

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS  
MEETING NO. 266**

**MINUTES OF A REGULAR MEETING  
OF THE BOARD OF TRUSTEES**

**January 12, 2021**

A regular meeting of the Board of Trustees of the General Assembly Retirement System was held on Tuesday, January 12, 2021, at 2:00 p.m. in the System's Springfield Office at 2101 S. Veterans Parkway and by videoconference, as allowed under Section 7(e) of the Open Meetings Act (5 ILCS 120/7(e)) and Executive Order 2020-7, as amended and reissued by Executive Orders 2020-33, 2020-44, and 2021-1.

Roll Call was taken with the following trustees in attendance by videoconference or telephone:

Senator Robert Martwick, Chairman  
Representative Charles Meier  
Representative Michael Zalewski  
Senator Napoleon Harris

Others in attendance were:

Timothy B. Blair, Secretary  
Jeff Houch, Assistant to Secretary  
Jim Stivers, SRS General Counsel  
Angie Ackerson, GARS Manager  
Johara Farhadieh, Executive Director, Illinois State Board of Investment (by videoconference)  
Scott Richards, Senior Investment Officer, Illinois State Board of Investment (by phone)  
Alex Rivera, Consulting Actuary, Gabriel, Roeder, Smith & Company (by videoconference)  
Jeff Tebeau, Consulting Actuary, Gabriel, Roeder, Smith & Company (by videoconference)

With a quorum present, Chairman Martwick called the meeting to order at 2:10 p.m.

**REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)**

Johara Farhadieh, Executive Director of the Illinois State Board of Investment (ISBI), began the ISBI presentation by highlighting the current ISBI asset allocation policy. She informed the Board that ISBI recently altered the allocation policy to a "barbell" approach by investing in risk-on assets to help achieve the targeted rate of return but also protect against downside by ensuring exposure to uncorrelated asset classes. Consequently, ISBI has increased its target allocation in Private Equity from 7% to 9%, in private credit from 8% to 9% and in Infrastructure from 2% to 3%. They also increased the exposure to treasuries by 1% and the core bond portfolio by 1%. To increase the allocation to these asset classes, the Board reduced the allocation to Treasury Inflation-Protected Securities (TIPS) by 1%, and to the Multi-Sector Credit portfolio by 5%.

Ms. Farhadieh continued her presentation by summarizing ISBI's recent testimony to the Senate Pension Investments Committee on diversity and inclusion, noting that 39% of the ISBI

portfolio is currently managed by Minority, Women, or Disabled Person owned firms. She then turned the presentation over to Scott Richards, ISBI Senior Investment Officer.

Mr. Richards began his review of the performance of the portfolio by noting that the total portfolio through September 30, 2020 was up 4.9% and slightly trailed the benchmark of 5.0%. He stated that managers of assets within multiple asset classes have not yet reported their numbers given the timing of the report and he expects that once those numbers are reported, the total return will be higher than 4.9%.

Mr. Richards reviewed the performance of several asset classes by starting with the Fixed Income portfolio, noting it was up 1.4% for the first quarter and was in the 51st percentile among its peer group. He added that the Global Equities Composite returned 8.4% for the quarter ending September 30, 2019, outpacing the benchmark return of 8.1%. Mr. Richards continued his report by stating that the U.S. Equity portfolio returned 9.3% exceeding the benchmark return of 9.2%.

Mr. Richards then discussed the Non-U.S. Equity composite, which had a fiscal year to date return of 8.3%, significantly exceeding the benchmark return of 6.8%. He noted that the private equity composite was up 5.0% compared to the benchmark return of 11.6% and indicated that most private equity managers had not yet reported updated returns and that he expected the actual return would be in the double digits once all have been reported.

Mr. Richards concluded his report by stating that the Infrastructure portfolio slightly trailed the benchmark by 0.4% but added most of these managers have not yet reported updated returns, noting one manager recently sold assets at a price higher than the carried value. Representative Zalewski moved to approve the ISBI Quarterly Review for the period ended September 30, 2020 and Senator Harris seconded the motion. A roll call vote was taken, and the motion passed unanimously. A copy of the report is maintained in the SERS office and made a part of these minutes as *Exhibit A*.

## **PUBLIC COMMENTS**

Chairman Martwick asked if there were any members of the public who wished to make comments. There were none.

## **MINUTES OF PREVIOUS MEETING**

Chairman Martwick presented the minutes of Meeting No. 265 held on October 30, 2020, for approval. Copies of the minutes were previously submitted to the trustees for review. Senator Harris moved to approve the minutes of the October 30, 2020 minutes as presented, and the motion was seconded by Representative Meier. Ms. Ackerson took roll call, and the motion was approved unanimously.

## **REPORT OF CHAIRMAN**

Chairman Martwick reported that the day prior to the meeting he had received from Senator Rezin a resignation letter from the GARS Board, effective January 11, 2021.

## **REPORT OF ANY TRUSTEE**

There were no reports offered.

## **REPORT OF ADMINISTRATIVE SECRETARY**

State Actuary's 2020 Report and System Responses. Secretary Blair stated that the State Actuary's report for 2020 was consistent with prior reports and that he now suggests the system conduct a full scope actuarial audit, as this type of audit has been recommended every year since the creation of the State Actuary. He also noted that the report continues to highlight the inadequacy of the statutory contribution formula, indicating that the System agrees with such recommendation and provides the "actuarial determined contribution" amount in each year's certification documents. Finally, Secretary Blair mentioned that the report recommends additional information and disclosures to be included in the FY 20 and future annual valuations.

FY 20 Actuarial Valuation and FY 22 Certified Contribution. Secretary Blair told the Board there were no significant changes in the final FY 20 valuation when compared to the preliminary report reviewed in October and that the FY 22 employer contribution amount also remain unchanged. He expressed the need to approve the final FY 20 actuarial valuation and certify the FY 22 employer contribution of \$27,820,000. Senator Harris moved to approve the June 30, 2020 actuarial valuation and certify the FY 22 State contribution. Representative Zalewski seconded the motion. A roll call vote was taken, and the motion passed unanimously.

Felony Forfeiture Policy Amendment. Secretary Blair presented an amendment to the felony forfeiture policy for the Board's consideration. The proposed amendment would clarify that the Board must approve the reinstatement of retirement benefits if the Attorney General's opinion provides a felony conviction, or felony guilty plea, was not related to or arising out of or in connection with the participant's service as a member.

FY 21 Funding Update. Secretary Blair stated that the Comptroller's Office is current in making the State contributions and that the IOC intends to continue to make timely payments for the remainder of FY 21.

## **REPORT OF MANAGER**

GARS Manager Angie Ackerson presented the annuities and refunds for approval. Since the last Board meeting, there were no new retirement annuitants and only two new survivor annuities totaling \$3,304.51 per month were processed by GARS staff. She noted that there were no refunds processed. Senator Harris moved to approve the annuities as presented, and Representative Meier seconded the motion. Ms. Ackerson took roll call, and the motion was approved unanimously.

## **UNFINISHED BUSINESS**

There was no unfinished business.

## **NEW BUSINESS**

There was no new business.

**ADJOURNMENT**

There being no further business, Chairman Martwick asked if there was a motion to adjourn. Senator Harris moved to adjourn at 2:30 p.m. His motion was seconded by Representative Meier. Roll call was taken, and the motion was approved unanimously.

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Timothy B. Blair, Administrative Secretary

Date: \_\_\_\_\_

APPROVED:

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Senator Robert F. Martwick, Chairman