

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 314
MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF TRUSTEES**

APRIL 6, 2012

The regular meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, April 6, 2012, at 10 a.m. in Room N-1810 of the Michael Bilandic Building, 160 North LaSalle Street, Chicago, Illinois.

Roll call was taken with the following trustees in attendance:

Justice Thomas E. Hoffman, Chairman

Justice John Bowman, Vice-Chairman

Justice Themis N. Karnezis, Proxy for Chief Justice Thomas L. Kilbride

Bridget Byron, Proxy for State Treasurer Dan Rutherford

Not Present:

Chief Judge Timothy Evans

Others present:

Timothy B. Blair, Secretary

Jayne L. Waldeck, Manager, Judges' Retirement System

Scott Richards, Illinois State Board of Investment

Karen Ortale, Shorthand Reporter

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 313 held on January 29, 2012, were presented by Chairman Hoffman for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On motion by Trustee Bowman and seconded by Trustee Karnezis, the Board unanimously approved the minutes of the January 29, 2012 meeting as submitted.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

Scott Richards, ISBI, distributed copies of the Flash Report (Executive Summary) dated February 29, 2012, to the Board. He directed the trustees' attention to and reviewed the fiscal year to date and year to date performance of the various asset classes within the portfolio. Mr. Richards pointed out the total portfolio's performance has been basically flat for the year on a fiscal year to date basis, up only 1.5%. Within the portfolio, the Fixed Income assets class is up 5.3%, but still lags the benchmark of 5.7%.

Mr. Richards continued by pointing out the U.S. Equity class was up 3.5% fiscal year to date, but it too trailed the benchmark of 4.0%. He briefly reviewed the other asset classes and

entertained several questions posed by the Board. Chairman Hoffman thanked him for his informative report and excused him from the remainder of the meeting.

A copy of the Flash Report is maintained in the ISBI office and made a part of these minutes as Exhibit A.

UNFINISHED BUSINESS

Appeal of Benefit Reduction and Overpayment – Judge Scott Mansfield. At the January Board meeting, Judge Scott Mansfield appealed in writing the reduction of his monthly retirement benefit (due to an error in the initial retirement benefit calculation) and the resulting overpayment of benefits that remains outstanding. The evidence presented by Judge Mansfield and the written transcript of the hearing were forwarded to the System's attorney, Steve Bochenek, to prepare a legal opinion on the fiduciary duties of the Board in cases of benefit calculation errors, benefit reductions and overpayments.

Chairman Hoffman reviewed the issues regarding this case and Mr. Bochenek's legal opinion. More specifically, does the Board have the ability to knowingly award Judge Mansfield a pension in excess of the amount the Pension Code allows and also waive the overpayment of retirement benefits? He explained that the Board must make a factual determination regarding whether Judge Mansfield was given an incorrect pension amount prior to resignation and whether he relied on that amount to make the decision to retire. Karen Ortale, a shorthand reporter, was present to record discussion of the appeal.

Following further discussion, based on the facts of Judge Mansfield's appeal and the opinion of the System's attorney, Trustee Bowman moved to deny the appeal of the benefit reduction from Judge Mansfield and Trustee Karnezis seconded his motion. All were in favor. Chairman Hoffman directed Secretary Blair to contact the System's attorney to draft a final administrative decision to be signed by each Trustee and forward the decision to Judge Mansfield.

READING OF COMMUNICATIONS

There were no communications.

REPORT OF THE CHAIRMAN

Chairman Hoffman informed those present that he had nothing to report other than his objection to attending the June ISBI meeting in Springfield, Illinois.

REPORT OF THE SECRETARY

Preliminary Review of FY 13 JRS Budget. Secretary Blair informed the Board members that the budget request for FY 13 for the Judges' and General Assembly Retirement Systems is \$1,129,900, representing a 3.82% increase over the current year budget of \$1,088,300. The budget request provides a 3% salary increase for the merit compensation employees, who have not had salary increases in several years. Other items having a cost impact on the FY 13 budget

include an increase in retirement contributions that must be made to SERS and an increase in group Insurance rates (unknown, but estimated 15% increase from FY 12 to FY 13).

A brief discussion was held and Trustee Bowman moved to approve the FY 13 Budget contingent upon the GARS Board of Trustees approval. Trustee Karnezis seconded the motion, which passed with all voting in favor.

FY 12 Funding Update. Secretary Blair informed the Board members present that the Judges' Retirement System has received from the State all employer contributions due through mid-March. Due to timely employer funding, the system has withdrawn fewer assets from the ISBI to pay benefits during FY 12.

Legislative Update. Secretary Blair informed the Board members present that a group meeting is scheduled for April 17, 2012, to discuss the "Tier 3" proposal and what the proposal may look like. Secretary Blair indicated that there is talk of legislation which would affect the cost of living increases for current and future retirees of most of the State-funded systems, but not much else.

REPORT OF MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed the listings of two retirement annuities processed since the last meeting totaling \$20,578.82 per month. Following review of the list, Trustee Karnezis moved for approval with Trustee Bowman seconding the motion. All were in favor. She also reported six survivor annuity benefits were processed in the amount of \$44,219.74 per month. Trustee Bowman moved for approval of the payment of the survivor annuities with Trustee Karnezis seconding his motion. All were in favor. Also submitted for the review of the Board were two survivor annuity refunds and one Death Before Retirement Refund in the amount of \$171,913.83. Trustee Karnezis moved to approve the payment of these refunds with Trustee Bowman seconding the motion. The motion passed unanimously.

Deaths of Members. Ms. Waldeck reviewed the list of eleven members whose deaths were reported during this period. This report is made part of these minutes as Exhibit B.

Imaging Project Update. Ms. Waldeck informed the Board that the staff is making progress on the Imaging Project but there are still several JRS files to be converted to digital images.

NEW BUSINESS

Secretary Blair informed those present of the retirement of Sandor Goldstein, the System's Consulting Actuary. A Resolution will be prepared and given to Mr. Goldstein thanking him for his years of service to JRS. Discussion was held regarding a Request for Proposal that is being prepared by the State Employees' Retirement System. Secretary Blair suggested the

Board monitor those results and then enter into an intergovernmental agreement between SERS, GARS and JRS.

Following some discussion, Trustee Karnezis moved to approve Mr. Goldstein's Retirement Resolution with Trustee Bowman seconding the motion. All were in favor.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Bowman moved to adjourn at 10:45 a.m. and his motion was seconded by Trustee Karnezis. Chairman Hoffman commented that the next scheduled meeting of the Board of Trustees is scheduled for Friday, July 27, 2012.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairman