capital City Paper Co Div	11/03/03	Support Services	Paper - 20# 8.5" x 11" cream (20000 sheets)	157.60
Capital City Paper Co Div	11/03/03	Support Services	Paper - 70# 8.5" x 11" white (8000 sheets)	88.72
Midwest Office Supply LLC	11/17/03	Support Services	Paper for color copier (Inv)	246.20
American Minority Bsness Forms	11/17/03	Publications	Personal Stmt of Benefits envelopes (210,000)	3,399.90
Capital City Paper Co Div	11/24/03	Support Services	Paper - 20# 8.5" x 11" white (200000 sheets)	952.00
Capital City Paper Co Div	11/24/03	Support Services	Paper - 20# 11" x 17" white (22500 sheets)	212.85
Capital City Paper Co Div	11/24/03	Support Services	Paper - 20# 11" x 17" white (90000 sheets)-Stmt of Benefit	851.40
American Minority Bsness Forms	12/01/03	Publications	Booklet envelopes (100,000)	5,668.00
Capital City Paper Co Div	12/01/03	Support Services	Paper - 20# 8.5" x 14" white (7500 sheets)	57.00
Capital City Paper Co Div	12/01/03	Support Services	Paper - 60# 11" x 17" white (7500 sheets)	118.95
Capital City Paper Co Div	12/01/03	Support Services	Paper - 20# 8.5" x 11" cream (20000 sheets)	157.60
Capital City Paper Co Div	12/01/03	Support Services	Paper - 20# 8.5" x 11" wht (200000 sheets)-Stmt of Benefit	952.00
Mail Well Envelope Corp	12/08/03	Publications	Window envelopes (102,000)	1,790.10

Expense Detail

FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Capital City Paper Co Div	12/08/03	Support Services	Paper - 20# 8.5" x 11" white (300000 sheets)	1,428.00
Capital City Paper Co Div	12/08/03	Support Services	Paper - 20# 14 7/8" x 11" greenbar (2 cases)	59.84
Capital City Paper Co Div	12/08/03	Support Services	Paper - 20# 8.5" x 14" white (10000 sheets)	76.00
Capital City Paper Co Div	12/15/03	Support Services	Paper - 24# 8.5" x 11" white (500 sheets)	17.17
Capital City Paper Co Div	12/15/03	Support Services	Paper - 70# 8.5" x 11" white (8000 sheets)	88.72
Capital City Paper Co Div	12/15/03	Support Services	Paper - 20# 8.5" x 11" green (5000 sheets)	39.40
Midwest Office Supply LLC	12/22/03	Support Services	Paper for color copier (Inv)	196.96
Capital City Paper Co Div	12/22/03	Support Services	Paper - 80# 8.5" x 11" white (500 sheets)	11.95
Capital City Paper Co Div	12/29/03	Support Services	Paper - 20# 8.5" x 11" white (200000 sheets)	952.00
				21,154.82
1304 Office and printing press supplies				
Oldham Graphic Supply Inc	10/06/03	Support Services	Printing press supplies	66.65
Midwest Office Supply LLC	10/14/03	Support Services	Office supplies	359.65
Box Shoppe	10/14/03	Support Services	Office supplies	24.70
Midwest Office Supply LLC	10/20/03	Support Services	Office supplies	105.28
Midwest Office Supply LLC	10/27/03	Support Services	Office supplies	57.54
Xerox Corp - Supplies	10/27/03	Support Services	Office supplies	429.00
Staples Credit Plan	10/27/03	Support Services	Office supplies	14.99
Midwest Office Supply LLC	11/03/03	Support Services	Office supplies	378.25
Oldham Graphic Supply Inc	11/10/03	Support Services	Printing press supplies	166.06
Midwest Office Supply LLC	11/17/03	Support Services	Office supplies	618.40
Presentations Direct	11/17/03	Support Services	Office supplies (Inv)	219.00
Record Systems Inc	11/24/03	Support Services	Toner cartridges for microfilm reader/printer	369.00

Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Midwest Office Supply LLC	11/24/03	Support Services	Office supplies	351.19
Oldham Graphic Supply Inc	12/01/03	Support Services	Printing press supplies	81.37
NBMicroseal	12/08/03	Support Services	Color coded filing labels for Member Records/jacket folders	75.90
Midwest Office Supply LLC	12/08/03	Support Services	Office supplies	456.62
Staples Credit Plan	12/22/03	Support Services	Office supplies	8.32
OfficeMax Credit Plan	12/22/03	Support Services	Office supplies	81.96
Midwest Office Supply LLC	12/22/03	Support Services	Office supplies	874.17
Oldham Graphic Supply Inc	12/22/03	Support Services	Printing press supplies	224.55
Midwest Office Supply LLC	12/29/03	Support Services	Office supplies	1,216.18
				<u>6,178.78</u>
1335 Rock salt, calcium chloride & abrasives				
Triad Industrial Supply Corp	11/17/03	Building Services	Snow/ice melting chemicals	183.00
				<u>183.00</u>
1360 Food supplies				
Sams Club - 4909226847416	10/06/03	Executive	Food supplies - Executive meetings	23.80
Sams Club - 4909226847416	10/14/03	Human Resources	Food supplies - staff meeting	163.04
Murs Munchies Inc	11/03/03	Executive	Food supplies - Executive meetings	70.95
Sams Club - 4909226847416	11/10/03	Executive	Food supplies - Board meeting	21.30
Murs Munchies Inc	11/10/03	Executive	Food supplies - Exeutive area	8.50
Jewel Stores	11/10/03	Executive	Food supplies - Board meeting	28.36
Sams Club - 4909226847416	11/17/03	Executive	Food supplies - Board meeting	52.68
Sams Club - 4909226847416	12/08/03	Human Resources	Food supplies - staff meeting	19.48
Sams Club - 4909226847416	12/22/03	Executive	Food supplies - reception/waiting room	8.08

Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
				396.19
1391 Cleaning supplies, paper towels, styro cups				
Gilson Enterprises Inc	10/27/03	Building Services	Cleaning supplies-60 gallon garbage bags (2 boxes)	32.10
Capital City Paper Co Div	11/17/03	Support Services	Paper towels (5 cases)	140.25
Triad Industrial Supply Corp	11/17/03	Building Services	Restroom supplies-toilet seat covers (2 cases)	140.32
Jewel Stores	12/08/03	Support Services	Dish soap (3)	6.75
Triad Industrial Supply Corp	12/08/03	Building Services	Restroom supplies - enriched lotion soap (2 cases)	137.00
Capital City Paper Co Div	12/29/03	Support Services	Paper towels (5 cases)	140.25
Sears	12/29/03	Support Services	Vacuum filters	31.98
Lowes Acct 82140144001928	12/29/03	Support Services	Shop towels (4 pkg)	25.72
				654.37
1394 Office equipment less than \$100				
Midwest Office Supply LLC	10/14/03	Support Services	Small equipment	14.58
Midwest Office Supply LLC	10/20/03	Support Services	Trash cans (8)	283.12
Midwest Office Supply LLC	10/27/03	Support Services	Small equipment	16.86
OfficeMax Credit Plan	11/03/03	Support Services	Small equipment	29.99
Midwest Office Supply LLC	11/17/03	Support Services	Small equipment	4.10
Midwest Office Supply LLC	11/17/03	Support Services	Calculator	18.46
Midwest Office Supply LLC	12/08/03	Support Services	Calculator	28.45
Midwest Office Supply LLC	12/08/03	Member Services	Tack boards	259.38
Spinner Plastics Inc	12/22/03	Human Resources	Longevity/retirement items	675.75
Midwest Office Supply LLC	12/22/03	Support Services	Small equipment	18.12
Midwest Office Supply LLC	12/29/03	Support Services	Calculator	28.45

