

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 233
MINUTES OF THE REGULAR MEETING OF THE
BOARD OF TRUSTEES
OCTOBER 3, 2007

A regular meeting of the Board of Trustees of the General Assembly Retirement System was held on Wednesday, October 3, 2007, 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 Don Harmon
Senator Bill Brady
Representative Mark Beaubien, Jr.
Representative Philip Collins

Absent were:

Representative Kurt Granberg, Chairman
Representative Richard Bradley

Others in attendance were:

Timothy Blair, Acting Executive Secretary
Jayne Waldeck, Acting Manager
Scott Richards, Deputy Director, Illinois State Board of Investment
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

Scott Richards, Chief Investment Officer of the Illinois State Board of Investment, distributed copies of the August 31, 2007 Executive Summary as well as a report reflecting the performance of the fund as of June 30, 2007, and addressed the Board. Trustees were informed that as of the end of fiscal year 2007, the total fund return was 17.4% gross of fees.

Mr. Richards then reviewed the August 31 Executive Summary reflecting a negative figure of 1.4% for the two month period of this fiscal year; however, for the year to date, the portfolio reflects a positive 6.5% return. He concluded his report with a brief review of the various asset classes.

There being no questions, Trustee Beaubien moved for acceptance of the Executive Summary for the period ending August 31, 2007. Trustee Harmon 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 then distributed a memo requesting the Board's review and approval of the ISBI allocations methodology of investments for the State Retirement Systems (State Employees', Judges, and General Assembly). ISBI is asking for the approval of each Board in order to strengthen the existing internal controls for the allocation of earnings for the three member systems.

Following discussion, Trustee Beaubien moved approval of the ISBI allocation methodology as presented. Trustee Collins seconded the motion, and all were in favor.

MINUTES OF PREVIOUS MEETING

Vice Chairman Clayborne presented the minutes of Meeting No. 232 held on April 18, 2007, for approval. Copies of the minutes were previously submitted to the trustees for preliminary review.

Trustee Harmon moved that the minutes, as submitted, be approved. The motion was seconded by Trustee Collins, and 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 ADMINISTRATIVE SECRETARY

Calendar Year 2008 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 2008:

Wednesday, April 16
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 and administrative expenses for the fourth quarter of fiscal year 2007 were reviewed.

The cash balance for the fourth quarter was reviewed along with the cash balance of the excess benefit fund, and the statement of investment account. Administrative expenses of \$82,418.87 were reported for the fourth quarter.

There being no questions, Trustee Harmon moved approval of the FY 2007 fourth quarter financial statements as presented. Trustee Brady seconded the motion, which passed unanimously.

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, 2006 through April 30, 2007. The recap schedule of shared services indicated that JRS/GARS performed a net \$708 more in services for SERS on a monthly basis. The previous survey for the period of May 1, 2005 though April 30, 2006 reported that JRS/GARS performed a net \$898 more in services for SERS on a monthly basis.

There being no questions, Trustee Harmon moved to accept the allocation of shared services for the twelve month period of May 1, 2006 through April 30, 2007. The motion was seconded by Trustee Beaubien and unanimously passed by an affirmative vote of all trustees present.

Applications for Retirement and Survivor's Annuities and Refunds

Acting Executive Secretary Blair directed the trustees' attention to the reports reflecting two retirement annuities in the amount of \$8,216.30 and two survivors' annuities in the amount of \$5,748.94 for approval.

Also reviewed at this time were one termination refund in the amount of \$11,734.53, and one survivor annuity refund in the amount of \$729.98.

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 Bradley seconded the motion, and all were in favor.

STATUS OF JUNE 30, 2007 ACTUARIAL VALUATION

The actuaries were unable to complete the June 30, 2007 actuarial valuation prior to this meeting due to necessary information from the Illinois State Board of Investment not being available until this week.

The trustees were advised that in order to certify the state contribution rate for FY 2009 to the governor by December 15, it will be necessary to call a special meeting of the Board

FY 2008 ADMINISTRATIVE BUDGET UPDATE

During the April 18, 2007 meeting, the Board tentatively approved the FY 2008 consolidated budget totaling \$929,600.

The overall final budget for FY 08 totals \$949,800. Trustees were advised that the increase is mainly due to group insurance premiums being higher than anticipated. Other items impacting the budget include transcription services, leasing equipment, and the EDP line item.

Following review and discussion, Trustee Brady moved to approve the final FY 08 administrative budget as submitted. Trustee Beaubien seconded the motion, which prevailed by the affirmative vote of all trustees present.

UNFINISHED BUSINESS

George Ryan vs. Board of Trustees of the GARS Board members were furnished with a copy of a letter dated June 26, 2007 from the Attorney General's Office, advising that an appearance on behalf of the Board had been filed in the Appellate Court.

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 Brady moved to adjourn at 10:00 A.M. The motion was seconded by Trustee Harmon.

Trustees were reminded that a special meeting will be called in the near future in order to certify the state contribution rate for FY 2009 which must be submitted to the governor's office on or before December 15. The next regularly scheduled meeting will be held April 16, 2008.

Secretary

Date: _____

APPROVED:

Chairman