

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 276**

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

January 12, 2024

A regular meeting of the Board of Trustees of the General Assembly Retirement System was held on Friday, January 12, 2024, at 1:00 p.m. in the System's Springfield Office at 2101 S. Veterans Parkway, and by videoconference, as allowed under Section 7(e) of the Open Meetings Act (5 ILCS 120/7(e)).

Roll Call was taken with the following trustees in attendance:

- Senator Robert Martwick, Chair (videoconference)
- Representative Norine Hammond, Vice-Chair (Springfield location)
- Senator Napoleon Harris III (videoconference)
- Senator Chapin Rose (videoconference)
- Representative Tom Ryder, Retired (Springfield location)

Others in attendance were:

- Timothy Blair, Administrative Secretary
- Jeff Houch, Associate Secretary
- Angie Ackerson, GARS Manager
- Jennifer Koelle, Investment Officer, Illinois State Board of Investment (by videoconference)
- Dan Sekera, Investment Officer, Illinois State Board of Investment (by videoconference)

With a quorum present, Chairperson Martwick called the meeting to order at 1:05 p.m.

PUBLIC COMMENTS

Chairperson Martwick asked if there were any members of the public who wished to make comments. There were no members of the public in attendance and no comments were submitted.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

Jennifer Koelle, Investment Officer, began the ISBI presentation by directing the Board's attention to the September 30, 2023, Performance Update, noting the Fund's market value totaled approximately \$23.7 billion on that date, or approximately \$1.5 billion more than the value on September 30, 2022. Ms. Koelle then noted the Fund's strategic asset allocation and added that ISBI methodically deploys assets in a public market equivalent for private market classes that are underweight. She reviewed asset allocation, noting that the asset allocation policy remains unchanged. Ms. Koelle provided a brief update regarding ISBI's diversity efforts, noting that approximately 42% of assets are managed by emerging and minority-owned firms and that 55% of assets are passively managed.

Ms. Koelle turned the presentation over to Dan Sekera, Investment Officer, to review the performance of individual asset classes. Mr. Sekera began by noting that the Fund returned 8.6% during the year ending September 30, 2023, underperforming the custom benchmark and

allocation benchmark by 100 and 60 basis points, respectively. For the quarter ended September 30, 2023, the portfolio declined 2.3% and lagged the custom benchmark and allocation benchmark by 20 and 30 basis points, respectively.

Mr. Sekera stated the Fixed Income portfolio returned 1.5% for the year ending September 30, 2023, underperforming the index during the 12-month period by 10 basis points. He attributed the underperformance to the Core Fixed Income portfolio which lost 1.6% for the year ending September 30, 2023. Mr. Sekera stated the Rate Sensitive portfolio lagged its benchmark by nearly 2%, reflecting ISBI's relatively conservative position in treasuries. For the quarter ended September 30, 2023, the Rate Sensitive portfolio trailed the benchmark by 1.5%.

Mr. Sekera reported the Credit Composite returned 8.6% for the year ending September 30, 2023, trailing the custom benchmark by 4.7% and the Multi Sector Credit Composite returned 13.7%. He reported the Domestic Equity portfolio gained 20% but lagged the broad U.S. equity market by 50 basis points while the Non-U.S. Equity Composite returned 19.2% for the one-year period, underperforming the index by 100 basis points. Mr. Sekera reported that the Private Equity portfolio returned 3.5%, the Infrastructure portfolio was up 9.9%, and the Real Estate portfolio was the worst performing asset class with a loss of 5.5%, net of fees.

Chairperson Martwick asked the Board if there were any questions. Seeing none, he thanked Ms. Koelle and Mr. Sekera and excused them from the remainder of the meeting. A copy of the report is maintained in the GARS office and made a part of these minutes as *Exhibit A*.

Trustee Wall offered a motion to approve the report of the Illinois State Board of Investment. The motion was seconded by Trustee Shannon and passed unanimously.

MINUTES OF PREVIOUS MEETING

Chairperson Martwick presented the minutes of Meeting No. 275 held on October 27, 2023, for approval. Copies of the minutes were previously submitted to the trustees for review. Vice-Chairperson Hammond moved to approve the minutes as presented, and the motion was seconded by Representative Ryder. A voice vote was taken and the minutes were unanimously approved.

REPORT OF CHAIRMAN

Chairperson Martwick updated the trustees on the status of the vacancy of the Executive Director and Chief Investment Officer position at the Illinois State Board of Investment and reported that the interviewing committee had completed the final round of interviews for the three candidates. He stated he expected the committee to make a decision soon.

REPORT OF ANY TRUSTEE

There were no reports offered.

REPORT OF ADMINISTRATIVE SECRETARY

State Actuary's 2023 Report and System Responses. Secretary Blair reviewed the State Actuary's recommendations and the responses to those recommendations. He noted the State

Actuary recommended a less complicated funding plan that is actuarially sound, specifically recommending a funding plan that finances the annual normal cost and amortizes the unfunded liabilities within a reasonable period. Secretary Blair reminded the trustees that the GARS Board adopted an Actuarially Determined Contribution (ADC) policy in 2015 that is consistent with the State Actuary's recommendation.

The State Actuary also recommended smoothing the impact of assumption changes over a three-year period to align with the experience studies that are performed every three years. Secretary Blair stated the System concurs with this recommendation and added that changing the current funding plan and smoothing the effect of assumption changes over three years requires statutory changes.

Secretary Blair referenced the letter outlining the State Actuary's recommendations and the GRS and GARS responses to the recommendations, both of which are made a part of these minutes as *Exhibit B*.

FY 23 Actuarial Valuation and FY 25 Employer Certification. Secretary Blair told the Board there were no substantive changes to the final FY 23 valuation from the preliminary draft approved at October 2023 GARS Board meeting. He requested that the Board approve the final FY 23 Actuarial Valuation and certify the FY 25 employer contribution of \$26,210,000, or 220.373% of projected payroll. He noted that the State contribution consists of approximately \$1.656 million for the employer's portion of the expected FY 25 normal cost and an additional \$24.554 million due to the unfunded liabilities.

Vice-Chairperson Hammond moved to approve the June 30, 2023 Actuarial Valuation and certify the FY 25 State contribution of \$26.210 million. Representative Ryder seconded the motion and it passed unanimously.

FY 24 Funding Update. Secretary Blair stated that the Comptroller's Office is current in making the State contributions and that the Comptroller indicated at the recent State Employees' Retirement System Board of Trustees meeting that she intends to continue to make timely payments to all State-funded retirement systems.

REPORT OF MANAGER

GARS Manager Angie Ackerson presented the annuities and refunds for approval. Since the last Board meeting, two retirement annuities totaling \$3,782.86 per month and three survivor annuities totaling \$14,947.43 per month were processed. She noted that one survivor contribution refund was processed totaling \$2,762.22. Representative Ryder moved to approve the annuities and refunds as presented, Vice-Chairperson Hammond seconded the motion, and it was approved unanimously.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

Vice-Chairperson Hammond was recognized and announced that Representative Barbara Hernandez had recently been appointed to fill a vacancy on the GARS Board.

ADJOURNMENT

There being no further business, Chairperson Martwick asked if there was a motion to adjourn. Representative Ryder moved to adjourn at 1:45 p.m.

Timothy B. Blair, Administrative Secretary

Date: _____

APPROVED:

Senator Robert F. Martwick, Chairman