

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

MINUTES OF THE ANNUAL MEETING
OF THE BOARD OF TRUSTEES

October 28, 2025

The annual meeting of the Board of Trustees of the State Employees' Retirement System of Illinois convened on Tuesday, October 28, 2025, at 10:00 a.m. at the Peoria Room, 555 West Monroe, Chicago, Illinois with a videoconference location at the System's Springfield Office, 2101 South Veterans Parkway, Springfield, Illinois.

The following trustees attended at the Chicago location:

Susana A. Mendoza, Chairperson
Barbara Baird, Elected Retired Trustee
Mona Naser, Appointed Trustee
Mohamad Nasir, Appointed Trustee
John Tilden, Elected Retired Trustee

The following trustees attended at the Springfield location:

Arnold Black, Vice-Chairperson
Jameson Ramirez, Appointed Trustee
Danny Silverthorn, Appointed Trustee

The following trustees participated remotely:

John Day, Elected Active Trustee
Melverta Wilkins, Appointed Trustee

The following trustees were absent:

Ray Koenig III, Appointed Trustee
Jack Matthews, Elected Active Trustee
David Schultz, Elected Active Trustee

Others attending at the Chicago location:

Timothy Blair, Executive Secretary
Dipesh Mehta, Executive Director, Illinois State Board of Investment
Jennifer Koelle, Senior Investment Officer, Illinois State Board of Investment
Alex Rivera, Consulting Actuary, Gabriel, Roeder, Smith & Co.
Heidi Barry, Consulting Actuary, Gabriel, Roeder, Smith & Co.
Jeff Tebeau, Consulting Actuary, Gabriel, Roeder, Smith & Co.
Chris Maley, Illinois Office of the Comptroller
Ryan Trevor, Illinois Office of the Comptroller

Others attending at the Springfield location:

Casey Evans, Chief Internal Auditor
Jeff Houch, Associate Executive Secretary
Samantha Goetz, SERS General Counsel
Jessica Blood, Recording Secretary

Chairperson Mendoza called the meeting to order at 10:04 a.m. with a quorum present.

MINUTES OF THE JULY 29, 2025 BOARD MEETING

The minutes of the Board meeting held July 29, 2025, were presented by Chairperson Mendoza. Copies of the minutes were previously provided to each trustee for review. Trustee Naser moved to approve the minutes as presented and Vice-Chairperson Black seconded the motion. A voice vote was taken, and the motion passed unanimously.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

Director Dipesh Mehta began the ISBI report by providing that the value of the ISBI portfolio was \$28.7 billion as of June 30, 2025, for an increase of \$2.5 billion from June 30, 2024. He noted that the portfolio returned 9.7% for the year, outperforming the policy benchmark by 20 basis points. Director Mehta added that the portfolio was recently valued at \$29.9 billion.

Director Mehta reported that ISBI had recently acquired RVK as the general consultant to the ISBI fund to replace Meketa. He continued by reviewing the asset allocation and reviewed the active and passive allocations, as well as the private markets public market equivalents. He concluded his report by introducing Jennifer Koelle to review the performance of selected asset classes.

Jennifer Koelle, Senior Investment Officer, began by reiterating the Fund returned 9.7% for the year ending 30, 2025, exceeding the benchmark return by .02% for the period. She stated that the Fixed Income Composite returned 6.8%, beating the benchmark by .3%, while the Rate Sensitive Composite returned 5.1% underperforming by 1%. She noted that the Private Credit Composite was a notable performance driver at 10.7%, which outperformed the benchmark by 3.2%.

Ms. Koelle concluded her report by noting the Infrastructure portfolio outperformed the relevant benchmark, with an 11.1% return compared to a benchmark return of 6.3% but the Real Estate portfolio underperformed the benchmark with a 1.4% return, while the benchmark returned 3.1%.

Chairperson Mendoza asked if anyone had questions regarding the ISBI report. Hearing none, she asked for a motion to approve the ISBI report. Trustee Baird moved to approve. The motion was seconded by Trustee Silverthorn and all voted in the affirmative. A copy of the June 30, 2025 Performance Report is maintained in the ISBI office and made part of these minutes as *Exhibit A*.

REPORT OF CONSULTING ACTUARIES

Alex Rivera, Heidi Barry and Jeff Tebeau, Consulting Actuaries of Gabriel, Roeder, Smith & Company, presented a draft of the FY 25 SERS actuarial valuation for review. Mr. Rivera began by reporting that the return on actuarial value of assets was roughly 7.5%. He noted that the funded ratio on June 30, 2025, was 46.9%, up from 45.8% on June 30, 2024. He added that there was a significant increase in headcount during FY 25 which

caused a decrease in the contribution rate. Mr. Rivera then introduced Heidi Barry to provide further review of the draft FY 25 actuarial valuation.

Ms. Barry reported that actuarial accrued liabilities increased from \$55.6 billion on June 30, 2024, to \$58.3 billion on June 30, 2025, while assets increased from \$25.3 billion to \$27.6 billion during the same period. Therefore, over the year ending June 30, 2025, the unfunded liability increased from \$30.3 billion to \$30.7 billion resulting in a funded ratio of 47.3%. Ms. Barry then reviewed the items that impacted the funded ratio during FY 25. Some discussion followed regarding the actuarial valuation methodology and funding ratio.

Executive Secretary Blair then directed Board's attention to preliminary certification of the FY 27 state contribution, which amounted to 43.455% of projected payroll, or \$2,794,971,000. The FY 2027 preliminary certification includes \$2,664,468,000 for the State contribution to SERS and \$130,503,000 for debt service on the 2003 pension obligation bonds. Of the \$2,664,468,000 for SERS, \$636,127,000 is the employer's portion of the expected FY 27 normal cost and \$2,028,341,000 is due to the unfunded liabilities.

Chairperson Mendoza asked if there were any questions regarding the draft June 30, 2025, actuarial valuation or the preliminary FY 27 State contribution. No questions were offered. Trustee Ramirez moved to approve the draft June 30, 2025 actuarial valuation and preliminarily certify the FY 27 employer contribution of \$2,794,971,000. The motion was seconded by Trustee Tilden and passed unanimously by voice vote. Copies of these documents are maintained in the SERS office and made part of these minutes as *Exhibit B*.

REPORT OF AUDIT & COMPLIANCE COMMITTEE

Chief Internal Auditor Casey Evans reported that the Committee reviewed FY 25 audits performed including optional service purchase, IT policy review and IT disaster recovery. He noted additional work on various issues brought by SERS staff, including missed alternative formula refunds, providing retirement options for those on disability, researching potential agency payroll miscoding, and the collection or refund of contributions as necessary.

Mr. Evans then reported on the ongoing testing of the IT systems that deal with processing termination refunds and death benefits after retirement. He briefly touched on the ongoing external audit and reminded the Board of the annual ethics training required of trustees. He concluded his report by offering to answer any questions. No questions were offered.

REPORT OF RULES & PERSONNEL COMMITTEE

Jeff Houch, Associate Executive Secretary, reported on the Committee's continued modernization efforts to the QILDRO process by authorizing staff to pursue rules. He noted that the committee approved paying the full partial refund to the member when an initial QILDRO indicates a portion of a member's partial refund will be payable to the alternate payee, but the calculation order does not direct a portion of such a payment to the alternate payee.

Mr. Houch stated the Committee also authorized the System to pursue rulemaking on the payment of lump sum death benefits before a member has exceeded all their contributions and interest, adding that no QILDRO calculation order will be required when the QILDRO directs a portion of the lump sum death benefit to just the alternate payee and their estate, or when the benefit totals \$500 minimum amount.

Mr. Houch stated that the Committee also authorized clarifying that if a member returns to work after receiving either a COLA buyout or Total buyout payment, they will accrue new benefits based on that service. However, any benefit they have received from the System prior to their new service, including a COLA or Total Buyout, will not change.

Mr. Houch concluded his report by offering to answer any questions. No questions were offered.

REPORT OF CHAIRPERSON MENDOZA

Chairperson Mendoza began her presentation by noting that as of today, general funds accounts payable totals \$2.032 billion. One year ago, general funds accounts payable totaled \$1.269 billion. She noted that the current General Revenue Fund payment cycle is 13 business days, the same as one year ago. She reminded the Board that this data is a snapshot in time, and these numbers change every day.

Chairperson Mendoza reported that her office again took advantage of legislation she pursued that allows more than one month of payments to be made when funds are available. She stated that all the November employer contributions had been prepaid in July, and half of the October employer contributions were made in August. She added that these early payments will allow the pension systems to keep more in their investment portfolios and provide better predictability for the retirement systems in managing payments to retirees. Chairperson Mendoza noted that, to date, her office has made \$1.728 billion in pre-payments to the pension systems since July 2024.

Chairperson Mendoza then touched on the shortfall contribution, noting that prior to the end of October, her office will complete an intergovernmental transfer of \$303 million to SERS to fully fund the required contributions for FY 2025. She concluded her report by offering to answer any questions. No questions were offered.

