

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 246
MINUTES OF THE REGULAR MEETING OF THE
BOARD OF TRUSTEES**

January 10, 2014

A meeting of the Board of Trustees of the General Assembly Retirement System convened on Friday, January 10, 2014, at 10 a.m. in Suite 720 of the Michael Bilandic Building, 160 North LaSalle Street, Chicago, Illinois.

Roll call was taken with the following trustees present:

Representative David Harris, Vice-Chairman
Senator Bill Brady
Representative Elaine Nekritz
Senator Don Harmon

Absent was:

Senator James Clayborne, Jr., Chairman
Representative Daniel J. Burke

Others in attendance were:

Timothy B. Blair, Secretary
Jayne L. Waldeck, Division Manager
William Atwood, Director, Illinois State Board of Investment
Alex Rivera, Consulting Actuary, Gabriel Roeder Smith & Company
Paul Wood, Consulting Actuary, Gabriel Roeder Smith & Company

With a quorum present, the meeting was called to order by Vice-Chairman Harris at 10:10 a.m.

PUBLIC COMMENTS

Vice-Chairman Harris asked if there were any Public Comments. There being none, he proceeded with the next agenda item.

APPROVAL OF MINUTES OF PREVIOUS MEETING

Vice-Chairman Harris presented the minutes of Meeting No. 245, held October 23, 2013, for approval. Copies of the minutes were previously submitted to the trustees for preliminary review. Trustee Nekritz moved for acceptance of the minutes. Trustee Harmon seconded the motion and all were in favor.

ANNUAL ACTUARIAL VALUATION AND FY 2015 CERTIFIED CONTRIBUTION

Alex Rivera and Paul Wood of Gabriel, Roeder, Smith and Company (GRS), the Board's Consulting Actuaries, appeared before the Board to present the Annual Actuarial Valuation as of June 30, 2013. Mr. Rivera presented the report for the Board's review and indicated the financial information, including the proposed FY 2015 certified State contribution amount, in the valuation did not change from the preliminary information presented at the October Board meeting.

Mr. Rivera noted the State Actuary made some recommendations, including a review of the mortality tables and the consideration of the adoption of a generational mortality table. Mr. Wood continued by indicating that he agreed with the recommendation but explained the review should probably be based on the actual experience of the State Employees' Retirement System. The GARS fund is very small and it would be difficult to come up with a meaningful experience analysis.

Mr. Rivera noted the State Actuary recommended an "asset corridor" be used in the future to limit the discrepancy between the market value of assets and the actuarial (smoothed) asset value. The suggestion was to implement a "corridor" that would prevent the actuarial value of assets from being more than 20% different than the market value of assets. After some discussion, the consensus was the current statutory funding plan does not provide for the use of an asset corridor and that a change in statute would be needed for the recommendation to be implemented.

Mr. Rivera then noted the FY 2015 employer contribution amount was \$15,809,000, or 122.170% of payroll. Brief discussion was held and Vice-Chairman Harris made a motion to accept the Annual Actuarial Valuation as of June 30, 2013 and the Final Certification of the FY 2015 employer contribution. The motion was seconded by Trustee Brady and passed unanimously.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

William Atwood, Director of the Illinois State Board of Investment (ISBI), distributed copies of the Flash Report dated November 30, 2013 and reviewed the performance of the various asset classes, initially focusing on the Total Fund Composite performance. For the one year period ended November 30, 2013, Mr. Atwood noted the total portfolio provided an 18.9% return, compared to a benchmark rate of return of 15.8%. He continued by noting that as of November 30, 2013, the portfolio had returned 11.3% annually over 5 years and 6.9% annually over 10 years, compared to the 7.0% annual assumed rate of return.

Mr. Atwood continued by briefly reviewing the 1 year performance of several of the asset classes within the portfolio, noting that most had outperformed their benchmarks. He reported the ISBI portfolio balance at June 30, 2013 was \$12.88 billion and had increased to \$14.2 billion as of December 31, 2013; an increase of more than \$1.3 billion. Mr. Atwood then offered to entertain questions.

Following a brief discussion, Trustee Nekritz moved to accept the report and Trustee Harmon seconded the motion, which passed unanimously. Vice-Chairman Harris thanked Director Atwood for his informative report and excused him from the remainder of the meeting. A copy of this report is maintained in the ISBI office and made a part of these minutes as Exhibit A.

REPORT OF CHAIRMAN

Vice-Chairman Harris had nothing to report.

REPORT OF TRUSTEES

The trustees had nothing to report.

REPORT OF ADMINISTRATIVE SECRETARY

Annuitant Trustee Vacancy. Secretary Blair informed the Board that on January 2, 2014, ballots were mailed to all 308 GARS annuitants in the annuitant trustee election to fill the remaining 3 years of

the term of the late Representative Phil Collins. The ballot contained seven retirees, and a biography supplied by the candidates, was provided to all annuitants. All ballots returned by the end of January 2014 will be counted by the Illinois State Board of Elections on February 3, 2014. After the ballots are counted Board members will be notified of the results.

REPORT OF MANAGER

Annuities and Refunds for Approval. Division Manager Jayne Waldeck directed the trustees' attention to the report reflecting one retirement annuity paid since the last Board meeting totaling \$1,496.23 per month. Also reviewed were two survivor annuities paid since the last board meeting totaling \$5,667.89 per month. In addition, two error refunds totaling \$1,968.49 were paid since the last meeting. There being no questions regarding the payments, Trustee Harmon moved for approval of the payment of annuities and refunds. Trustee Brady seconded the motion and all were in favor. The reports are attached to these minutes as Exhibit B.

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, Trustee Nekritz moved to adjourn at 11:30 a.m. Her motion was seconded by Vice-Chairman Harris and passed with an affirmative vote of those trustees present.

Vice-Chairman Harris announced the next regularly scheduled Board meeting is in April 2014.

Secretary

Date: _____

APPROVED:

Chairman Clayborne