

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 317
MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF TRUSTEES**

JANUARY 25, 2013

A regular meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, January 25, 2013, 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 Mary S. Schostok
Judge James R. Moore
Bridget Byron, Proxy for State Treasurer Dan Rutherford
Chief Judge Timothy Evans, Proxy for Chief Justice Thomas L. Kilbride

Others present:

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

With a quorum present, Chairman Hoffman called the meeting to order at 10 a.m.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

William Atwood, Director of ISBI, distributed copies of the Executive Summary of the ISBI report dated December 31, 2012. He first noted the total portfolio is up 12.3%, with the U.S. Equity portfolio up 15.7% in calendar year 2012. These returns compared favorably to benchmark returns over the same time period of 11.7% and 16.4%, respectively. He continued by drawing the Board's attention to the non-U.S. Equity portfolio, which is up 20.3% for the year, significantly exceeding the benchmark of 17.6%. The Real Asset portfolio is also significantly outperforming its benchmark, 7.0% in calendar year 2012 compared to 5.5% for the benchmark.

Director Atwood then noted the ISBI portfolio is aggressive, so the fund can be expected to do very well when the market is doing well. He also noted that historically, performance tends to be pretty good when reported at the end of the calendar year, but not as good when reported at the end of the State fiscal year (June 30). Director Atwood further notified the Board that at the last ISBI meeting in December, the Board agreed to reallocate assets in the Real Estate Portfolio in order to try to reduce volatility.

Following some discussion, Chairman Hoffman thanked Director Atwood for his informative report and excused him from the remainder of the meeting. A copy of the ISBI Executive Summary is maintained in the ISBI office and made a part of these minutes as Exhibit A.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 316 held on October 26, 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 Schostok, seconded by Trustee Moore, the minutes of the meeting held October 26, 2012 were unanimously approved.

READING OF COMMUNICATIONS

Chairman Hoffman informed the Board that Chief Judge Evans has been appointed as proxy for Chief Justice Kilbride, effective January 15, 2013. Previously, Judge Themis Karnezis had served as the proxy for Chief Justice Kilbride. Chairman Hoffman requested Executive Secretary Blair forward a copy of Chief Judge Evan's proxy letter to all Trustees.

Chairman Hoffman also informed the Board of receipt of the report of the State Actuary, who is under the purview of the Auditor General. Chairman Hoffman pointed out for the Trustees that the review of the assumptions and methods used to prepare the FY 12 actuarial valuation were found to be reasonable individually and in the aggregate. There were no recommended changes for the JRS valuation for the FY 12 valuation and only one recommendation for the actuary to adopt for next year. Secretary Blair noted that JRS' actuaries don't necessarily agree with the State Actuary's recommendation regarding the use of an "asset corridor" when calculating the actuarial value of assets. Chairman Hoffman then commented he was pleased with the new actuaries and the results of the review of the State Actuary.

Chairman Hoffman continued by noting the FY 12 Audit Report was pretty "clean," with only one finding. He then requested Secretary Blair forward a copy of the recently completed FY 12 Comprehensive Annual Financial Report to all members of the Board.

REPORT OF CHAIRMAN

After the Reading of Communications Chairman Hoffman had nothing further to report.

REPORT OF SECRETARY

December 31, 2012 Financial Statements. Secretary Blair referred the Board to the December 31, 2012 financial statements and pointed out JRS has received 5½ months of the FY 13 employer contribution, or almost \$41 million for the first half of FY 13. During that time JRS has withdrawn \$15 million from ISBI to pay benefits, with the total FY 13 withdrawal amount projected to total \$23.2 million. He continued by briefly reviewing the remaining financial statements and entertaining questions.

Secretary Blair informed those present that TRS recently lowered their investment return assumption to 8.0%. This action may affect JRS as well as other state systems in July (FY 14) as payments to TRS will increase significantly in FY 14. Brief discussion followed and related questions were answered by Secretary Blair.

Trustee Evans moved to approve the financial statements as presented. Trustee Schostok seconded the motion and all were in favor. The financial statements are made a part of these minutes as Exhibit B.

REPORT OF THE MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed 39 retirement annuities processed since the last Board meeting totaling \$420,750.64 per month. In addition, there were five survivor annuity benefits processed totaling \$34,758.65 per month. There being no questions, Trustee Evans moved for approval of the annuities and Trustee Moore seconded the motion. All were in favor.

A review of the refunds reflected one Death Before Retirement Refund, one Death After Retirement Refund, one Termination Refund and three Survivor Contribution Refunds totaling \$388,328.86 as being paid during the reporting period. There being no questions regarding the refunds, on motion by Trustee Evans, seconded by Trustee Moore, and by unanimous vote, the refund payments were approved.

Deaths of Members. Ms. Waldeck reported the deaths of four JRS members since the October meeting. This report is made a part of these minutes as Exhibit C.

UNFINISHED BUSINESS

Secretary Blair reported no old business.

NEW BUSINESS

Secretary Blair reported to new business.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Moore moved to adjourn at 11 a.m. and his motion was seconded by Trustee Evans. All trustees voted in the affirmative and Chairman Hoffman noted the next meeting of the Board is scheduled for Friday, March 29, 2013.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairman