

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS

MEETING NO. 236

MINUTES OF THE REGULAR MEETING OF THE

BOARD OF TRUSTEES

APRIL 22, 2009

A regular meeting of the Board of Trustees of the General Assembly Retirement System was held on Wednesday, April 22, 2009, and convened at 9 a.m. in the Senate Conference Room 627A of the State House, Springfield, Illinois.

Roll call was taken with the following trustees present:

Senator James Clayborne, Jr., Vice-Chairman

Senator Bill Brady

Representative Kevin A. McCarthy

Representative Dan Reitz

Representative Mark Beaubien, Jr.

Representative Philip Collins, Retired

Absent was:

Senator Don Harmon

Others in attendance were:

Timothy B. Blair, Acting Executive Secretary

Jayne L. Waldeck, Acting Manager

Scott Richards, Deputy Director, Illinois State Board of Investment

Dave Roth, GARS Legal Counsel

With a quorum present, the meeting was called to order by Vice-Chairman Clayborne.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

Scott Richards, Deputy Director of the Illinois State Board of Investment, addressed the Board. He advised the trustees that three investment funds had been terminated and Opus was put on the watch list. Mr. Richards briefly reviewed the performance of the various asset classes contained in the ISBI Report submitted to the trustees.

After addressing questions raised by the Board members, it was the consensus of those present to request the actuary to review the investment performance. Following further discussion, Trustee Brady moved to approve the ISBI report presented by Mr. Richards. Trustee Beaubien seconded the motion and all were in favor. A copy of this report is maintained in the office of the Illinois State Board of Investment. Mr. Richards was excused from the meeting.

ELECTION OF OFFICERS

Vice Chairman Clayborne opened the nominations for officers for the next year. For the position of Chairman, Trustee Reitz nominated Vice-Chairman Clayborne. Nominations were closed for the position of Chairman. Roll call was taken with five trustees voting yes and one trustee abstaining; resulting in the approval of Senator Clayborne as Chairman of the Board of Trustees.

Nominations were opened for the position of Vice Chairman of the Board of Trustees. Trustee Reitz moved to nominate Trustee Beaubien for this position. The motion was seconded by Trustee Collins. Nominations were closed. Roll call vote was taken resulting in a unanimous decision to accept Representative Beaubien as Vice Chairman of the Board of Trustees.

MINUTES OF PREVIOUS MEETING

Chairman Clayborne presented the minutes of Meeting No. 235 held on November 20, 2008, for approval. Copies of the minutes were previously submitted to the trustees for preliminary review.

Trustee Brady moved that the minutes be approved as submitted. Trustee Collins seconded the motion which prevailed by the affirmative vote of all trustees present.

REPORT OF THE CHAIRMAN

Chairman Clayborne had nothing to report.

REPORT OF THE EXECUTIVE SECRETARY

Financial Statements and Report of Administrative Expenses. The financial statements for the period ending 12/31/08 and 03/31/09 were submitted by Acting Secretary Blair. He informed the Board

that we are waiting on January, February, March and April for the state's contribution to the GARS. Trustee Reitz requested to see where the funds are coming from-- and where they are going. Secretary Blair stated that he would provide a detailed balance to all trustees. Trustee McCarthy moved to accept both financial statements and the motion was seconded by Trustee Reitz. All were in favor. Official copies of the financial statements have been placed on file and made part of the minutes of this meeting as Exhibit A.

Legal Opinion Regarding Kurt Granberg Pension. A motion was made by Senator Brady and seconded by Representative Reitz to vote on the Annuities for Approval minus Representative Granberg. All were in favor.

In regard to the question regarding Representative Granberg's pension, discussion was held regarding the issue researched by Stephen J. Bochenek and Lisa A. Petrilli, legal counsel for GARS, as outlined in their memo to Tim Blair dated April 20, 2009. Questions regarding the calculation of Representative Granberg's pension from GARS were entertained by Secretary Blair. Trustee Brady voiced his opposition of allowing Representative Granberg's pension to be calculated as stated in the memorandum dated April 20, 2009, from the GARS legal counsel. Trustee Brady expressed his concern that it was not the intent of the law to allow pension calculations as such. Dave Roth, legal counsel from Sorling, Northrup, Hanna, Cullin & Cochran, Ltd., explained the legal aspects of the conclusion that Representative Granberg is entitled to an annuity from GARS based upon his highest salary prescribed by law on his last day of service at SERS on February 5, 2009.

Following further discussion, Trustee McCarthy moved to accept the approval of the calculation as processed in the GARS report dated April 10, 2009, for Representative Kurt Granberg. The motion was seconded by Trustee Collins and roll call was taken. The motion passed with Trustees Brady and Beaubien voting no.

Annuities and Refunds for Approval. Acting Manager Jayne Waldeck directed the trustees' attention to the reports reflecting twelve retirement annuities, including the Granberg annuity, totaling \$53,100.38 and two survivor annuities totaling \$9,127.78 per month for approval. Also reviewed were three survivor contribution refunds totaling \$65,034.76; one termination refund totaling \$650.10 and thirteen error refunds totaling \$835.13.

There being no questions regarding the payments, Trustee Reitz moved for approval of the payment of annuities and refunds. Trustee Beaubien seconded the motion and all were in favor. The above reports are attached as Exhibit B.

2010 ADMINISTRATIVE BUDGET

Acting Secretary Blair submitted the FY-2010 Budget Request for GARS. He explained that the request for \$1,104,500 represents an 8.06% increase over the current year budget of \$1,022,100. He

reviewed the items having a cost impact on the FY 2010 budget as being an increase in Personal Services (\$23,300), an increase in Retirement (\$42,800); an increase in Group Insurance (\$2,800) and an increase in Contractual Services (\$17,700).

Following some discussion, Trustee Collins moved to approve the FY-2010 Budget Request as submitted and Trustee Brady seconded the motion. All were in favor.

UNFINISHED BUSINESS

Governor George Ryan – Supreme Court. Acting Secretary Blair referred the Trustee’s attention to the copies of the Attorney General’s request to the Supreme Court to grant leave to appeal. Acting Secretary Blair questioned the Board members whether they want to concur with the Attorney General and continue to pursue this at the next level or motion to withdraw the petition for leave to appeal.

Trustee Collins stated that as a Board of Trustees, we have a unanimous decision of the Appellate Court to reinstate Governor Ryan’s pension in part. The Appellate Court has negated “Wells” now. The Attorney General has submitted a very lengthy appeal which would be filed in our name as the Board. Discussion followed. Attorney Dave Roth explained the issue outlined in the Attorney General’s petition and answered questions of the trustees. It would be necessary that a motion be entertained to authorize the Attorney General to continue with the petition for leave to appeal. The Supreme Court will make a decision in May. Further discussion was held.

A motion was made by Representative Collins to withdraw and vote to direct the Attorney General to withdraw the appeal for petition. Roll call was taken as follows:

Chairman Clayborne – No

Trustee Brady – No

Trustee McCarthy – No

Trustee Reitz – No

Trustee Beaubein – Yes

Trustee Collins – Yes

With two ayes and four no votes, the motion failed.

A motion was made by Trustee McCarthy to encourage the Attorney General to proceed with the petition for leave to appeal. The motion failed for lack of a second. No additional action was taken by the board on this issue.

NEW BUSINESS

No new business to report.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Beaubien moved to adjourn at 11:20 a.m. The motion was seconded by Trustee Reitz.

The next regularly scheduled meeting will be held October 14, 2009, at 9 a.m.

Secretary

Date: _____

APPROVED:

Chairman