

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 333
MINUTES OF A REGULAR MEETING
OF THE BOARD OF TRUSTEES**

January 13, 2017

A meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, January 13, 2017, at 10:00 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-Chairperson
Judge Debra Walker, Proxy for Chief Justice Lloyd Karmeier

Absent was:

Judge John C. Anderson
Rodrigo Garcia, Proxy for State Treasurer Michael Frerichs

Others present:

Timothy B. Blair, Administrative Secretary
Jeff Houch, Assistant to Secretary
Jayne Waldeck, JRS Division Manager
William Atwood, Director, Illinois State Board of Investment
Alex Rivera, Consulting Actuary, Gabriel, Roeder, Smith & Co.

With a quorum present, Justice Schostok called the meeting to order at 10:05 a.m.

PUBLIC COMMENTS

Justice 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)

William Atwood, ISBI Executive Director, distributed copies of the Quarterly Review dated September 30, 2016. He began his report by stating that for the nine months ended September 30, 2016, the portfolio returned 5.8% (net of fees), matching the benchmark return. Director Atwood reported that during the period the Fixed Income portfolio returned 5.3% and the U.S. Equity portfolio lost 7.4%. Both portfolios underperformed their benchmarks, which returned 6.7% and 8.2%, respectively. He concluded his portfolio report by reviewing the returns of several asset classes and their relevant benchmarks.

Director Atwood continued by referring the Board to the ISBI annual minority utilization report. He briefly reviewed the report and noted it is filed annually pursuant to statute. Justice Schostok asked if there were any questions. Hearing none, Justice Moore moved to approve Director Atwood's presentation of the ISBI Quarterly Review for the period ending September 30, 2016. Judge Walker seconded the motion and it passed unanimously. A copy of the Quarterly Review 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. 332 held on October 28, 2016, were presented by Justice Schostok for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On a motion by Judge Walker and seconded by Justice Schostok, the minutes of the meeting held October 28, 2016 were unanimously approved.

REPORT OF CONSULTING ACTUARIES

Alex Rivera of Gabriel, Roeder, Smith & Company (GRS), Consulting Actuaries, reviewed the State Actuary's report, including the GRS/JRS responses, and presented the final version of the FY 2016 Actuarial Valuation and the FY 2018 certified State contribution.

State Actuary's Report. Mr. Rivera began his review by noting the State Actuary concluded that the assumptions and methodology used for the FY 2016 Actuarial Valuation are reasonable and that the certified contributions were calculated in accordance with State law. The State Actuary recommended JRS complete a full replication actuarial audit. Secretary Blair stated he agreed with the recommendation and advised the Board that staff was preparing a Request for Proposal (RFP) to find an actuarial firm to perform the audit.

Mr. Rivera reviewed the remainder of the State Actuary's recommendations and the GRS/JRS response to those recommendations. The letter outlining the State Actuary's recommendations and the GRS/JRS response to these recommendations is attached and made a part of these minutes as Exhibit B.

Mr. Rivera distributed the final draft of the FY 2016 Actuarial Valuation and Secretary Blair reviewed the documents that will be used to certify the FY 2018 State contribution of \$146,766,000, or 91.395% of projected payroll. Justice Schostok asked if there were any questions. Seeing none, she asked for a motion to approve the FY 2016 Actuarial Valuation and the FY 2018 State contribution amount. Judge Walker moved to approve the FY 2016 Actuarial Valuation and certify the FY 2018 State contribution. Justice Moore seconded the motion and all present voted in the affirmative.

READING OF COMMUNICATIONS

Justice Schostok asked Secretary Blair if there were any communications to be presented to the Board. Secretary Blair had no communications to report.

REPORT OF CHAIRPERSON

Justice Schostok had nothing to report.

REPORT OF ANY TRUSTEE

There were no reports from any trustee.

REPORT OF SECRETARY

FY 2017 Funding Update. Secretary Blair informed the Board that JRS had received all required State contributions, including the January 2017 contribution, noting that half of the January contribution had been received in December and the remainder in early January. He added that he expected the February contribution to be delayed until April. Secretary Blair noted that the staff of Comptroller

Mendoza's Office had voiced her intention to continue to make the employer contributions in a timely manner.

Judge Janice Bierman Update. Secretary Blair informed the Board that the Bierman complaint had been combined in Sangamon County Circuit Court with several similar complaints against SERS and that JRS staff continued to work with the Attorney General's Office in defense of the complaint.

JRS Legislation. Secretary Blair referred the Board to a memo prepared by his assistant Jeff Houch, outlining several technical and clarifying changes that would be helpful in the administration of Tier 2 JRS benefits. Mr. Houch distributed proposed legislation and reviewed the proposed changes. Judge Walker moved to officially support the legislation. Justice Moore seconded the motion and it passed unanimously.

REPORT OF THE MANAGER

Annuities and Refunds for Approval. Jayne Waldeck, Division Manager, reported twenty two retirement annuities processed since the October meeting, totaling \$255,770.76 per month. She also reviewed two survivor contribution refunds, one termination refund and two error refunds totaling \$191,785.67. Judge Walker moved to approve the annuities and refunds as presented. Justice Moore seconded the motion and it passed unanimously.

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.

OLD 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 11:55 a.m. The motion was seconded by Justice Moore and passed unanimously.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairperson Mary S. Schostok