STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

MINUTES OF THE ANNUAL MEETING
OF THE BOARD OF TRUSTEES

January 13, 2026

A regular meeting of the Board of Trustees of the State Employees' Retirement System of Illinois convened on Tuesday, January 13, 2026, at 10:00 a.m. in 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

The following trustees attended at the Springfield location:

Arnold Black, Vice-Chairperson
John Day, Elected Active Trustee
Jameson Ramirez, Appointed Trustee
David Schultz, Elected Active Trustee
Danny Silverthorn, Appointed Trustee

The following trustees participated remotely:

Mohamad Nasir, Appointed Trustee
John Tilden, Elected Retired Trustee

The following trustees were absent:

Ray Koenig III, Appointed Trustee
Jack Matthews, Elected Active Trustee
Mona Naser, Appointed Trustee
Melverta Wilkins, Appointed Trustee

Others attending at the Chicago location:

Timothy Blair, Executive Secretary
Chris Maley, Illinois Office of the Comptroller
Martha Merrill, AFSCME Council 31

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
Ryan Trevor, Illinois Office of the Comptroller

Others attending remotely:

Dipesh Mehta, Executive Director, Illinois State Board of Investment
Jennifer Koelle, Senior Investment Officer, Illinois State Board of Investment

Chairperson Mendoza called the meeting to order at 10:07 a.m. with a quorum present.

VOTE TO ALLOW REMOTE PARTICIPATION

Chairperson Mendoza made a motion to allow trustees attending via videoconference to participate in the meeting remotely. Trustee Day seconded the motion, which passed unanimously by voice vote.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

Director Dipesh Mehta began the ISBI report by reminding the Board that ISBI recently switched to RVK as the general consultant, replacing Meketa. He continued by providing that the value of the ISBI portfolio was $29.6 billion as of September 30, 2025. He added that the portfolio was valued over $30 billion for the first time in ISBI's history the prior week, with market value at $30.4 billion.

Director Mehta continued by reviewing asset allocation and the active and passive allocations, as well as the private markets public market equivalents. He concluded his report by noting the fund returned 8.2% over the ten-year period, beating the policy and allocation benchmarks, and well over the 6.75% assumed rate of return and introduced Jennifer Koelle to review the performance of selected asset classes.

Jennifer Koelle, Senior Investment Officer, began by reporting that the portfolio returned 8.9% for the year ended September 30, 2025, trailing the policy benchmark by 0.7% and the allocation benchmark by 1.1%. She noted that while the Fund has trailed its policy benchmark over the 1- year and 3-year periods, long-term results have remained strong with outperformance over the 5- and 10-year periods. Ms. Koelle reported that the portfolio returned 3.6% for the quarter ending September 30, 2025, lagging the benchmark return of 4.7% for the period.

Ms. Koelle then provided a brief overview of selected asset classes. She reported that the Global Public Equity portfolio returned 17.0% in the previous 9-month period but underperformed the benchmark by 1.3%. She noted the Foreign Equity portfolio returned 22.0% for the 9 months ending September 30, 2025, but trailed the index by 3.1%. Ms. Koelle reported that the Emerging Markets Equity portfolio lagged the benchmark, returning 20.3% for the period while the benchmark returned 27.5%, and the Credit portfolio returned 6.9%, outperforming the benchmark return by 0.6%.

Ms. Koelle concluded her report by noting that the Private Equity portfolio gained 5.0% for the year, lagging the relevant benchmark by 3.2% while the Infrastructure portfolio returned 7.2%, outperforming the benchmark return of 5.6%.

Following questions regarding the recent government shutdown, the consultant selection process, and the ISBI's real estate holdings, Chairperson Mendoza asked if there were further 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 Ramirez and all voted in the affirmative. A copy of the September 30, 2025

Performance Report is maintained in the ISBI office and made part of these minutes as *Exhibit A.*

MINUTES OF THE OCTOBER 28, 2025 BOARD MEETING

The minutes of the Board meeting held October 28, 2025, were presented by Chairperson Mendoza. Copies of the minutes were previously provided to each trustee for review. Trustee Baird moved to approve the minutes as presented and Trustee Silverthorn seconded the motion. A voice vote was taken, and the motion passed unanimously.

REPORT OF CHAIRPERSON MENDOZA

Chairperson Mendoza began her presentation by noting that as of today, general funds accounts payable total $1.9 billion. One year ago, general funds accounts payable totaled $1.6 billion. She noted that the current General Revenue Fund payment cycle is 13 business days. One year ago, the payment cycle was 8 business days. She reminded the Board that this data is a snapshot in time, and these numbers change every day.

Chairperson Mendoza reiterated her commitment to paying SERS vouchers as quickly as possible, adding that vouchers were paid ahead of schedule again this month. She concluded her report by offering to answer any questions. No questions were offered.

REPORT OF ANY TRUSTEE

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

REPORT OF AUDIT & COMPLIANCE COMMITTEE

Chief Internal Auditor Casey Evans reported that the Committee discussed several internal audits in process, noting the ongoing testing of the IT system dealing with death benefits after retirement.

Mr. Evans then reported on audit work concerning survivor benefits, specifically lump sum death benefits after a survivor death and the review of out of state disability recipients for gainful employment.

Chairperson Mendoza suggested adding fraud findings to member newsletters. Mr. Evans concluded his report by offering to answer any questions. No questions were offered.

