

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF TRUSTEES

April 29, 2025

A regular meeting of the Board of Trustees of the State Employees' Retirement System of Illinois convened on Tuesday, April 29, 2025, at 10:05 a.m. with videoconference locations in the System's Springfield office located at 2101 South Veterans Parkway and the 4<sup>th</sup> floor Peoria Room at 555 West Monroe, Chicago, Illinois.

The following trustees were in attendance at the Springfield location:

Arnold Black, Vice-Chairman  
John Day, Elected Active Trustee  
Jack Matthews, Elected Active Trustee  
Jameson Ramirez, Appointed Trustee  
David A. Schultz, Elected Active Trustee  
Danny Silverthorn, Appointed Trustee

The following trustees were in attendance by videoconference at the Chicago location:

Barbara Baird, Elected Retired Trustee  
Mona Naser, Appointed Trustee  
Mohamad Nasir, Appointed Trustee  
John Tilden, Elected Retired Trustee

Others in attendance at the Springfield location were:

Casey Evans, Chief Internal Auditor  
Jeff Houch, Associate Executive Secretary  
Samantha Goetz, SERS General Counsel  
Jessica Blood, Recording Secretary  
Ryan Trevor, Illinois Office of the Comptroller

Others in attendance at the Chicago location were:

Timothy Blair, Executive Secretary  
Jennifer Koelle, Senior Investment Officer, Illinois State Board of Investment  
Mary Cahill, Director of Business Operations and Legislative Affairs, Illinois State Board of Investment  
Chris Maley, Illinois Office of the Comptroller

Other attending remotely:

Martha Merrill, AFSCME Council 31

The following trustees were absent:

Susana A. Mendoza, Chairperson  
Ray Koenig III, Appointed Trustee  
Melverta Wilkins, Appointed Trustee

Vice-Chairman Black called the meeting to order at 10:05 a.m. with a quorum present.

#### REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

Jennifer Koelle began the ISBI report by reminding the Board that ISBI invests the funds of the State Retirement Systems, including SERS, the Judges' Retirement System and the General Assembly Retirement System. She noted that the fund's value increased by \$1.7 billion in the year ending December 31, 2024. Ms. Koelle then reviewed the asset allocation and structure of the portfolio, noting the portfolio lost 1.3% for the quarter ending December 31, 2024, in line with the policy benchmark and lagging the actual allocation benchmark by 0.1%.

Ms. Koelle continued by noting that the Fund returned 8.2% during the year ending December 31, 2024, outperforming the policy benchmark by 10 basis points while lagging the allocation benchmark by 30 basis points. She noted that the fund exceeded the assumed return of 6.75% annually.

Ms. Koelle stated the Fixed Income portfolio returned 3% for the year ending December 31, 2024, beating the benchmark during the period by 1%. The Core Fixed Income portfolio lost 0.5%, lagging the benchmark by 1.8%. The Multi-Sector and Private Credit portfolios posted strong returns of 11.4% and 9.4% respectively during the period. She reported that the U.S. Equity Portfolio returned 24.3%, Developed Foreign Equity returned 6.5%, outperforming its benchmark by 2.7%, while Emerging Markets returned 7.8% for the period, beating the benchmark by 0.3%.

Ms. Koelle reported that Private Equity posted a return of 4.6% but lagged the benchmark by 3.1% for the year ending December 31, 2024. Real Assets lost 1.3% and trailed the benchmark by 2.1%. She noted that Infrastructure posted a strong return of 8.8%, outperforming its benchmark by 2.3%, while Real Estate lost 3.6% and lagged its benchmark by 2.8%. Ms. Koelle reminded the Board of ISBI's barbell approach to asset allocation and concluded her report by offering to answer any questions regarding her report.

After some discussion regarding current volatility and the composition of the Real Estate portfolio, Vice-Chairman Black asked if anyone had further questions regarding the ISBI report. Hearing none, he moved to approve the ISBI report ending December 31, 2024. The motion was seconded by Trustee Ramirez and all voted in the affirmative. A copy of the December 31, 2024, Performance Report is maintained in the ISBI office and made part of these minutes as *Exhibit A*.