Expense Detail
 FY04 Budget: Administrative
 10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Midwest Office Supply LLC	12/29/03	Support Services	Small equipment	55.08
				1,432.34
1395 Small tools less than \$100				
Sears	12/22/03	Building Services	2 gallon wet/dry vacuum	29.99
				29.99
1399 Commodities,not elsewhere classified				
Midwest Office Supply LLC	10/14/03	Support Services	Batteries	32.40
Midwest Office Supply LLC	11/03/03	Support Services	Batteries	48.59
Midwest Office Supply LLC	11/24/03	Support Services	Batteries	65.79
Jewel Stores	12/08/03	Support Services	First Aid supplies	15.16
CDW Government Inc	12/29/03	Publications	Photographic supplies - photo paper	64.49
Midwest Office Supply LLC	12/29/03	Support Services	Batteries	32.40
				258.83
1510 Office furniture/equip. greater than \$100				
Midwest Office Supply LLC	10/06/03	Support Services	Adjustable keyboard drawer	174.36
Record Systems Inc	10/27/03	Support Services	Microfiche cabinet	1,725.00
Oldham Graphic Supply Inc	12/29/03	Support Services	High speed letter opener	1,598.00
				3,497.36
1540 Machinery, implements and major tools				
Raymond Products Company	11/10/03	Building Services	Karry King Lever Lift	133.10
Raymond Products Company	11/10/03	Building Services	Panel Mover	365.50
				498.60
1560 Library books/references/reports				

Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Thompson Publishing Group Inc	10/20/03	Legal	Legal Library - Fair Labor Standards	359.00
Barnes & Noble Booksellers	10/27/03	Information Systems	IS Library - Mastering WIN Server 2003	47.99
Barnes & Noble Booksellers	10/27/03	Information Systems	IS Library - MS Internet Info Services 6.0	55.99
Barnes & Noble Booksellers	10/27/03	Information Systems	IS Library - MS WIN.NET Server Admin Comap	55.99
Barnes & Noble Booksellers	10/27/03	Information Systems	IS Library - MS WIN.NET Server Deployment	127.99
Barnes & Noble Booksellers	10/27/03	Information Systems	IS Library - Congfig ISA Server 2000	39.96
Barnes & Noble Booksellers	11/03/03	Information Systems	IS Library - ISA Server and Beyond	47.96
NAPPA	11/10/03	Legal	Legal Library 0 NAPPA 2003 Legal Education Conf notes	75.00
Thomson Media	11/24/03	Benefits	Payroll Library - State of IL Directory (2 year subscrip)	716.00
West Group Payment Center	12/01/03	Legal	Legal Library-WestLaw legal updates/supplements	581.50
West Group Payment Center	12/29/03	Legal	Legal Library-WestLaw legal updates/supplements	166.50
Farney Kathleen	12/22/03	Research	Research Library - 2003 State Employee Benefits Survey	135.00
				<hr/> 2,408.88
1685 EDP supplies				
Bradfields Computer Supply	10/20/03	Information Systems	Data cartridges for network server backups (25)	2,088.75
Bradfields Computer Supply	11/03/03	Information Systems	SDLT backup tape cartridges (10)	695.50
Walz Equipment Co	11/17/03	Information Systems	Datamax labels for Computer Operations (6 rolls)	467.02
Bradfields Computer Supply	12/01/03	Information Systems	Toner cartridges for Image Runner (9)	534.35
Bradfields Computer Supply	12/22/03	Information Systems	CD-R 30 pak	22.10
				<hr/> 3,807.72
1687 EDP equipment				
CDW Government Inc	10/20/03	Information Systems	Mobile computer projector	2,758.00
Bradfields Computer Supply	11/03/03	Information Systems	CD/DVD drive for disaster recovery	293.00

Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
CDW Government Inc	11/10/03	Information Systems	SDLT tape drives for backups (2)	6,530.00
CDW Government Inc	11/10/03	Information Systems	USB replacement mice (2)	216.49
CDW Government Inc	11/24/03	Information Systems	Memory for workstations	908.00
Hewlett Packard Company	11/24/03	Information Systems	File Server Replacement - Web01	6,191.00
Hewlett Packard Company	11/24/03	Information Systems	File Server Replacement - Prod-Opcon01	3,863.00
Hewlett Packard Company	11/24/03	Information Systems	File Server Replacement - Prod-Report01	3,059.00
Hewlett Packard Company	11/24/03	Information Systems	File Server Replacement - Lisle01	4,615.00
Hewlett Packard Company	11/24/03	Information Systems	File Server Replacement - Prod-Batch01	4,605.00
CDW Government Inc	12/08/03	Information Systems	Additional File Server Hard Drives (2)	1,930.00
CDW Government Inc	12/08/03	Information Systems	Additional File Server Hard Drives (2)	1,964.59
CDW Government Inc	12/15/03	Information Systems	Server processor fan kits (2)	450.00
CDW Government Inc	12/15/03	Information Systems	Isobar surge suppressors (12)	498.06
CDW Government Inc	12/22/03	Information Systems	Workstation memory	178.49
Gateway Companies Inc	12/29/03	Information Systems	Replacement workstations (2)	2,023.01
				40,082.64
1710 Repair/maint. telephone,modem & fax equip.				
Motorola Inc	10/27/03	Building Services	Two-way radio maintenance (September)	71.22
Motorola Inc	12/01/03	Building Services	Two-way radio maintenance (October)	71.22
CDS Office Technologies	12/22/03	Support Services	Annual maint. - fax machines (1)	332.50
Motorola Inc	12/22/03	Building Services	Two-way radio maintenance (November)	71.22
				546.16
1721 Rental, telephone services and equipment				
Communications Revolving Fund	10/06/03	Support Services	Telephone & cellular services	26,389.78

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Expense Detail
 FY04 Budget: Administrative
 10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
Communications Revolving Fund	10/20/03	Support Services	Telephone & cellular services	590.90
Communications Revolving Fund	10/27/03	Support Services	Telephone & cellular services	22,167.30
Communications Revolving Fund	11/03/03	Support Services	Telephone & cellular services	677.51
Communications Revolving Fund	11/10/03	Support Services	Telephone & cellular services	16,618.74
Communications Revolving Fund	11/24/03	Support Services	Telephone & cellular services	788.79
Communications Revolving Fund	12/22/03	Support Services	Telephone & cellular services	15,524.02
				82,757.04
1722 Rental, data comm. services and equip.				
Communications Revolving Fund	10/20/03	Support Services	Data channel rental/T1 lines	3,389.26
Communications Revolving Fund	11/03/03	Support Services	Data channel rental/T1 lines	3,389.24
Communications Revolving Fund	12/01/03	Support Services	Data channel rental/T1 lines	3,001.00
				9,779.50
1730 Parts/supplies, telephone, fax & modem				
CDS Office Technologies	10/06/03	Support Services	Fax machine toner cartridges (1)	200.00
CDS Office Technologies	11/17/03	Support Services	Fax machine toner cartridges (3)	600.00
CDS Office Technologies	12/01/03	Support Services	Fax machine toner cartridges (4)	800.00
				1,600.00
1740 Answering & paging comm. serv. & equip.				
Communications Revolving Fund	10/20/03	Support Services	Pager rental (August)	210.23
Communications Revolving Fund	11/03/03	Support Services	Pager rental (September)	210.23
Communications Revolving Fund	11/24/03	Support Services	Pager rental (October)	210.23
				630.69
1893 Repair/maintenance, automotive equipment				

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Teachers' Retirement System of the State of Illinois

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Expense Detail
FY04 Budget: Administrative
10/01/2003 through 12/31/2003

