

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS**  
**MEETING NO. 235**  
**MINUTES OF THE REGULAR MEETING OF THE**  
**BOARD OF TRUSTEES**  
**NOVEMBER 20, 2008**

A regular meeting of the Board of Trustees of the General Assembly Retirement System was held on Thursday, November 20, 2008, and convened at 9:00 A.M. in Senate Conference Room 317 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 Mark Beaubien, Jr.  
Representative Philip Collins

Senator Don Harmon arrived during the report of the Illinois State Board of Investment.

Absent were:

Representative Kurt Granberg, Chairman  
Representative Richard Bradley

Others in attendance were:

Timothy Blair, Acting Executive Secretary  
Jayne Waldeck, Acting Manager  
William Atwood, Director, Illinois State Board of Investment  
Sandor Goldstein, Goldstein & Associates, Consulting Actuaries  
Cheryl Bullerman, Recording Secretary

With a quorum present, the meeting proceeded with the business before the Board.

**REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT**

William Atwood, Director of the Illinois State Board of Investment, addressed the Board. He advised trustees that as of June 30, 2007, the total fund was \$12.7 billion; at the end of FY 08, the fund was \$11.4 billion; and after the first two months of the first quarter of FY 09, the fund totaled \$9.3 billion.

Mr. Atwood distributed copies of the October 31, 2008 draft Executive Summary. The total fund return for the year to date was -22.8%. The fiscal year to date return is -18.7%. He concluded his report with a brief review of the performance of the various asset classes.

After addressing questions raised by Board members, Vice Chairman Clayborne excused him from the remainder of the meeting. Mr. Atwood advised he would be available to answer questions or discuss the fund and asset allocations at any time. A copy of this report is maintained in the office of the Illinois State Board of Investment.

### **MINUTES OF PREVIOUS MEETING**

Vice Chairman Clayborne presented the minutes of Meeting No. 234 held on May 21, 2008, for approval. Copies of the minutes were previously submitted to the trustees for preliminary review.

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

### **ACTUARIAL VALUATION AS OF JUNE 30, 2008 - GOLDSTEIN & ASSOCIATES.**

Sandor Goldstein, consulting actuary, addressed the Board and reviewed the June 30, 2008 actuarial report which had previously been mailed to all trustees. The purpose of the valuation is to determine the financial position and funding requirements of the System. The actuarial assumptions used for this actuarial valuation are the same as used for the previous year's report.

Mr. Goldstein directed attention to Exhibit 1 which summarizes the System's membership data. Exhibit 2 reflects the actuarial value of assets, with Exhibit 3 following with the actuarial liability. Exhibit 4 reflects the employer's normal cost for the year beginning July 1, 2008, which was expressed as 18.89% of payroll.

Mr. Goldstein advised that the market value of the assets of the System, less the amount of liabilities, was used for purposes of this valuation. The resulting actuarial value of assets as of June 30, 2008 was \$75,405,943. The net rate of investment return earned by the net assets of the System, based on assets valued at market, was approximately -5.63 in comparison with the assumed rate of investment return of 8.0%, which resulted in an increase in the unfunded liability. As of June 30, 2008, the total actuarial liability is \$235,780,071, and the unfunded actuarial liability is \$160,374,128.

Based on the June 30, 2008 actuarial valuation, the actuary has determined a required state contribution under this plan for fiscal year 2010 of \$10,454,000, or 70.75% of a projected payroll of \$14,775,000.

Mr. Goldstein entertained questions from the trustees, and was excused from the remainder of the meeting.

### **CERTIFICATION OF FY 2010 STATE CONTRIBUTION RATE.**

Following discussion, Trustee Harmon moved to certify the FY 2010 state contribution rate of \$10,454,000. Trustee Beaubien seconded the motion, which prevailed by the affirmative vote of all trustees present.

## **REPORT OF CHAIRMAN**

Vice Chairman Clayborne indicated he had nothing to report at this time.

## **REPORT OF EXECUTIVE SECRETARY**

**Calendar Year 2009 Meeting Dates** In order to abide by the Open Meetings Act, it is necessary to post a schedule of meetings for the ensuing year in the System's offices as well as post the schedule on the agency's web site, and publish it in a state newspaper.

The following meeting dates were agreed upon for calendar year 2009:

Wednesday, April 22  
First Wednesday of Veto Session

All meetings are held in Senate Conference Room 317 of the Statehouse, Springfield, Illinois, unless otherwise posted.

**Financial Statements and Report of Administrative Expenses** The financial statements for the fourth quarter of fiscal year 2008 and first quarter of fiscal year 2009 were reviewed.

Included in these reports were cash balances, investment account statements and administrative expenses. Mr. Blair advised that the System remained approximately \$57,000.00 under budget for the fiscal year 2008. A total of \$7,100,000 was transferred from the Illinois State Board of Investment in fiscal year 2008.

There being no questions regarding the reports as filed, Trustee Brady moved acceptance of the reports. This motion was seconded by Trustee Harmon, and 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.

**Allocation of Shared Personal Services** Acting Executive Secretary Blair reviewed a report regarding the allocation of shared personal services between systems which had been updated for the twelve month period from May 1, 2007 through April 30, 2008. The recap schedule of shared services indicated that JRS/GARS performed a net \$1,168 more in services for SERS on a monthly basis. The previous survey for the period of May 1, 2006 through April 30, 2007 reported that JRS/GARS performed a net \$708 more in services for SERS on a monthly basis.

There being no questions, Trustee Brady moved to accept the allocation of shared services for the twelve month period of May 1, 2007 through April 30, 2008. The motion was seconded by Trustee Beaubien, and unanimously passed.

## **REPORT OF MANAGER**

**Applications for Retirement and Survivor's Annuities and Refunds** Acting Manager Jayne Waldeck directed the trustees' attention to the reports reflecting six retirement annuities in the amount of \$19,467.19 and five survivors' annuities in the amount of \$6,109.90 for approval.

Also reviewed at this time were two death after retirement refunds in the amount of \$70,610.29, one termination refund in the amount of \$12,290.16, and three survivor refunds totaling \$27,080.24.

There being no questions regarding the payments, Trustee Harmon presented a motion to approve the applications for annuity benefits and refunds, filed as Exhibit B. Trustee Beaubien seconded the motion, and all were in favor.

The above reports are attached as Exhibit B.

## **FY 2008 ADMINISTRATIVE BUDGET UPDATE**

During the May 21, 2008 meeting, the Board tentatively approved the FY 2009 consolidated budget totaling \$1,006,500.

Trustees were advised that the contractual services line item increased due to higher external auditor fees. The group insurance line item was reduced due to lower than anticipated health plan premiums.

The FY 09 budget is a 9.8% increase to the FY 08 budget, and a 35.2% increase to FY 08 projected expenditures.

Following review and discussion, Trustee Brady moved to approve the final FY 09 administrative budget as submitted. Trustee Harmon seconded the motion, which prevailed by the affirmative vote of all trustees present.

## **UNFINISHED BUSINESS**

There was no unfinished business to be discussed.

## **NEW BUSINESS**

There was no new business to be brought before the Board at this time.

## **ADJOURNMENT**

There being no further business to be brought before the Board, Trustee Beaubien moved to adjourn at 10:10 A.M. The motion was seconded by Trustee Brady.

The next regularly scheduled meeting will be held April 22, 2009.

\_\_\_\_\_  
Secretary

APPROVED:

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

\_\_\_\_\_  
Vice Chairman