#### MINUTES OF THE JANUARY 14, 2025 BOARD MEETING

The minutes of the Board meeting held January 14, 2025, were presented by Vice-Chairman Black. Copies of the minutes were previously provided to each trustee for review. Trustee Matthews moved to approve the minutes as presented and Trustee Ramirez seconded the motion. A voice vote was taken, and the motion passed unanimously.

## REPORT OF CHAIRPERSON MENDOZA

Chris Maley thanked Vice-Chairman Black and informed the Board that Comptroller Mendoza conveyed her regrets for missing the meeting as she was attending the memorial service of a first responder. He reminded the Board that Comptroller Mendoza's brother was a Sargeant with the Chicago Police Department.

Mr. Maley began the Chairperson's report by noting that as of today, general funds accounts payable are \$1.5 billion and that one year ago, general funds accounts payable totaled \$734 million. He stated that the current GRF payment cycle is 14 business days compared to 13 business days one year ago. Mr. Maley reminded the Board that general funds accounts payable is a snapshot in time and there are no concerning trends.

Mr. Maley reiterated the Comptroller's commitment to paying SERS vouchers as quickly as possible each month, noting that the May SERS voucher had already been paid. He concluded his report by offering to answer any questions. Trustee Tilden asked if there were any problems anticipated with Medicaid funding. Mr. Maley answered that it is a concern but that the potential impact is unknown. No further questions were offered.

## REPORT OF ANY TRUSTEE

Vice-Chairman Black asked if there were any trustees who would like to offer a report. No reports were offered.

## REPORT OF AUDIT & COMPLIANCE COMMITTEE

Chief Internal Auditor Casey Evans began his report by reminding the Board that Statements of Economic Interest and Supplemental Statements are due by May 1<sup>st</sup>.

Mr. Evans reported on completed internal audits, specifically discussing the optional member service purchase and member contribution refund audits. He then briefed the Board on the System's effort to identify and inform members receiving a disability benefit who qualify for a SERS retirement annuity.

Mr. Evans noted current risk assessment efforts, internal audit plan development, and the upcoming external financial and compliance audits. He concluded his report by offering to answer any questions from the Board. No questions were offered.

## REPORT OF RULES & PERSONNEL COMMITTEE

Jeff Houch stated that the Rules and Personnel Committee approved rulemaking to provide technical clarifications for several processes at SERS, touching specifically on the accrual of interest on survivor death benefits, noting that interest will only accrue until the member's date of death.

He noted that the Committee approved clarification on the timeline of processing refunds, stating that the timeline starts on the date of separation or the date the member

applies for a refund. The Committee also approved clarification on the QILDRO process, noting that when there is no direction in the QILDRO calculation order, a held payment previously set aside will be issued to the alternate payee.

Mr. Houch concluded the report of the Rules and Personnel Committee by offering to answer any questions from the Board. Following a brief discussion regarding the rulemaking process, no further questions were offered.

## REPORT OF THE EXECUTIVE SECRETARY

Preliminary FY 26 Operations Budget Request. Secretary Blair presented the preliminary FY 26 operations budget request. Following a brief explanation of the budget process, Secretary Blair noted an increase of \$1,047,917, or 4.43% over the FY 25 budget. He noted the increase was due to several factors, including a \$538,782 increase in the Personal Services line for contractual AFSCME steps and 3.95% July 2025 COLA for all employees.

Secretary Blair noted a decrease in the Retirement line due to a decrease in the SERS employee contribution rate from 51.180% in FY 25 to 46.486% in FY 26, adding that this decrease was due primarily to a large increase in headcount and payroll from FY 24 to FY 25. He then noted the \$500,000 increase in the Group Insurance line which reflects a budgeting shortfall from FY 25 as well as expected premium increases in FY 26. He noted a decrease of \$124,238 in the Contractual line due to decreases in various contractual and temporary employees. The Contractual line also includes increases for Midwest Disability fees for Social Security appeals.

Following some discussion regarding the impact of federal cuts to Social Security, Secretary Blair continued by noting a \$135,000 increase in the Contractual line due to financial and compliance audits being conducted in FY 26, and a \$26,000 decrease in actuarial services. He concluded his breakdown of the FY 26 preliminary budget by noting a \$194,773 increase in the IT line, which was impacted by the same personnel related factors as the overall agency.