EO/Payee	Date	Dept	Description	Amount
State Garage Revolving Fund	10/20/03	Support Services	Vehicle repair - labor (1972784)	96.13
State Garage Revolving Fund	10/20/03	Support Services	Vehicle repair - labor (U20721)	124.09
Brahler Lube Center	10/27/03	Support Services	Vehicle repair - labor (U2385)	27.99
State Garage Revolving Fund	12/01/03	Support Services	Vehicle repair - labor (U9617)	411.89
Brahler Lube Center	12/08/03	Support Services	Vehicle repair - labor (U2385)	27.99
Brahler Lube Center	12/08/03	Support Services	Vehicle repair - labor (U18658)	26.49
				714.58
1896 Gasoline, oil & antifreeze - automotive				
Illinois State Bar Association	12/11/03	Support Services	Reimb. from IL State Bar Assn	(65.16)
Wright Express	10/14/03	Support Services	Gasoline	281.30
State Garage Revolving Fund	10/27/03	Support Services	Gasoline	71.50
State Garage Revolving Fund	10/27/03	Support Services	Gasoline	14.43
Wright Express	11/17/03	Support Services	Gasoline	496.83
State Garage Revolving Fund	11/24/03	Support Services	Gasoline	102.82
Wright Express	12/15/03	Support Services	Gasoline	247.16
State Garage Revolving Fund	12/22/03	Support Services	Gasoline	65.80
				1,214.68
6625 Remodeling and renovation				
R D Myers & Assoc Builders	11/24/03	Building Services	Installation of doorway	1,657.00
				1,657.00
Total for Administrative Budget				3,615,769.13

EEOC/PAR Report

October 1, 2003 - December 31, 2003

Professionals

Name	EEOC Title	Salary Grade		Date	Gender	Ethnic Origin
		Previous	Current			
Promotion						
Williams, Sonya	Counselor I, Benefits	N008	E002	11/01/2003	Female	Black
Willoughby, Shane	Analyst, Real Estate	M002	M005	10/16/2003	Male	White
Total Promotions:	2					
Resignation						
Owens, Melissa	Accountant I, Investment	M002	M002	12/15/2003	Female	White
Total Resignations:	1					
Total Listed For All Categories:	3					

**MEMBER SERVICES DIVISION
STATISTICAL REPORT - FY2004**

CLAIMS SUMMARY:		12/31/03		
PAYROLL:				
Total Annuitants		73,872		
Percentage in Direct Deposit		87.5%		
Current monthly payroll Amount		\$184,492,576		
HEALTH INSURANCE:				
Ending enrollment for annuitants		41,929		
Ending enrollment for dependents		8,132		
Annuitants & Dep enrolled in Managed Care		14,668		
Annuitants & Dep enrolled in Major Medical		35,393		
CLAIMS SUMMARY:		Last Report	Activity	Year to Date
CLAIMS PROCESSING:		10/31/03	11/01/03 - 12/31/03	12/31/03
Benefit Estimates performed		7,318	4,902	12,220
Total Age Retirements Processed (A Law)		4,120	182	4,302
Reciprocal Age Retirements Processed		433	59	492
Permanent Disabilities Processed (B Law)		24	11	35
Temporary Disabilities Processed (E Law)		76	51	127
Monthly Survivor Benefits Processed (F Law)		232	106	338
Lump Sum Survivor Benefits processed		739	274	1,013
Average Lump Sum Survivor Benefit		\$10,414.59	\$15,003.63	\$11,655.85
Single-Sums Processed		71	38	109
Average Single-Sum Benefit		\$2,765.76	\$2,298.70	\$2,602.93
Refunds Processed		981	436	1,417
Average Refund amount		\$5,561.09	\$5,245.25	\$5,463.91
OPTIONAL SERVICES:				
Affidavits Processed		3,339	919	4,258

**MEMBER SERVICES DIVISION
STATISTICAL REPORT - FY2004**

MEMBER CONTACT SUMMARY:			
	Last Report	Activity	Year to Date
TELEPHONE			
	10/31/03	11/01/03 - 12/31/03	12/31/03
Calls received	116,800	45,949	162,749
Outgoing calls	40,720	12,159	52,879
Voice Mail received	42,378	3,442	45,820
Voice Mail rec'vd during off-hours	4,759	1,074	5,833
ACD INFORMATION:			
For the Period from 02/01/04 - 01/31/04			
Average Wait Time	Nov = :30 Dec = 1:22		
Amount of Time Queue Full	Nov = 5.15% Dec = 7%		
Number of Abandoned Calls	892		
Average length of call	Nov = 3:40 Dec = 3:13		
INTERNET ACTIVITY:			
Number of Visits	117,072	52,745	169,817
Number of Visitors	35,794	16,063	51,857
E-MAILS:			
	Last Report	Activity	Year to Date
	10/31/03	11/01/03 - 12/31/03	12/31/03
E-mail Requests (Members)	2,485	929	3,414
E-mail Requests (Reciprocal Systems)	267	150	417
AUTOMATED FORMS REQUEST:			
Forms requested by phone	1,872	2,520	4,392
Forms downloaded from internet	5,061	2,239	7,300
CORRESPONDENCE:			
Manual	13,943	6,614	20,557

**MEMBER SERVICES DIVISION
STATISTICAL REPORT - FY2004**

MEMBER CONTACT SUMMARY: (cont'd.)	Last Report	Activity	Year to Date
LARGE GROUP MEETINGS	10/31/03	11/01/03 - 12/31/03	12/31/03
Number of Meetings	82	24	106
Total Attendance	4,605	1,537	6,142
INDIVIDUAL CONFERENCES			
Number of off-site Conferences	11	8	19
Total Attendance off-site	157	142	299
Number of teleconferences	0	15	15
Total attendance teleconferences	0	356	356
OFFICE VISITS			
Scheduled Appointments	1,821	848	2,669
Walk-in visits	935	155	1,090

LARGE GROUP MEETING LOCATIONS:**FY03**

<u>Date</u>	<u>Name of Site or Organization</u>	<u>Location</u>
September 10, 2003	Lake Count Regional Office of Education	Gurnee
September 16, 2003	Sangamon County School District # 186	Springfield
September 16, 2003	Tazewell County School District # 709	Morton
September 16, 2003	Cook County School District # 206	Chicago Heights
September 17, 2003	Winnebago County School District # 122	MacChesney Park
September 17, 2003	Stephenson County School District # 202	Lena
September 17, 2003	Kankakee County School District # 111	Kankakee
September 18, 2003	Cook County School District # 234	Norridge
September 18, 2003	Carroll County School District # 300	Savanna
September 22, 2003	Randolph County School District # 140	Sparta
September 23, 2003	Kane County School District # 304	Geneva
September 23, 2003	Lake County School District # 60	Waukegan
September 24, 2003	Will County School District # 202	Plainfield
September 24, 2003	Williamson County School District # 4	Herrin
September 24, 2003	Madison County School District # 11	Alton
September 25, 2003	Madison County School District # 10	Collins
September 25, 2003	Lee County School District # 170	Dixon
September 25, 2003	Williamson County School District # 2	Marion
September 25, 2003	Madison County School District # 2	Troy
September 25, 2003	Illinois Alliance of Administrators of Special Ed	Tinley Park
September 29, 2003	Franklin County School District # 47	Benton
September 29, 2003	McLean County School District # 16	Stanford
September 30, 2003	DuPage County School District # 99	Downers Grove
September 30, 2003	Saline County School District # 3	Harrisburg
September 30, 2003	Madison County School District # 9	Granite City
October 1, 2003	Grundy County School District # 101	Morris
October 1, 2003	White County School District # 5	Carmi

