

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 305
MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF TRUSTEES**

JANUARY 29, 2010

The regular meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, January 29, 2010, 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 J. Bowman, Vice-Chairman
Justice Themis N. Karnezis, Proxy for Chief Justice Thomas R. Fitzgerald
Chief Judge Timothy C. Evans

Absent was:

Alexi Giannoulis, State Treasurer

Others present:

Timothy B. Blair, Acting Secretary
Jayne L. Waldeck, Acting Manager, Judges' Retirement System
William Atwood, Director, Illinois State Board of Investment

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

William Atwood, Director of the ISBI, distributed copies of the Flash Report dated December 31, 2009, to the Board members present. Mr. Atwood requested the Board members refer to the Flash Report and drew the trustees' attention to two investment managers, Globeflex and Amalgamated, indicating that both are underperforming their benchmark. Mr. Atwood then reviewed the performance of the various assets classes and reported the State had sold more than \$3.4 billion worth of pension obligation notes to make the FY 2010 employer contribution to the State-funded retirement systems. Approximately \$704 million was transferred to the ISBI, with \$78,509,000 contributed to the Judges' Retirement System, representing the entire employer contribution for FY 2010.

Chief Judge Evans questioned Mr. Atwood regarding how the process worked for the ISBI to terminate business with Amalgamated CLF and the "redemption request" process. Mr. Atwood responded to the Chief Judge's questions and Chairman Hoffman thanked Mr. Atwood for his informative report and excused him from the remainder of the

meeting. A copy of the Flash Report is maintained in the office of the Illinois State Board of Investment.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 303 held on October 30, 2009, 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 October 30, 2009 meeting as submitted.

READING OF COMMUNICATIONS

Juanita L. Coney, Dec'd – Overpayment of Survivor Annuity. Acting Secretary Blair submitted copies of correspondence with the Office of the Attorney General regarding the overpayment of survivor benefits to Mrs. Coney. Mrs. Coney died and her daughter did not notify JRS of the death, but instead continued to accept the monthly survivor benefit. The overpayment of benefits resulted in involving the Office of the Attorney General in an attempt to collect the overpayment. Based on the Assistant Attorney General's research into Missouri Law, the JRS agreed to accept an offer of \$3,000 by Robin Lee Connoyer, Mrs. Coney's daughter, to satisfy the overpayment of survivor benefits. The \$3,000 check was received and accepted as settlement of all claims against Ms. Connoyer.

State Treasurer's Working Group. Recent legislation requires the State Treasurer's Office to convene a working group consisting of representatives from the Retirement Systems, pension funds, the Illinois State Board of Investment, persons that provide investment services, and members of the financial industry. This group is charged with reviewing the performance of investment managers and consultants and developing uniform standards for comparison of cost for their services. On motion by Trustee Evans, seconded by Trustee Bowman, the Board unanimously granted Chairman Hoffman authorization to represent and be the spokesperson for JRS.

REPORT OF THE CHAIRMAN

Chairman Hoffman informed the Board members present of the 2.6% COLA for active judicial members effective July 1, 2010. Discussion followed regarding reciprocal calculations of benefits.

REPORT OF SECRETARY

State Contribution Received. Acting Secretary Blair informed those present of the \$78.5 million in state contributions received by the Office of the Comptroller on January 15, 2010. The System went being seven months behind in receiving the FY 2010 employer contributions to 5 months ahead. The System retained \$200,000 to put in the excess benefit fund and transferred the remainder to the ISBI.

Financial Statements and Reports of Administrative Expenses. Acting Secretary Blair directed the trustees' attention to the financial statements for the period July 1, 2009 through December 31, 2009. He reviewed the Statement of Cash Receipts, Disbursements and Balances for the quarter, which ended with a Cash Balance of \$16,921,214.70. The Cash Balance of the Excess Benefit Fund showed a balance of \$104,511.98. In reference to the Statement of Investment Account with ISBI, no funds were transferred from ISBI during this quarter. In reviewing the Statement of Budget, Expenses and Balances for the quarter, Schedule 4 reflected total disbursements from JRS to be \$216,022.97 through December 31, 2009.

On motion by Trustee Karnezis, seconded by Trustee Bowman, and by unanimous vote, the Board accepted the financial statements for the second quarter of fiscal year 2010. Official copies of these financial statements have been placed on file and made part of the minutes of this meeting as Exhibit A.

REPORT OF MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed the listings of eighteen retirement annuities and one survivor annuity processed since the last meeting. There being no questions, Trustee Karnezis presented a motion to approve the retirement and survivor payments as reported. Trustee Evans seconded the motion and all were in favor.

One temporary disability benefit was processed by staff since the last meeting. There being no discussion, Trustee Evans moved to approve the temporary disability benefit as reported and Trustee Karnezis seconded that motion which passed unanimously.

A review of refunds reflected three survivor annuity refunds totaling \$55,898.80 and two error refunds totaling \$18,216.30 as being paid during this reporting period. There being no questions regarding the refund payments, on motion by Trustee Karnezis, seconded by Trustee Bowman, and by unanimous vote, the refund payments as reported were approved.

Death of Members. Ms. Waldeck continued by reporting the deaths of three members since the October 2009 meeting. This report is made a part of these minutes as Exhibit B.

OLD BUSINESS

Judge Melvin J. Cole – Temporary Disability Benefit. This case was deferred at the October 2009 meeting to allow for the collection of all relevant medical evidence to substantiate the ongoing disability. Additional information was obtained from Dr. Mark Alberts, Judge Coles' treating neurologist, and upon review, the system's medical

consultant concluded that Judge Cole remains disabled and unable to perform the judicial duties required of him.

Following review of this information, Trustee Evans moved to approve the temporary disability benefit for Judge Cole and Trustee Karnezis seconded that motion. All were in favor.

Ethics Training. Chairman Hoffman reviewed the status of the required ethics training of each of the JRS Board members. He indicated that each trustee received approximately two hours (1 hr. 48 min.) of ethics training at the October 2009 Board Meeting, three hours of training at the ISBI meeting on December 19, 2009. Chairman Hoffman noted the remaining hours needed to reach the required eight hours by April 1, 2010, may be satisfied by attending the Judicial Educational Conference held in Chicago beginning February 1, 2010.

William Atwood, the ISBI Director, will get copies of the ISBI program on CD format to Trustee Bowman. Chairman Hoffman further explained that it is necessary that he receive a letter from each trustee telling him how the required eight hours were attained by each trustee. He will then certify to the Supreme Court that the trustees of the Judges' Retirement System have met the Supreme Court's Ethics Training requirements for the year ending April 1, 2010.

Trustee Evans moved that Acting Secretary Blair forward a document outlining the Ethics Training possibilities to each trustee. The trustee would then need to indicate how he attained his required eight hours and affix his signature on this document and forward it to Chairman Hoffman. Chairman Hoffman indicated that the JRS Board is abiding by the ethics training as directed by the Illinois Supreme Court.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Karnezis moved to adjourn at 11:45 a.m., seconded by Trustee Bowman. Chairman Hoffman announced the next scheduled meeting will be Friday, March 26, 2010.

Timothy B. Blair, Acting Secretary

Date

APPROVED:

Chairman