

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS  
MEETING NO. 343  
MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF TRUSTEES**

**April 26, 2019**

A meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, April 26, 2019, 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 Mary S. Schostok, Chairperson  
Justice James R. Moore, Vice-Chairman  
Judge Debra Walker, Proxy for Chief Justice Lloyd Karmeier  
Judge John C. Anderson  
Rodrigo Garcia, Proxy for State Treasurer Michael Frerichs

Others present:

Timothy B. Blair, Secretary  
Jeff Houch, Assistant to Secretary  
Angie Ackerson, JRS Division Manager  
Scott Richards, Senior Investment Officer, Illinois State Board of Investment

With a quorum present, Chairperson Schostok called the meeting to order at 10 a.m.

**PUBLIC COMMENTS**

Chairperson Schostok asked if any members of the public wished to address the Board. There were no members of the public in attendance.

**REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)**

Scott Richards, Senior Investment Officer of ISBI, distributed copies of the Quarterly Review dated December 31, 2018. At the end of the fourth quarter, he reported the Fund was down 5.8% in FY 2019, but since December 31, 2018, the Fund is up 8.3%, resulting in a 3.9% positive performance for the fiscal year to date.

Mr. Richards continued his report by briefly reviewing selected asset classes, noting the Fixed Income Portfolio trailed the benchmark by 0.7%, and adding the Opportunistic Debt class was the strongest performing fixed income asset class, gaining 3.0% over the three-month period. He then pointed out that International Equities were down 10.8%, but still slightly outperformed the custom benchmark. The Domestic Equity Portfolio was down 14.0% but outperformed the U.S. equity market index by 0.3%. Mr Richards concluded his review by reporting that Private Equity advanced 5.0% while Infrastructure was up 1.6% and Real Estate returned 1.9%. He then offered to answer questions.

After a few questions and some discussion, Judge Anderson moved to approve the report of the Illinois State Board of Investment. Justice Moore seconded the motion and it passed unanimously.

**MINUTES OF PREVIOUS MEETING**

The minutes of Meeting No. 342 held on January 11, 2019, were presented by Justice Schostok for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On a motion

offered by Judge Walker and seconded by Judge Anderson, the minutes of the meeting held January 11, 2019 were unanimously approved.

### **READING OF COMMUNICATIONS**

Justice Schostok asked Secretary Blair if there were any communications to report or review. He reported that he had preliminary discussions with the Treasurer's Office regarding contacting retirees about two Treasurer-sponsored savings programs for college expenses and another for disabled individuals. Secretary Blair also distributed copies of the FY 18 Comprehensive Annual Financial Report.

### **REPORT OF CHAIRPERSON**

Justice Schostok reported that she and ISBI Executive Director Johara Farhadieh were meeting with the newly appointed ISBI members and will provide a list of new members to the Board once all board positions are filled.

### **REPORT OF ANY TRUSTEE**

No reports were offered.

### **REPORT OF SECRETARY**

Preliminary Review of FY 2020 Operations Budget. Secretary Blair presented the FY 20 Preliminary Operations Budget Request noting the request is an increase of \$6,600, or 0.71%, from the FY 19 budget. The FY 20 JRS budget request totaled \$952,775. He reviewed the items having a cost impact on the FY 20 budget, including an increase of \$11,700 for employer contributions to the State Employees' Retirement System (SERS) due to the employer contribution rate increasing from 51.614% in FY 19 to 54.290% in FY 20. The request also includes an increase of \$11,250 in the Group Insurance line and a decrease of \$20,700 in the Contractual line, mainly due to a reduction in projected actuarial services.

Following discussion of the FY 20 preliminary budget request, Judge Walker moved to approve as presented. Trustee Garcia seconded the motion and all were in favor.

December 31, 2018 and March 31, 2019 Financial Statements. Secretary Blair briefly reviewed the financial statements and noted for the Board that JRS began the first quarter of FY 19 with just under a \$1 billion in invested assets and that invested assets would top \$1 billion by the end of the third quarter of FY 19, given the recent performance of the financial markets. In addition, he reported the System held \$25.5 million in cash at March 31, 2019, and noted that approximately \$13.4 million a month is paid in retirement and survivor benefits, while approximately the same amount is contributed by the state and JRS participants. Judge Walker moved to approve the financial statements. The motion was seconded by Judge Anderson, and all were in favor. Official copies of these Financial Statements have been made a part of these minutes as *Exhibit A*.

FY 19 Funding Update. Secretary Blair told the Board that the Comptroller's Office is current in making the state contributions and there have been no delayed payments in FY 19. He added that JRS received the May state contribution on April 25, 2019.

Legislative Review. Jeff Houch, Assistant to the Secretary, referred the Board to his report and noted that only bills that advanced out of their originating chamber were listed in his report. Mr. Houch discussed SB 1698, which requires most retirement systems under the Illinois Pension Code to livestream all meetings that are subject to the Open Meetings Act, beginning July 1, 2020. The bill passed the Senate on March 28, 2019 and has been assigned to the House Personnel and Pensions Committee.

Mr. Houch then reviewed HB 3720 and SB 2171, which appropriate \$132,627,000 from the General Revenue Fund (GRF) to JRS for FY 20. This amount represents a shortfall of \$11,533,000 when compared to the amount certified by the Board in January. He noted there were several points to the Governor's pension funding proposal, as outlined in the February budget address, including extension of the funding plan to 2052, issuing \$2 billion in bonds and providing JRS with a portion of the proceeds, and selling state assets and giving the proceeds to the retirement systems.

Mr Houch added that the details of several of these points have not yet been provided to JRS and that some of these changes would take some time to implement. He reminded the Board that in April 2016 they voted to officially oppose any legislation that delays or reduces JRS funding and that witness slips would be filed so the legislature knows the JRS Boards opposes any legislation that reduces or delays State funding for JRS.

### **REPORT OF THE MANAGER**

Annuities and Refunds for Approval. Angie Ackerson, Division Manager, reported twenty-two retirement annuities processed since the last Board meeting totaling \$222,375.43 per month and eight survivor annuities totaling \$72,648.85 per month. A review of the refunds for approval included four termination refunds and six survivor annuity contribution refunds totaling \$435,572.54. In addition, Ms. Ackerson reported sixteen error refunds totaling \$7,521.60 due to eleven new judges electing to not participate in the survivor's annuity provision and five Tier 2 refunds due to contributions exceeding the salary limitation. There being no questions, Judge Walker moved for approval of the annuities and refunds as presented and Vice-Chairman Moore seconded the motion. The motion passed unanimously.

Deaths of Members. Ms. Ackerson reported the deaths of nine JRS members since the January meeting. This report is made a part of these minutes as *Exhibit B*.

### **UNFINISHED BUSINESS**

No old business was reported.

### **NEW BUSINESS**

No new business was reported.

### **ADJOURNMENT**

There being no further business to be brought before the Board, Judge Walker moved to adjourn at 11:40 a.m. Her motion was seconded by Trustee Garcia and passed unanimously.

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Timothy B. Blair, Secretary

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

APPROVED:

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Chairperson Mary S. Schostok