LARGE GROUP MEETING LOCATIONS:**FY03**

<u>Date</u>	<u>Name of Site or Organization</u>	<u>Location</u>
October 1, 2003	LaSalle County School District # 44	Streator
October 1, 2003	Boone/Winnebago Regional Office of Education IEA	Nashville
October 2, 2003	Lake County School District # 220	Barrington
October 2, 2003	Jefferson County School District # 201	Mt. Vernon
October 2, 2003	Henry County School District # 229	Kewanee
October 6, 2003	Coles County School District # 1	Charleston
October 7, 2003	Edgar County School District # 95	Paris
October 7, 2003	DuPage County School District # 204	Naperville
October 7, 2003	Fulton County School District # 66	Canton
October 7, 2003	McHenry County Human Resource Organization	Crystal Lake
October 8, 2003	DeKalb County School District # 427	Sycamore
October 8, 2003	Rock Island County School District # 41	Moline
October 8, 2003	Coles County School District # 2	Mattoon
October 8, 2003	St. Clair County School District # 189	East St. Louis
October 9, 2003	Livingston County School District # 429	Pontiac
October 9, 2003	Adams County School District # 172	Quincy
October 9, 2003	Whiteside County School District # 5	Sterling
October 9, 2003	Cook County School District # 203	Northfield
October 10, 2003	Alexander/Johnson/Pulaski Counties ROE	Ullin
October 10, 2003	Marshall/Putnam/Woodford Counties ROE	Metamora
October 14, 2003	Warren County School District # 38	Monmouth
October 14, 2003	Christian County School District # 3	Taylorville
October 15, 2003	Knox County School District # 205	Galesburg
October 15, 2003	IEA Special Meeting	Rockford
October 16, 2003	Kane County School District # 131	Aurora
October 16, 2003	Cook County School District # 220	Burbank
October 16, 2003	McDonough County School District # 185	Macomb
October 16, 2003	Macon County School District # 61	Decatur

LARGE GROUP MEETING LOCATIONS:**FY03**

<u>Date</u>	<u>Name of Site or Organization</u>	<u>Location</u>
October 20, 2003	Marion County School District # 135	Centralia
October 21, 2003	St. Clair County School District # 201	Belleville
October 21, 2003	Winnebago County School District # 205	Rockford
October 21, 2003	Kane County School District # U-46	Elgin
October 22, 2003	Cook County School District # 214	Arlington Heights
October 22, 2003	Cook County School District # 205	South Holland
October 22, 2003	Morgan County School District # 117	Jacksonville
October 23, 2003	Lake County School District # 127	Grayslake
October 23, 2003	Monroe County School District # 18	Waterloo
October 23, 2003	Peoria County School District # 323	Dunlap
October 24, 2003	DuPage County School District # 108	Roselle
October 27, 2003	Jackson County School District # 95	Carbondale
October 27, 2003	Jasper County School District # 1	Newton
October 28, 2003	Logan County School District # 27	Lincoln
October 28, 2003	Effingham County School District # 40	Effingham
October 28, 2003	Will County School District # 204	Joliet
October 29, 2003	Cook County School District # 202	Evanston
October 29, 2003	Cook County School District # 211	Schaumburg
October 29, 2003	McLean County School District # 87	Bloomington
October 29, 2003	IEA Uniserve Meeting	Hinsdale
October 30, 2003	Cook County School District # 208	Riverside
November 1, 2003	IEA Preretirement Conference	Schaumburg
November 1, 2003	IEA Meeting	Warrenville
November 3, 2003	Jersey County School District # 100	Jerseyville
November 4, 2003	Kendall County School District # 115	Yorkville
November 5, 2003	McHenry County School District # 47	Crystal Lake
November 5, 2003	Madison County School District # 8	Bethalto

LARGE GROUP MEETING LOCATIONS:**FY03**

<u>Date</u>	<u>Name of Site or Organization</u>	<u>Location</u>
November 5, 2003	Cook County School District # 228	Tinley Park
November 5, 2003	Champaign County School District # 116	Urbana
November 5, 2003	Franklin County School District # 168	West Frankfort
November 6, 2003	Peoria County School District # 150	Peoria
November 6, 2003	Bureau County School District # 340	Manlius
November 10, 2003	Madison County School District # 7	Edwardsville
November 12, 2003	Lake County School District # 115	Lake Forest
November 12, 2003	Vermilion County School District # 118	Danville
November 12, 2003	Cook County School District # 117 – IEA Institute	Hickory Hills
November 17, 2003	Kane County School District # 129	Aurora
November 18, 2003	DuPage County School District # 200	Wheaton
November 19, 2003	Cook County School District # 207	Des Plaines
November 20, 2003	LaSalle County School District # 140	Ottawa
December 2, 2003	DuPage County School District # 203 Institute	Naperville
December 5-6, 2003	IEA Collective Bargaining Conference	Springfield

