

**GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 275**

**MINUTES OF THE ANNUAL MEETING
OF THE BOARD OF TRUSTEES**

October 27, 2023

The annual meeting of the Board of Trustees of the General Assembly Retirement System was held on Friday, October 28, 2022, at 1:00 p.m. in the System's Springfield Office at 2101 S. Veterans Parkway and Room N-505 of the Michael Bilandic Building, 160 N. LaSalle Avenue, Chicago, IL, and by videoconference, as allowed under Section 7(e)(2) of the Open Meetings Act (5 ILCS 120/7(e)(2)).

Roll Call was taken with the following trustees in attendance:

- Senator Robert Martwick, Chairman (Chicago location)
- Representative Norine Hammond, Vice-Chairman (Springfield location)
- Representative Jonathon Carroll (remote)
- Senator Napoleon Harris (remote)
- Senator Chapin Rose (remote)
- Representative Tom Ryder, Retired (Springfield location)

Others in attendance were:

- Timothy B. Blair, Secretary
- Jeff Houch, Associate Secretary
- Samantha Goetz, SRS General Counsel
- Scott Richards, Senior Investment Officer, Illinois State Board of Investment
- Jennifer Koelle, Investment Officer, Illinois State Board of Investment
- Jeff Tebeau, Consulting Actuary, Gabriel, Roeder, Smith & Company
- Heidi Barry, Consulting Actuary, Gabriel, Roeder, Smith & Company

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

ELECTION OF 2024 OFFICERS

Chairperson Martwick announced the election of 2024 officers was in order and opened the meeting for nominations. Chairperson Martwick indicated that he was willing to continue serving as Chair if nominated. Trustee Harris nominated Senator Martwick as Chairperson and Representative Hammond as Vice-Chairperson for 2024, and the nomination was seconded by Trustee Ryder. No further nominations were offered. Mr. Houch called the roll, and Senator Martwick and Representative Hammond were elected unanimously.

REPORT OF CONSULTING ACTUARIES

Jeff Tebeau and Heidi Barry of Gabriel, Roeder, Smith & Company presented draft copies of the FY 23 GARS actuarial valuation. Mr. Tebeau noted the purpose of the valuation is to measure the funded status of the System on June 30, 2023, and to determine the required State contribution for FY 25. He reminded the Board that Public Act 100-0023 modified the State's funding policy to smooth State contribution rate increases or decreases due to actuarial assumptions changes, over a five-year period in equal annual amounts.

Mr. Tebeau then presented the valuation results, noting the actuarial accrued liability increased from \$363.2 million on June 30, 2022, to \$365.7 million on June 30, 2023. He indicated the market value of assets increased by \$6.2 million, which increased the funded ratio on a market value basis from 21.3% to 22.8%. Mr. Tebeau noted that the actuarial value of assets increased from approximately \$79.7 million to \$85.8 million, which increased the funded ratio based on the actuarial value of assets from 22.0% to 23.5%. He referred the Board to a slide showing that the funded ratio is expected to slowly increase until FY 33, and then rapidly increase to 90% funded in FY 45. Mr. Tebeau then turned the presentation over to Ms. Barry.

Ms. Barry stated that in FY 23, employer contributions totaled \$28.1 million, employee contributions were \$1.3 million, and the benefits and expenses were \$27.8 million, resulting in positive cash flow of \$1.6 million. She stated that the FY 25 State Contribution rate decreased from 267.710% of payroll to 220.373% of payroll, or a \$300,000 decrease from FY 24, to \$26.2 million. She pointed out that the actuarially determined contribution (ADC) is \$33.8 million, or \$7.6 million higher than the amount required by the statutory funding plan. Ms. Barry noted that 12 years remain in the unfunded liability amortization period under the Board's ADC policy.

Ms. Barry concluded by asking if there were any questions regarding the FY 23 valuation or the preliminary FY 25 State contribution certification. Representative Hammond moved to accept the draft FY 23 actuarial valuation and to preliminarily certify the FY 25 employer contribution of \$26,210,000. Senator Harris seconded the motion. Mr. Houch took roll call, and the motion was approved unanimously. Chairperson Martwick thanked Mr. Tebeau and Ms. Barry and excused them from the remainder of the meeting.

A copy of the presentation materials is maintained in the GARS office and made part of these minutes as *Exhibit A*.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

Jennifer Koelle, ISBI Investment Officer, reminded the Board that former Executive Director and Chief Investment Officer Johara Farhadieh left ISBI and that ISBI's General Counsel Dipesh Mehta is serving as the Acting Director until her successor is selected. She stated that no changes to the asset allocation policy have been made since the last GARS Board meeting, and the portfolio's market value totaled approximately \$24.4 billion as of June 30, 2023. Ms. Koelle mentioned that approximately 43% of its assets are managed by emerging and minority-owned firms and that 57% of the portfolio's assets are passively managed.

Ms. Koelle directed the Board's attention to the ISBI Performance Update for June 30, 2023. She stated that the portfolio gained 6.2% in FY 23, trailing the benchmark by 60 basis points. She noted that Fiscal Year 2023 was extremely volatile as many significant events occurred during that period, including historic interest rate increases, the collapse of Silicon Valley bank, and the continuation of the Russo-Ukrainian War.

