

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 245**

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF TRUSTEES**

OCTOBER 23, 2013

The regular meeting of the Board of Trustees of the General Assembly Retirement System was held on Friday, October 23, 2013, and convened at 9 a.m. in Senate Conference Room 627A of the Capitol Building, Springfield, Illinois.

Roll call was taken with the following trustees present:

Senator James Clayborne, Jr., Chairman
Senator Don Harmon
Representative David Harris
Representative Elaine Nekritz
Representative Daniel J. Burke

Absent was:

Senator Bill Brady

Others in attendance were:

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

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

PUBLIC COMMENTS

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

APPROVAL OF MINUTES OF PREVIOUS MEETING

Chairman Clayborne presented the minutes of Meeting No. 244 held on April 27, 2013, for approval. Copies of the minutes were previously submitted to the trustees for preliminary review. Trustee Harris moved for acceptance of the minutes. Trustee Nekritz seconded the motion and all were in favor.

ACTUARIAL VALUATION AS OF JUNE 30, 2013

Alex Rivera and Paul Wood of Gabriel, Roeder, Smith and Company (GRS), the Board's Consulting Actuaries, appeared before the Board to present the valuation results as of June 30, 2013. Mr. Wood started the presentation by noting for the Board that based on the actuarial value of assets, the funded ratio dropped from 18.5% at June 30, 2012, to 16.2% on June 30, 2013. Based on the market value of assets, the funded ratio decreased from 17.4% at June 30, 2012, to 17.0% at June 30, 2013. He then noted that under the current statutory funding plan, the funded ratio is projected to slowly decrease from 16.2% in 2013 to 4.5% in 2029, and then increase to 90% by 2045.

Mr. Wood continued by noting the proposed FY 2015 employer contribution is \$15.809 million, or 122.170% of payroll, an increase from the FY 2014 certified employer contribution of \$13.856 million, or 95.461% of payroll. Both Mr. Wood and Mr. Rivera addressed questions regarding the actuarial assumptions used for Tier 2 members. Discussion was held with a motion by Representative Nekritz to accept the draft report of the Annual Actuarial Valuation dated June 30, 2013, and the preliminary certification of the FY 2015 employer contribution. The motion was seconded by Representative Harris and it passed unanimously.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

William Atwood, Director of the Illinois State Board of Investment (ISBI), addressed the Board. He first referred the Board's attention to the ISBI Executive Summary dated September 30, 2013, which showed the total portfolio's market value to be \$13,498.1 million. Director Atwood emphasized to the Board that the total portfolio is currently up 11.7% for the year ended September 30, 2013, compared to the benchmark return of 9.7%.

Director Atwood noted the much improved performance of the real estate portfolio was the result of considerable effort by the Board after some fairly severe problems in the sector. He then answered questions from the Board regarding the portfolio's Core Real Estate portfolio, compared to Real Estate. (Senator Harmon arrived at the meeting.) Mr. Atwood concluded by noting for the Board that the Portfolio Value at June 30, 2013 was \$12.8 billion and at October 21, 2013, it had increased to \$13.8 billion; an increase of \$1 billion in less than 4 months.

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

REPORT OF CHAIRMAN

Chairman Clayborne had nothing to report.

REPORT OF TRUSTEES

The trustees had nothing to report.

REPORT OF ADMINISTRATIVE SECRETARY

2014 GARS Board Meeting Dates. Secretary Blair presented the proposed meeting schedule for 2014. Following some discussion, Trustee Harris made a motion to adopt the dates of January 10, 2014; April 9, 2014; and October 29, 2014. The motion was seconded by Trustee Harmon and passed unanimously.

Financial Statements and Report of Administrative Expenses. The financial statements for the period ending June 30, 2013 were submitted by Secretary Blair. He briefly reviewed each schedule and reported that the Cash Balance as of June 30, 2013 was \$4.2 million. He reviewed the fact that the employer contributions have continued to be received timely and projects fund transfers from the ISBI during fiscal year 2014 to be \$6.4 million. Secretary Blair next reviewed the Financial Statements and Report of Administrative Expenses for the period July 1, 2013 through September 30, 2013. Following the review, Trustee Harris moved to adopt the financial reports. Trustee Nekritz seconded the motion and all were in favor. These reports are attached to these minutes as Exhibit B.

Final FY 2014 Administrative Budget. Secretary Blair referred the trustees to the final FY 2014 budget request. He explained the requested \$16,450 increase from the preliminary FY 2014 Budget is due to a lump sum payout for vacation and sick time for an employee who has notified the system of his upcoming retirement. Following a brief discussion, Trustee Burke moved to approve the Final FY 2014 GARS Administrative Budget. Trustee Harris seconded the motion and all were in favor.

REPORT OF MANAGER

Annuities and Refunds for Approval. Division Manager Jayne Waldeck directed the trustees' attention to the reports reflecting five retirement annuities totaling \$16,725.71 per month. Also reviewed were four survivor annuities paid since the last board meeting totaling \$7,693.38 per month. In addition, one error refund of \$1,024.68 was paid since the last meeting. There being no questions regarding the payments, Trustee Nekritz moved for approval of the payment of annuities and refunds. Trustee Harris seconded the motion and all were in favor. The above reports are attached as Exhibit C.

UNFINISHED BUSINESS

There was no unfinished business to be discussed.

NEW BUSINESS

Elected Annuitant Vacancy. Secretary Blair requested direction from the Board of Trustees regarding the vacancy of the Elected Annuitant Member on the Board due to the passing of Retired Representative Philip Collins on April 29, 2013. Secretary Blair explained there are no formal rules on filling the vacancy in the elected annuitant position and the only requirement is the vacancy must be filled by an annuitant. Following discussion, on motion by Trustee Harmon and seconded by Trustee Harris, an election for the remainder of Representative Collins' term which ends January 31, 2017, will be held in January 2014 at the same time the annuitant election is normally held. The motion passed unanimously.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Harris moved to adjourn at 10:30 a.m. His motion was seconded by Trustee Harmon and passed with an affirmative vote of those trustees present.

The next regularly scheduled meeting will be held January 10, 2014.

Secretary

Date: _____

APPROVED:

Chairman