

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS**  
**MEETING NO. 263**  
**MINUTES OF A REGULAR MEETING OF THE**  
**BOARD OF TRUSTEES**  
**JANUARY 10, 2020**

A regular meeting of the Board of Trustees of the General Assembly Retirement System convened at 1 p.m. on Friday, January 10, 2020, in Suite S721 of the Michael Bilandic Building, 160 N. LaSalle Street, Chicago, Illinois.

Roll Call was taken with the following trustees present:

Senator Robert Martwick, Chairman  
Senator Sue Rezin, Vice-Chairperson  
Representative Michael Zalewski  
Representative Charles Meier (by phone)  
Representative Daniel Pierce, Retired

Absent was:

Senator Napoleon Harris

Others in attendance were:

Timothy Blair, Secretary  
Jeff Houch, Assistant to Secretary  
Angie Ackerson, GARS Manager  
Scott Richards, Senior Investment Officer, Illinois State Board of Investment  
Alli Wallace Stone, Principal, Meketa Investment Group

With a quorum present, Chairman Martwick called the meeting to order at 1:00 p.m. A motion was made by Representative Zalewski to allow Representative Meijer to participate by phone. Senator Rezin seconded the motion and it passed unanimously.

#### **PUBLIC COMMENTS**

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

#### **MINUTES OF PREVIOUS MEETING**

Chairman Martwick presented the minutes of Meeting No. 262 held on October 25, 2019, for approval. Copies of these minutes were previously submitted to the trustees for review. Representative Zalewski moved to approve the minutes as presented. Senator Rezin seconded the motion and all were in favor.

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

Scott Richards, ISBI Senior Investment Officer, distributed copies of the Quarterly Review dated September 30, 2019, and noted the value of the portfolio on that date was approximately \$19.2 billion. He added the markets had done very well in the 2<sup>nd</sup> quarter with the portfolio valued at \$20.189 billion on January 9, 2020, a \$931 million increase from September 30, 2019. Mr. Richards introduced Alli Wallace Stone, Principal, Meketa Investment Group, who began by stating that for the quarter ended September 30, 2019, the portfolio returned 0.8% (net of fees), underperforming the custom benchmark return of 1.1% over

that period. She noted the portfolio's year-to-date performance was 12.4%, achieving a ranking in the top 1% of its peer group.

Ms. Wallace Stone then reviewed the performance of several asset classes and noted that the Fixed Income portfolio was up 2.2% in the 1<sup>st</sup> quarter and was strong relative to its peers (benchmark returned 2.1%), the Domestic Equity portfolio was up 1.3% and outperformed the broad U.S. equity market by 0.1%, earning a rank in the top third of its peer group. The Private Equity portfolio declined 0.7%, Infrastructure was up 0.9% and the Real Estate portfolio returned 0.2%. Ms. Wallace Stone concluded her review of asset class performance and indicated the fund was structured well to sustain a downturn in the economy.

Chairman Martwick asked if there were any questions. After a brief discussion, Representative Zalewski moved to approve the ISBI report and Representative Pierce seconded the motion, which passed unanimously. A copy of the ISBI Quarterly Review is maintained in the ISBI office and made a part of these minutes as *Exhibit A*.

## **REPORT OF ADMINISTRATIVE SECRETARY**

Secretary Blair informed the Board the actuaries would not be in attendance and that he would present the State Actuary's report, the final version of the FY 2019 GARS Actuarial Valuation, and a letter certifying the FY 2021 State contribution of \$27,299,000.

**State Actuary's Report.** Secretary Blair reported the State Actuary concluded that the assumptions and methodology used for the FY 2019 Actuarial Valuation are reasonable and that the certified contribution was calculated in accordance with State law. He 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 GRS/JRS response to these recommendations is attached and made a part of these minutes as *Exhibit B*.

**FY 2019 Actuarial Valuation and FY 2021 Certification.** Secretary Blair distributed the final version of the FY 2019 Actuarial Valuation and noted the actuarial assumptions used for the valuation were based on an experience review for the three-year period from July 1, 2015 through June 30, 2018. As a result of the experience review, changes in the assumptions used in the FY 2019 actuarial valuation decreased the actuarial accrued liability as of June 30, 2019 by \$8.8 million.

Chairman Martwick asked if there were any questions. After brief discussion, a motion was made by Representative Zalewski to approve the FY 2019 Actuarial Valuation and certify the FY 2021 State contribution of \$27,299,000 or 277.973% of projected payroll. Representative Pierce seconded the motion, which passed unanimously.

**Board Policy – Installment Payment Terms.** Secretary Blair provided an overview of existing board policy regarding the use of an installment plan when purchasing optional service credit. Currently, a member can purchase optional service credit on a post-tax basis or a pre-tax basis through payroll deduct with a minimum payment of \$100 and for a period of not more than five years unless specifically requested by the member.

Secretary Blair reported that modernization efforts at GARS are underway and existing board policy complicates these efforts. To streamline the work, Secretary Blair recommended eliminating the minimum \$100 payment and limiting the repayment period to five years. Participants would receive five different installment options in yearly increments and would not be allowed to extend repayment beyond five years.

Representative Zalewski moved to eliminate the \$100 minimum payment and establish a maximum five-year repayment period for members using payroll deduct to purchase optional service credit. The motion was seconded by Senator Rezin and all were in favor.

**FY 2020 Funding Update.** Secretary Blair informed the Board that GARS had received all State contributions, including the January 2020 contribution.

**REPORT OF CHAIRMAN MARTWICK**

Chairman Martwick reported to the Board that he attended the annual Senate hearings on emerging managers and diversity in which ISBI staff testified along with other money managers. Chairman Martwick noted that Senator Harris is actively involved in the hearings.

**REPORT OF ANY TRUSTEE**

There were no reports offered.

**REPORT OF MANAGER**

Angie Ackerson, GARS Manager, reported one new retirement annuity in the amount of \$4,376.55 per month for Representative Luis Arroyo. There were no survivor annuities or refunds processed. The board took no action. Secretary Blair reminded the Board that a GARS benefit is payable until a member is convicted of or pleads guilty to a felony, at which time the benefit is suspended by staff. The Attorney General is then requested to provide an unofficial opinion regarding the connection of the felony to service as a legislator. If the Attorney General concludes the actions were job-related the benefit is terminated, and the annuitant is notified of the right to appeal the termination.

**UNFINISHED BUSINESS**

There was no unfinished business to discuss.

**NEW BUSINESS**

There was no new business to discuss.

**ADJOURNMENT**

There being no further business to be brought before the Board, Representative Zalewski moved to adjourn at 2:15 pm. His motion was seconded by Representative Pierce and passed unanimously.

\_\_\_\_\_  
Timothy B. Blair, Administrative Secretary

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

APPROVED:

\_\_\_\_\_  
Senator Martwick, Chairman