

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 257
MINUTES OF A REGULAR MEETING OF THE
BOARD OF TRUSTEES**

JANUARY 12, 2018

A regular meeting of the Board of Trustees of the General Assembly Retirement System convened at 1 p.m. on Friday, January 12, 2018, in Room S721 of the Bilandic Building, Chicago, Illinois.

The following trustees were in attendance:

Senator James Clayborne, Jr., Chairman
Representative David Harris, Vice-Chairman
Senator Don Harmon
Senator Sue Rezin (by phone)
Representative Michael Zalewski
Representative Robert Martwick
Representative Daniel Pierce, Retired

Others in attendance were:

Timothy B. Blair, Secretary
Jeff Houch, Assistant to Secretary
Angie Ackerson, GARS Manager
Jayne Waldeck, Retired GARS Manager
William Atwood, Director, Illinois State Board of Investment
Alex Rivera, Gabriel, Roeder, Smith & Company
Ryan Gundersen, Gabriel, Roeder, Smith & Company

With a quorum present, Chairman Clayborne called the meeting to order at 1:00 p.m. Representative Pierce moved to allow Senator Rezin to participate by phone and Vice-Chairman Harris seconded the motion, which passed unanimously.

PUBLIC COMMENTS

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

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

William Atwood, Director of the Illinois State Board of Investment (ISBI), distributed copies of the Quarterly Review for the period ending September 30, 2017, and began his report by pointing out that on that date the ISBI portfolio was valued at almost \$17.8 billion and had grown to a value of \$18.5 billion on January 8, 2018.

Director Atwood reported that for the year ended September 30, 2017, the entire portfolio returned 12.1%, net of fees, outpacing the benchmark return of 11.4%. He then reviewed the performance of several assets classes, noting that for the year ended September 30, 2017, the Fixed Income portfolio gained 0.7%, net of fees, while

the benchmark returned 1.0% over the same period. The U.S. Equity portfolio returned 18.9% for the year ended September 30, 2017, outperforming the benchmark return of 18.7%.

Director Atwood reviewed the returns of other selected asset classes and concluded his report by offering to answer questions. After a few brief questions, Representative Pierce moved to approve Director Atwood's report and the September 30, 2017 Quarterly Review. Representative Zalewski seconded the motion and all were in favor. Chairman Clayborne thanked Director Atwood for his report and excused him from the remainder of the meeting. A copy of the September 30, 2017 Quarterly review is maintained in the ISBI office and made a part of these minutes as *Exhibit A*.

REPRESENTATIVE DENNIS HASTERT REMAND

Secretary Blair referred the Board to a Remand Order entered on November 28, 2017 in the Seventh Judicial Circuit remanding the matter of the termination of Representative Hastert's GARS benefits back to the Board of Trustees. Secretary Blair told the Board that he would work with the GARS attorney to draft a more detailed final administrative decision to be considered at the April Board meeting.

Representative Zalewski moved to have Secretary Blair draft a decision clarifying the Board's reasons for terminating the benefits of Representative Hastert, and to direct Secretary Blair to present the decision to the Board for consideration at the April meeting. Vice-Chairman Harris seconded the motion and it passed unanimously.

MINUTES OF PREVIOUS MEETING

Chairman Clayborne presented the minutes of Meeting No. 256 held on October 20, 2017, for approval. Copies of these minutes were previously submitted to the trustees for review. Representative Martwick moved to approve the minutes as presented. Representative Pierce seconded the motion and all were in favor.

REPORT OF CONSULTING ACTUARIES

Alex Rivera and Ryan Gunderson of Gabriel, Roeder, Smith & Company (GRS), Consulting Actuaries, distributed the final version of the FY 2017 Actuarial Valuation, as well as the final FY 2018 recertified State contribution and the final FY 2019 certified State contribution.

State Actuary's Report. Mr. Rivera began his presentation by noting the State Actuary concluded that the assumptions and methodology used for the FY 2017 Actuarial Valuation are reasonable and that the certified contributions were calculated in accordance with State law. Mr. Rivera briefly reviewed the remainder of the State Actuary's recommendations and the responses to those recommendations. The letter outlining the State Actuary's recommendations and the responses to these recommendations is attached and made a part of these minutes as *Exhibit B*.

FY 2018 Recertification and FY 2019 Certification. Mr. Rivera referred the Board to the FY 2017 Actuarial Valuation and noted there were no significant changes from the draft reviewed at the October Board meeting. He added that there were no changes from the preliminary FY 2018 recertification and the preliminary FY 2019 certification, both of which had previously been approved by the Board. Secretary Blair informed the Board that after the completion of the June 30, 2018 valuation, an experience analysis of all actuarial assumptions would be conducted as required by statute.

Chairman Clayborne asked if there were any questions. After a brief discussion, Vice-Chairman Harris offered a motion to approve the FY 2017 Actuarial Valuation and to recertify an FY 2018 State contribution of \$21,155,000 and to certify an FY 2019 State contribution of \$23,221,000. Senator Harmon seconded the motion and all present voted in the affirmative.

REPORT OF CHAIRMAN CLAYBORNE

Chairman Clayborne offered no report.

REPORT OF ANY TRUSTEE

There were no reports offered.

REPORT OF ADMINISTRATIVE SECRETARY

Secretary Blair began his report by introducing Angie Ackerson as the new GARS Manager, effective January 2, 2018, following the retirement of Jayne Waldeck on December 1, 2017. He informed the Board that Angie had 17 years of member service experience with TRS and more recently worked as a business analyst with a local software developer specializing in retirement system administration software. Chairman Clayborne congratulated Ms. Ackerson on her new position and welcomed her to GARS.

FY 2018 Funding Update. Secretary Blair informed the Board that all FY 2018 contributions had been forwarded to GARS by the Comptroller's Office. He added that he expected a delay in the February contribution, as February is generally the weakest month for State revenues. Secretary Blair noted that if the expected delay occurs, funds would be withdrawn from ISBI in order to pay February benefits and maintain the standard balance in the account from which all GARS benefits and expenses are paid.

REPORT OF MANAGER

Jayne Waldeck, recently retired GARS Manager, reported one retirement annuity in the amount of \$4,653.08 per month for approval and one Termination Refund of \$30,666.77. Senator Harmon moved to approve the annuity and refund as presented. Representative Pierce seconded the motion and it passed unanimously.

UNFINISHED BUSINESS

There was no unfinished business to be discussed.

NEW BUSINESS

There was no new business to be discussed.

ADJOURNMENT

There being no further business to be brought before the Board, Vice-Chairman Harris moved to adjourn at 1:55 p.m. His motion was seconded by Representative Zalewski and passed unanimously. Chairman Clayborne reminded the Board the next meeting is scheduled for 9 a.m. on April 18, 2018, in Springfield.

Timothy B. Blair, Administrative Secretary

Date: _____

APPROVED:

Senator James Clayborne, Jr., Chairman