Following a discussion regarding vacancies, Vice-Chairman Black requested a motion to approve the preliminary budget. Trustee Day offered a motion to approve the preliminary FY 26 operations budget. The motion was seconded by Trustee Baird and passed unanimously by voice vote. A copy of this budget is maintained in the SERS office and made a part of these minutes as *Exhibit B*.

Second Quarter FY 25 Financial Statements. Secretary Blair referred the Board to the second quarter FY 25 financial statements, noting the significant variance in employer contributions from the first to second quarters. He noted this was due to SERS receiving 4.5 months of contributions from the Office of the Comptroller in the first quarter of FY 25. He added that the May GRF voucher had been paid, and the June vouchers were requested by the Comptroller's office. Secretary Blair pointed out that SERS could receive all FY 25 employer contributions by the end of May. He added that this accelerated payment

schedule had enabled SERS to draw down significantly fewer funds, projecting only \$80 million in FY 25.

Secretary Blair concluded by reporting benefit payments of \$270 to \$280 million per month for the quarter, noting the recent end of the heavy retirement season. He offered to answer questions from the Board. No questions were offered.

Trustee Silverthorn made a motion to adopt the second quarter FY 25 financial statements and Trustee Day seconded the motion. 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*.

FY 25 Funding Update. Secretary Blair reiterated that contributions from the IOC continue to be made on time or ahead of schedule.

Buyout Update. Secretary Blair informed the Board that the buyout programs continue to be very popular, with total payments over \$600,000,000 across both programs. He noted that the vast majority was paid to COLA buyout recipients, at approximately \$573,000,000 with the largest single payment of \$642,000. Approximately \$30,000,000 has been paid through the Total Buyout program.

Secretary Blair then broke down the participation rate by type of member, with a participation rate of 21.3% among regular formula members, exceeding the assumption of 20%. Coordinated alternative formula members participated at a rate of 43%, exceeding the assumption of 40%. Non-coordinated alternative formula members participated at a rate of 47.7%, exceeding the assumption of 45%.

After a discussion regarding the potential of the programs being extended, Secretary Blair concluded his report by offering to answer any questions. No questions were offered.

Legislative Update. Jeff Houch, Associate Executive Secretary, reported on pending legislation that would impact SERS. He stated that SB 1456 (as amended by Senate Amendment #1) would require the Office of the State Treasurer to develop a Public Pension fiduciary training program that every public pension fund trustee would be required to complete.

Mr. Houch then touched on the System's concerns with regards to SB 1937, which would require SERS to provide an "estimated payment option" whereby Alternative Formula members would receive their first "estimated" pension payment within 30 days of application for retirement or separation from service. Mr. Houch noted that this process would be hindered not only by the already complex Final Average Compensation calculation of Alternate Formula members, but also by SERS not receiving timely information from state agencies. He concluded his report by offering to answer any questions from the Board. A discussion ensued regarding the training composition and requirements of SB 1456, the impact of SB 1937 and potential legislation that would affect the System's funding formula.

APPROVAL OF EXECUTIVE COMMITTEE MINUTES

All trustees had previously been furnished with copies of the January, February and March 2025 Executive Committee minutes for review. Trustee Ramirez moved to approve the January, February and March 2025 Executive Committee minutes as presented. Trustee Day seconded the motion. The motion passed unanimously.

OLD BUSINESS

Vice-Chairman Black asked if there was any old business. There was no old business.

NEW BUSINESS

Vice-Chairman Black asked if there was any new business. Executive Secretary Blair informed the Board that there would be training conducted and related materials available after the meeting.

PUBLIC COMMENTS

Vice-Chairman Black asked if there were any public comments. None were offered.

ADJOURNMENT

There being no further business, Vice-Chairman Black asked for a motion to adjourn. Trustee Schultz moved to adjourn. Trustee Ramirez seconded the motion, which passed unanimously by voice vote. The meeting was adjourned at 11:15 a.m.

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Arnold Black, Vice-Chairman

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Timothy Blair, Executive Secretary

Date: \_\_\_\_\_