REPORT OF RULES & PERSONNEL COMMITTEE

Jeff Houch, Associate Executive Secretary, reported that the Committee approved rulemaking for several benefit processes.

Mr. Houch stated the Committee authorized the System to pursue rulemaking on the occupational disability approval process, adding that if a member has received a Workers' Compensation (WC) award where the state disputes the causation of the disabling condition, such member may not be approved for occupational disability benefits.

Mr. Houch stated that the Committee also authorized codification on the process of paying out estimated benefits for alternative formula members within 30 days, noting that if an alternative formula member chooses both the estimated payment option and the COLA buyout, and has a QILDRO on file, the member must have a supplemental order.

Mr. Houch then discussed rulemaking regarding buyout recipients who return to work. He stated that if a member returns to work after receiving a buyout, 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 then touched on the Committee's discussion regarding changes to active member trustee eligibility, adding that members currently working for SERS are not eligible to run to become an active member trustee for the Board.

Following some discussion regarding Workers' Compensation awards with contested causation and service credit buyback options after receiving a buyout, Mr. Houch concluded his report by offering to answer any further questions. No further questions were offered.

REPORT OF THE EXECUTIVE SECRETARY

State Actuaries FY 25 Report and System Responses. Secretary Blair explained the annual State Actuary process and referred the Board to the letter with the System's responses to the State Actuary's recommendations, noting the recommendations to employ a more actuarially sound funding plan and to sync up the impact of assumption changes over a three-year period to match the experience reviews of all assumptions that are completed every three years. He noted the Board agrees with the recommendations but both require legislative change. He touched on the Board's agreement with the repeated recommendation to change the statutory funding plan to fully fund accrued liabilities over a reasonable period as evidenced by the update of the Actuarially Determined Contribution (ADC) policy to fully fund the system over 20 years.

Secretary Blair reviewed additional recommendations, first that GRS revisit its analysis of retirement rates for the 2026 valuation as well as several more robust disclosure related recommendations, to which GRS agreed to consider in future actuarial valuations. Following a discussion about the impact of fully funding the system, Secretary Blair offered to answer any further questions. No further questions were offered.

Approval of FY 25 Valuation and FY 27 Employer Certification. Secretary Blair referred the Board to the FY 27 certification documents. He noted that the review by the State Actuary resulted in no changes to the draft actuarial valuation approved at the October Board meeting and the FY 27 employer contribution that was preliminarily certified at that meeting did not change.

Secretary Blair stated the FY 27 certified rate is 43.455% of projected payroll, or $2,794,971,000. The 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 the SERS contribution, $636,127,000 is for the employer's portion of the expected FY 27 normal cost and $2,028,341,000 is due to unfunded liabilities. He added that if the state followed the ADC policy adopted by the Board, the FY 26 ADC would be $3,010,325,823 or $345.9 million higher than the amount calculated under the statutory funding plan.

Trustee Schultz moved to approve the FY 25 actuarial valuation and to certify the FY 27 employer contribution of $2,794,971,000, or 43.455% of projected payroll. Trustee Day seconded the motion, and it passed unanimously. A copy of the valuation is maintained in the SERS office and made a part of these minutes as *Exhibit B*.

First Quarter FY 26 Financial Statements. Secretary Blair presented the first quarter FY 26 financial statements, noting that 4.5 months of employer contributions were received in the first quarter. He noted the drawdown of $50 million in assets, which was requested prior to the receipt of the additional employer contributions. Secretary Blair then reported total receipts of $1.14 billion and total disbursements of $893 million including $870 million in total benefits, refunds of $4.8 million, and administrative expenses of $6.2 million, for an ending cash balance of $542.9 million.

Secretary Blair briefly discussed the ISBI comingled fund, noting there was no drawdown in the 2nd quarter and the projected drawdown for the third quarter of FY 26 dropped from $80 million to $20 million. This combined with the projected drawdown of $180 million in the fourth quarter totals $250 million in drawdowns for FY 26. He then touched on the administrative budget and expenses, noting that the System had used approximately $5.2 million, or 21.2% of the budget. He added that there are generally lapses in spending from year to year due to staffing changes and related line items. He concluded his report by offering to answer any questions. No questions were offered.

Trustee Baird moved to approve the first quarter FY 26 financial statements and Trustee Schultz 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*.

Funding Update. Secretary Blair reiterated that 4.5 months of employer contributions were received in the first quarter. He added that the January contribution was received ahead of time and the IOC requested the submission of the February voucher the week of January 19th.

Buyout Update. Secretary Blair stated that the COLA buyout continues to be popular and the participation rate continuing to increase. He added that over 5,000 COLA buyouts have been processed with payouts of over $647 million and an average payment of $127,978.89. Secretary Blair stated that all groups continue to participate above the assumed rates. He added that 214 members have elected the total buyout option and told the Board that the program will sunset in June 2026 unless extended by the legislature and Governor.

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 October, November, and December 2025 Executive Committee minutes for review. Trustee Ramirez moved to approve the October, November, and December 2025 Executive Committee minutes as presented. Trustee Day 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. There was no new business.

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 Day moved to adjourn. Trustee Schultz seconded the motion, which passed unanimously by voice vote. The meeting was adjourned at 11:17 a.m.

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Susana A. Mendoza, Chairperson

Date: _________________________

ATTEST:

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Timothy Blair, Executive Secretary

Date: _____________________________