Election of 2026 Vice-Chair. Chairperson Mendoza moved to nominate Vice-Chairperson Black to serve as Vice-Chairperson of the Board in 2026 and asked if there were any other nominations for Vice-Chair. No further nominations were offered, and nominations were closed. A voice vote was taken, and Vice-Chairperson Black was re-elected unanimously.

Appointment of Marvin Becker for 2026. Chairperson Mendoza informed the Board that Marvin Becker would continue as her designee as Chairman of the Executive Committee and member of the Audit and Compliance Committee in 2026.

Election of 2026 Committees. Chairperson Mendoza moved to nominate the following 2026 standing committee members:

- Vice-Chairperson Black to serve as Vice-Chairperson of the Executive Committee, with Trustee Matthews to serve as alternate;
- Trustee Baird to serve as the Chairperson of the Audit and Compliance Committee, with Trustee Tilden to serve as Vice-Chairperson;
- Vice-Chairperson Black, Trustee Matthews and Trustee Silverthorn to serve on the Rules and Personnel Committee, with Vice-Chairperson Black to serve as Chairperson and Trustee Matthews to serve as Vice-Chairperson.

Chairperson Mendoza asked if there were any other nominations for the 2026 committees. No further nominations were offered. Nominations were closed and a voice vote was taken. All voted in favor.

REPORT OF ANY TRUSTEE

Chairperson Mendoza asked if there were any trustees who wished to offer a report. No reports were offered.

REPORT OF THE EXECUTIVE SECRETARY

Fourth Quarter FY 25 Financial Statements. Secretary Blair presented the fourth quarter FY 25 financial statements. He noted total receipts of nearly \$3.6 billion, including a drawdown of \$50 million in assets, which was necessary to pay benefits. Secretary Blair noted total disbursements of \$3.579 billion, including \$3.48 billion in total benefits, refunds of \$22.4 million, administrative expenses of \$22.6 million and over \$47 million in bond principal and interest payments, with an ending cash balance of \$295.5 million for the fourth quarter.

Secretary Blair briefly discussed the breakdowns of the excess retirement benefits and the ISBI comingled fund. He then touched on the administrative budget and expenses, noting that the System had used approximately 91% of the budget prior to the lapse period. He added that there was additional spending during the lapse period that would be reported at the next meeting. He concluded his report by offering to answer any questions. No questions were offered.

Trustee Baird moved to approve the fourth quarter FY 25 financial statements as presented and Trustee Tilden seconded the motion. A voice vote was taken and the motion passed unanimously. A copy of the financial statements is maintained in the SERS office and made a part of these minutes as *Exhibit C*.

Proposed 2026 Meeting Dates. Secretary Blair directed the Board's attention to the proposed meeting dates for calendar year 2026. Trustee Day moved to adopt the proposed 2026 meeting schedule. The motion was seconded by Trustee Ramirez, and all voted in the affirmative for the following 2026 meeting dates:

Tuesday, January 13, 2026 – 10:00 a.m.
Tuesday, April 28, 2026 – 10:00 a.m.

Tuesday, July 28, 2026 – 10:00 a.m.
Tuesday, October 27, 2026 – 10:00 a.m.

Funding Update. Secretary Blair reiterated that contributions were again made ahead of schedule and reminded the Board of the \$303 million payment for the employer contribution shortfall for FY 2025 due to the growth in headcount and GRF payrolls. He added that this payment would allow the System to pay benefits through March 2026 without the drawdown of investments.

Chairperson Mendoza asked if there were any questions regarding Secretary Blair's report. No questions were offered.

APPROVAL OF EXECUTIVE COMMITTEE MINUTES

All trustees had previously been furnished with copies of the July, August and September 2025 Executive Committee minutes for review. Trustee Ramirez moved to approve the July, August and September 2025 Executive Committee minutes as presented. Trustee Baird seconded the motion. A voice vote was taken, and the motion passed unanimously.

OLD BUSINESS

Chairperson Mendoza asked if there was any old business. There was no old business.

NEW BUSINESS

Chairperson Mendoza asked if there was any new business. Executive Secretary Blair informed the Board that Trustee Matthews' and Trustee Tilden's terms end in July 2026 and gave a brief overview of the election process.

PUBLIC COMMENTS

Chairperson Mendoza asked if there were any public comments. None were offered.

ADJOURNMENT

There being no further business, Chairperson Mendoza asked for a motion to adjourn. Trustee Silverthorn moved to adjourn. Trustee Ramirez seconded the motion, which passed unanimously by voice vote. The meeting was adjourned at 11:13 a.m.

Susana A. Mendoza, Chairperson

Date: _____

ATTEST:

Timothy Blair, Executive Secretary

Date: _____