

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS

MEETING NO. 237

MINUTES OF THE REGULAR MEETING OF THE

BOARD OF TRUSTEES

OCTOBER 14, 2009

A regular meeting of the Board of Trustees of the General Assembly Retirement System was held on Wednesday, October 14, 2009, and convened at 9 a.m. in the Senate Conference Room 627A of the State House, Springfield, Illinois.

Roll call was taken with the following trustees present:

Senator James Clayborne, Jr., Chairman
Senator Don Harmon
Representative Kevin A. McCarthy
Representative Dan Reitz
Representative Mark Beaubien, Jr.
Representative Philip Collins, Retired

Absent was:

Senator Bill Brady

Others in attendance were:

Timothy B. Blair, Acting Executive Secretary
Jayne L. Waldeck, Acting Manager
Sandor Goldstein, Consulting Actuary
William Atwood, Director, Illinois State Board of Investment

With a quorum present, the meeting was called to order by Chairman Clayborne.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

William Atwood, Director of the Illinois State Board of Investment, addressed the Board. He referred the Board's attention to the Flash Report dated August 31, 2009. The total portfolio's market value was \$9,345,389,417. Mr. Atwood noted the fixed income portfolio had declined recently, but year to date the portfolio is outperforming the index. At this time, Representative McCarthy left the meeting and Representative Collins arrived to the meeting. Mr. Atwood continued his report indicating that the Investment Board is moving for less active management with the index funds. Mr. Atwood briefly reviewed the performance of the various asset classes contained in the ISBI Report submitted to the trustees.

After addressing questions raised by the Board members, Representative Reitz moved to approve the report of the Illinois State Board of Investment. The motion was seconded by Senator Harmon and all were in favor. A copy of this report is maintained in the office of the Illinois State Board of Investment. Mr. Atwood was excused from the meeting.

MINUTES OF PREVIOUS MEETING

Chairman Clayborne presented the minutes of Meeting No. 236 held on April 22, 2009, for approval. Copies of the minutes were previously submitted to the trustees for preliminary review.

With no further discussion, Representative Collins moved to approve the minutes as submitted. Representative Beaubien seconded the motion which prevailed by the affirmative vote of all trustees present.

ACTUARIAL VALUATION AS OF JUNE 30, 2009 – GOLDSTEIN & ASSOCIATES

Sandor Goldstein, consulting actuary, addressed the Board and reviewed the June 30, 2009 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 the June 30, 2009 actuarial valuation have not changed. But, the actuaries are now using a smooth market value which will defer some actuarial gains or losses from investment return incurred in a fiscal year in equal annual amounts over the five-year period following the fiscal year.

Mr. Goldstein reviewed the Actuarial Value of Assets described in Exhibit 2 of his report. He drew the Board's attention to the Investment Loss of (\$19,956,538) as well as the Actuarial Value of Assets as of 06/30/2009 of \$71,573,865. He further brought to their attention the fact that the funded ratio of 29.2% compared to last year's ratio of 32.2%. For fiscal years 2011 through 2045, the minimum State contribution to the system for each fiscal year shall be an amount determined by the system to be sufficient to bring the total assets of the system up to 90% of the total actuarial liabilities by the end of fiscal year 2045. The required state contribution for 2011 is \$12,058,000. Mr. Goldstein directed the Board's attention to additional information contained in the Actuarial Valuation report. Following some discussion, Senator Harmon moved to adopt the report given by Mr. Goldstein certifying the required state contribution for 2011 of \$12,058,000. Representative Reitz seconded the motion and all were in favor.

REPORT OF THE CHAIRMAN

Chairman Clayborne reported to those present that the scheduled meeting dates for the General Assembly Retirement System Board of Trustees will be held in Senate Conference Room 317 of the Capitol Building commencing at 9 a.m. on Wednesday, April 21, 2010, and again on the first Wednesday of the fall Veto Session. Trustee Beaubien moved to adopt these meeting dates. Trustee Reitz seconded the motion and all were in favor.

REPORT OF THE EXECUTIVE SECRETARY

Financial Statements and Report of Administrative Expenses. The financial statements for the period 07/01/08 through 06/30/09 were submitted by Acting Secretary Blair. The state contributions for March, April, May and June were paid to GARS in September, 2009. As of mid-October, no FY 2010 employer contributions had been received. Secretary Blair pointed out that the GARS withdrew \$9.5 million in FY-09 from the sale of investments. Based on projected benefits for FY-10, the system should not have to withdraw any funds from ISBI to pay benefits in FY-10. Trustee Collins moved to accept the financial statements and the motion was seconded by Trustee Harmon. 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 Expenses. Secretary Blair reviewed the recap of shared services between SERS, JRS and GARS for the twelve month reporting period from May 1, 2008 through April 30, 2009. The recap schedule of shared services indicates that JRS/GARS performed a net \$1,020 more in services for SERS on a monthly basis. The previous survey, completed as of April 30, 2008, for the twelve month reporting period from May 1, 2007 through April 30, 2008, reported that JRS/GARS performed a net \$1,168 more in services for SERS on a monthly basis.

There being no questions, Trustee Reitz moved to accept the allocation of shared services for the twelve month period of May 1, 2008 through April 30, 2009. The motion was seconded by Trustee Collins, and unanimously passed by an affirmative vote of all trustees.

FY 2010 Budget Update. Acting Secretary Blair reviewed the breakdown of the changes to the FY-2010 budget which included the elimination of all merit compensation raises and bonuses. The Retirement, Employer Pickup, and FICA lines are also reduced due to no increases for merit compensation employees, and the Group Insurance line is reduced due to the election of lower premium health plans among employees. Secretary Blair also informed the Board members present that due to the furlough days taken by Division Managers and Supervisors, a reduction in personal services has been accomplished. Following review of the changes to the FY-2010 Budget, Trustee Harmon moved to approve the adjusted FY-2010 administrative budget. Trustee Beaubien seconded the motion, which prevailed by the affirmative vote of all trustees present.

REPORT OF MANAGER

Annuities and Refunds for Approval. Acting Manager Jayne Waldeck directed the trustees' attention to the reports reflecting five retirement annuities totaling \$18,603.18 and four survivor annuities totaling \$9,341.30 per month for approval. Also reviewed were one survivor contribution refund totaling \$2,370.47; two termination refunds totaling \$42,658.48, one death before retirement totaling \$177,700.67 and one error refund totaling \$226.12.

There being no questions regarding the payments, Trustee Beaubien moved for approval of the payment of annuities and refunds. Trustee Reitz seconded the motion and all were in favor. The above reports are attached as Exhibit B.

UNFINISHED BUSINESS

Acting Secretary Blair requested that the General Assembly Retirement System Board of Trustees consider whether the assumed rate of return of 8% used by Sandor Goldstein, our Consulting Actuary, was appropriate. Secretary Blair informed the board that he will forward copies of Mr. Goldstein’s report to each board member for review. He informed the GARS Board that the Judges’ Retirement System Board of Trustees chose to wait.

Update on George Ryan Lawsuit – Leave to Appeal. Acting Secretary Blair informed those present that since the last meeting, the Supreme Court responded that they will take the appeal. They made the decision to move forward.

NEW BUSINESS

No new business to report.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Harmon moved to adjourn at 11 a.m. The motion was seconded by Trustee Beaubien.

The next regularly scheduled meeting will be held April 21, 2010, at 9 a.m.

Secretary

Date: _____

APPROVED:

Chairman