

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

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

JANUARY 20, 2009

A regular meeting of the Board of Trustees of the State Employees' Retirement System of Illinois convened on Tuesday, January 20, 2009, at 9:30 A.M. in the System's Springfield office located at 2101 South Veterans Parkway.

The following trustees were in attendance:

Gordon John Mazzotti, Chairman
Loren Iglarsh, Vice Chairman, Proxy for
State Comptroller Daniel Hynes
John Frigo, Proxy for Ginger Ostro, Director,
Governor's Office of Management and Budget
Michele Cusumano
Joyce King

Absent was:

Lori Laidlaw

Others in attendance were:

Timothy Blair, Acting Executive Secretary
Larry Stone, Internal Auditor
Nicholas Merrill, Manager, Accounting Division
William Atwood, Director, Illinois State Board of Investment
Dawn Blakeman, Recording Secretary
Lindsey Schoemehl, ISBI Investment Compliance Officer

Chairman Mazzotti presided, and called the meeting to order at 9:30 a.m. with a quorum present.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

William Atwood, Director of the Illinois State Board of Investment distributed draft copies of the Flash Report (Executive Summary) for the period ending November 31, 2008, and addressed the Board. He called attention to the portion of the report reflecting a negative 21.4% return for the fiscal year to date.

Director Atwood concluded his report by answering questions raised by the trustees. Chairman Mazzotti thanked him for his informative report, and excused him from the remainder of the meeting.

Trustee Frigo moved to accept the Flash Report of the Illinois State Board of Investment for the period ending December 31, 2008. Trustee Cusumano seconded the motion, which passed unanimously. A copy of this report is maintained in the office of the Illinois State Board of Investment.

MINUTES OF OCTOBER 21, 2008 BOARD MEETING

The minutes of the annual meeting of the Board of Trustees held October 21, 2008, were presented to the members by Chairman Mazzotti for approval. Copies of these minutes were previously mailed to each trustee for preliminary review.

There being no corrections or additions, Trustee Cusumano moved to approve the minutes as submitted. Trustee King seconded the motion, and all were in favor.

REPORT OF THE CHAIRMAN

Chairman Mazzotti indicated he had no report.

REPORT OF INTERNAL AUDITOR

The System's Internal Auditor, Larry Stone, addressed the Board, and summarized his accomplishments subsequent to his last report.

Mr. Stone advised that the budget, accounting & Reporting review revealed that receipts were processed timely, accurately, and were properly reflected in the correct General Ledger receipt account. The Data Input Operator was not given adequate documentation when entering the voucher information into the system. Such supporting documentation is necessary to validate the refund amount.

The death match for this period identified \$55,635 in overpayments. This amount includes \$14,975 attributed to the Judges Retirement System. Overpayment's being identified.

Trustee Cusumano moved acceptance of the Internal Auditor's report for this period. Vice Chairman Iglarsh seconded the motion on which prevailed by the affirmative vote of all trustees present.

REPORT OF EXECUTIVE SECRETARY

Legislation

Acting Secretary Blair reported on the passage of SB 1985, which eliminates the Social Security offset for several thousand SERS widows and survivors. The bill also allows current and future retirees to elect to eliminate the offset by electing to accept a reduced retirement annuity. The bill has passed both chambers of the General Assembly and must be sent to the Governor by February 12, 2009.

Blind Mailing Policy

Acting Secretary Blair distributed a draft Blind Mailing Policy for the trustees to review. As prepared by the System's attorney, the Blind Mailing Policy prohibits SERS staff from assisting in mailings which include a specific reference to a person or entity engaged in a profit making activity or venture. Trustee King moved acceptance of the Blind Mailing Policy and Vice Chairman Iglarsh seconded the motion which prevailed by the affirmative vote of all trustees present. The Policy is attached as Exhibit A.

FIRST QUARTER FINANCIAL REPORT

Nicholas Merrill, Manager of the Accounting Division, presented the financial report for the first quarter of Fiscal Year 2009.

Mr. Merrill indicated that the amount required to be transferred from ISBI decreased during this period (\$60,000,000) from the same period last year as a result of increased employee and employer contributions.

The Comprehensive Annual Report as of June 30, 2008 has been completed and will be printed and distributed within the next two weeks.

Following questions, on motion by Trustee Frigo, seconded by Trustee Cusumano, and by unanimous vote, the Board approved the financial reports as presented for the period July 1, 2008 through September 30, 2008.

A copy of the financial report is attached as Exhibit B.

EXECUTIVE COMMITTEE MEETING MINUTES

The trustees had previously been furnished with copies of the October, November, and December, 2008 Executive Committee meeting minutes for review.

There being no changes to these minutes, Vice Chairman Iglarsh moved for adoption as submitted. Trustee Cusumano seconded the motion, which prevailed by the affirmative vote of all trustees present.

OLD BUSINESS

There was no old 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, Vice Chairman Iglarsh moved for adjournment at **10:00** A.M. seconded by Trustee Cusumano.

Trustees were reminded that the next regular meeting is scheduled for April 28, at which time the preliminary FY 2010 budget will be reviewed.

Gordon John Mazzotti, Chairman

Date: _____

ATTEST:

Timothy Blair, Acting Executive Secretary

Date: _____