Teachers' Retirement System
Employer Services Report
For Period July 16, 2003 through January 16, 2004

During the months of July and August 2003, the Employer Services Department reviewed Supplementary Reports submitted for members retiring at the end of the 2002-03 school year. Supplementary Reports for all benefits (retirement, disability or death) and refunds are reviewed year round. The Supplementary Report is completed by the employer and provides TRS with the member's final earnings and service credit information so the benefit or refund can be calculated in a timely manner. The Supplementary Report is audited in an attempt to ensure the benefit or refund is based on accurate earnings and service credit information. Approximately 1,920 Supplementary Reports were audited during this period.

From August through October 2003, the Employer Services Department's primary workload consisted of auditing the Employer's Annual Report of Earnings (annual report). An annual report is received from each of the 1,058 TRS-covered employers, reporting approximately 152,000 active members. The annual report must be postmarked on or before August 15. There is a \$250 per day penalty for reports postmarked after this date. Twenty-one annual reports were filed late. Sixteen districts' penalties were waived based on prior compliance and one district received a partial waiver of their penalties. Following receipt, the Employer Services Department audits each report for accuracy.

Following the audits of the annual reports, the Employer Services Department conducted multiple employer research. This research ensures members who have worked for more than one employer during the school year receive the correct amount of service credit and appropriate annual salary rate. This research was completed on November 7, 2003.

During January 2004, the department conducted thirteen employer meetings. The employer meetings were designed to provide in-depth training on TRS membership, creditable and noncreditable earnings, remittance of contributions, and how to complete the supplementary report and annual report. The meeting agenda includes a review of the district's current reporting practices, and answers any questions an employer may

have about TRS reporting issues or recent changes. Attached is a schedule of districts that have participated in an Employer Meeting this fiscal year.

The Employer Services Department requested all school districts to submit a copy of their 2002-03 and 2003-04 negotiated agreements. The department is reviewing the agreements for compliance with certain TRS reporting guidelines. Approximately 46 negotiated agreements have been reviewed.

The Employer Services Department has continued to assist many members and employers with questions regarding the sick leave service credit a member may receive at retirement, the medicare-only referendum and the return to teaching legislation.

The Employer Services staff has continued to respond to phone inquires and correspondence. The department:

- Received approximately 5,033 incoming phone calls.
- Made approximately 4,688 outgoing phone calls.
- Wrote approximately 705 letters

During this period approximately 777 adjustments to earnings were processed. Employers submit adjustments to earnings to make corrections to a member's prior year's annual salary rate, creditable earnings, number of days paid, or federally funded salary.

Schedule of Employer Meetings Conducted

Employer Number	District Name	City	Number of Teachers
050-2800	Mendota Township H.S.D. 280	Mendota	69
046-2590	Pembroke CCSD #259	Hopkins Park	62
302-0160	Southwest Cook Spec. Ed.	Oak Forest	125
032-2010	Minooka CCSD 201	Minooka	155
016-1490	Dolton School District 149	Calumet City	353
032-0740	South Wilmington 74	South Wilmington	21
099-0900	Taft S.D. #90	Lockport	46
046-1110	Kankakee S.D. #111	Kankakee	547
016-0940	Komarek SD #94	N. Riverside	49
016-4010	Elmwood Park CUSD #401	Elmwood Park	233
016-2200	Reavis TWP HSD# 220	Burbank	148
016-0735	Skokie SD #73.5	Skokie	194
016-0620	Des Plaines CCSD #62	Des Plaines	641
084-0080	Pleasant Plains CUSD #8	Pleasant Plains	141
099-2070	Peotone C.U.S.D. #207	Peotone	160
046-0050	Manteno C.U.S.D. #5	Manteno	192