Ms. Koelle turned the presentation over to Scott Richards, ISBI Senior Investment Officer, to review the performance of individual asset classes. He began by pointing out the Fixed Income portfolio gained 0.5%, net of fees, for the year ended June 30, 2023, outperforming the benchmark by 0.5%. Mr. Richards added the Core Fixed Income portfolio and the Treasury Inflation Protected Securities Composite (TIPS) lost 2.1% and 1.4%, respectively,

while the Credit Composite portfolio gained 7.6%, but underperformed the benchmark by 3.8%. He noted the Private Credit portfolio returned 6.7%, underperforming the benchmark by 6.1%, and the Global Equity portfolio gained 12.7% and the U.S. Equity portfolio increased by 17.6%.

Mr. Richards continued his report by telling the Board that the Non-U.S. Equity portfolio gained 11.9% for the 12 months ended June 30, 2023, while the Emerging Markets portfolio advanced 2.0%, exceeding the benchmark by 30 basis points, and the Private Equity portfolio advanced 2.4%, exceeding the benchmark by 4.2%. He concluded his review of the asset classes by adding the Infrastructure Composite returned 9.7% and the Real Estate portfolio was the worst performing asset class with a loss of 6.0% in FY 23, net of fees.

Chairman Martwick thanked Ms. Koelle and Mr. Richards for their report. Trustee Hammond moved to approve the ISBI report, and Trustee Ryder seconded the motion, and the motion was approved unanimously by a roll call vote.

MINUTES OF PREVIOUS MEETING

Chairman Martwick presented the minutes of Meeting No. 274 held on June 23, 2023, for approval. Copies were previously submitted to the trustees for review. Representative Hammond moved to approve the June 23, 2023 minutes, and the motion was seconded by Representative Ryder. Mr. Houch took roll call, and the motion was approved unanimously.

REPORT OF CHAIRMAN

Chairman Martwick briefly summarized the status of the vacancy of the Executive Director and Chief Investment Officer position at the Illinois State Board of Investment, and that a subcommittee was formed and had narrowed down the list of candidates. He expressed confidence that multiple qualified candidates remain, and that the Board would fill the position in the near future.

REPORT OF ANY TRUSTEE

There were no reports offered.

REPORT OF ADMINISTRATIVE SECRETARY

Final Review of FY 24 Operations Budget. Secretary Blair requested \$376,940 for the FY 24 operations budget, an increase of \$1,540, or 0.41%, from the FY 23 operations budget. He indicated there was a \$22,240 decrease in the personnel related expenses due to an employee's retirement, but the budget for contractual and IT services increased by \$23,220 due to increases in the Auditor General Fee, IT services, and actuarial services.

Chairman Martwick asked if there were any questions on the FY 24 operations budget request. Seeing none, he asked for a motion to approve the request. Representative Hammond moved to adopt the FY 24 operations budget request of \$376,940. Representative Ryder seconded the motion. Mr. Houch took the roll call, and the motion was approved unanimously.

A copy of the FY 2024 budget request is made a part of these minutes as *Exhibit C*.

June 30, 2023 Financial Statement. Secretary Blair began his presentation by stating that in FY 23 total receipts were nearly \$29.6 million and disbursements totaled \$28.8 million, and the cash balance was nearly \$6.5 million at the end of FY 23. He noted that there would be a transfer of \$2 million to \$3 million to ISBI before the end of FY 24 as receipts are expected to continue to outpace disbursements.

Seeing there were no questions, Chairman Martwick asked for a motion to approve the June 30, 2023 financial statements. Representative Hammond moved to adopt the June 30, 2023 financial statements and Representative Ryder seconded the motion. Mr. Houch took roll call, and all voted in favor.

Copies of these Financial Statements are on file and made a part of these minutes as *Exhibit D*.

2024 Meeting Dates. Secretary Blair submitted a list of suggested 2024 GARS Board meeting dates.

Friday, January 12, 2024, 9:00 a.m.

Wednesday, May 8, 2024, 9:00 a.m.

Friday, October 25, 2024, 1:00 p.m.

A motion was made by Representative Hammond to approve the dates. Representative Ryder seconded the motion. Mr. Houch took the roll call, and the motion was approved unanimously.

FY 24 Funding Update. Secretary Blair stated that the Comptroller's Office is current in making the monthly State contributions and that the November contribution was received on October 18th.

REPORT OF MANAGER

Secretary Blair presented the annuities for approval. Since the last Board meeting, three new retirement annuities totaling \$10,783.51 per month and three refunds totaling \$72,650.90 were processed by GARS staff. Representative Hammond moved to approve the annuities and refunds as presented and Representative Ryder seconded the motion. Ms. Houch took roll call, and the motion was approved unanimously.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

PUBLIC COMMENTS

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

ADJOURNMENT

Chairman Martwick reminded the Trustees the next Board meeting would be held Wednesday, January 12, 2024 at 1 p.m. There being no further business, Chairman Martwick asked if there was a motion to adjourn. Representative Hammond moved to adjourn the meeting, which was seconded by Representative Ryder, and the meeting was adjourned at 2:05 p.m.

Timothy B. Blair, Administrative Secretary

Date: _____

APPROVED:

Senator Robert F. Martwick, Chairman