

**JUDGES RETIREMENT SYSTEM OF ILLINOIS  
MEETING NO. 350**

**MINUTES OF A REGULAR MEETING  
OF THE BOARD OF TRUSTEES**

**January 15, 2021**

A meeting of the Board of Trustees of the Judges Retirement System of Illinois convened on Friday, January 15, 2021, at 10 a.m. at the System's Springfield Office, located at 2101 S. Veterans Parkway, Springfield, Illinois. Trustees were authorized to participate via videoconference under Section 7 (e) of the Open Meetings Act (5 ILCS 120/7 (e)) and Executive Order 2020-7, as amended and reissued by Executive Orders 2020-33, 2020-44, and 2021-1.

Roll Call was taken with the following trustees in attendance by videoconference or telephone:

Justice Mary S. Schostok, Chairperson (by videoconference)  
Justice James R. Moore, Vice-Chairperson (by videoconference)  
Judge Debra B. Walker, Proxy for Chief Justice Anne Burke (by videoconference)  
Judge John C. Anderson (by phone)  
Rodrigo Garcia, Proxy for State Treasurer Michael Frerichs (joined by phone at 10:20 am)

Others present:

Timothy B. Blair, Administrative Secretary  
Jeff Houch, Assistant to Administrative Secretary  
Jim Stivers, SRS General Counsel  
Angie Ackerson, JRS Manager  
Johara Farhadieh, Executive Director, Illinois State Board of Investment (by videoconference)  
Scott Richards, Senior Investment Officer, Illinois State Board of Investment (by phone)  
Alex Rivera, Consulting Actuary, Gabriel, Roeder, Smith & Company (by videoconference)  
Jeff Tebeau, Consulting Actuary, Gabriel, Roeder, Smith & Company (by videoconference)

With a quorum present, Chairperson Schostok called the meeting to order at 10:05 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)**

Joharah Farhadieh, ISBI Director, distributed copies of the Quarterly Review dated September 30, 2020, and reported that ISBI had reviewed the Fund's asset allocation policy and the allocations for specific asset classes and noted that the Private Equity allocation increased from 7% to 9% (with 25% of the allocation committed to minority and women-owned managers) and the Private Credit composite increased from 8% to 9%. In addition, she told the Board that the Infrastructure Composite increased from 2% to 3%, treasuries increased by 1%, and that the core bond allocation increased from 14% to 15%.

Director Farhadieh then reported that ISBI testified before the Senate subcommittee focused on investment equity and minority inclusion that 39% of the portfolio was committed to minority-owned firms and that ISBI continues to re-evaluate its diversity efforts. She concluded her presentation by emphasizing that ISBI is targeting the actuarially assumed 6.75% rate of return on investments and indicated that while the

portfolio will capture some of the market upturns, it may not capture quite as many of the upturns as its peers. Director Farhadieh then turned the presentation over to Scott Richards, ISBI Senior Investment Officer, to review the performance of the portfolio and various assets classes as of September 30, 2020.

Mr. Richards began his presentation by announcing that Johara Farhadieh was one of twenty individuals named to the 2020 “All-Star Chief Investment Officer” list. He then stated that for the quarter that ended September 30, 2020, the portfolio returned 4.9% (net of fees), slightly underperforming the custom benchmark return of 5% over that period and performing in the 66<sup>th</sup> percentile relative to peer funds. He noted that 20% of the portfolio managers in Private Equity, Real Estate and Infrastructure sectors will not report results for the quarter ending September 30, 2020, until October, and he expects returns will be slightly higher after they report.

Mr. Richards then reviewed the performance of several asset classes and noted that the Fixed Income portfolio was up 1.4% for the quarter ending September 30, 2020 compared to the benchmark, which returned 1%. The Global Equity portfolio returned 8.4% during the period and ranked in the 8<sup>th</sup> percentile. Mr. Richards attributed this strong performance to two strategic partners, Rock Creek and High Vista, both of which had contributed to the performance year-to-date. The Non-U.S. Equity portfolio was up 8.3%, beating the benchmark of 6.8%, while Infrastructure was up 1.4%, slightly trailing the benchmark return of 1.8%.

Chairperson Schostok thanked Director Farhadieh and Mr. Richards for their reports and excused them from the remainder of the meeting. Secretary Blair stated that Section 7(e)(6) of the Open Meetings Act requires all votes to be conducted by roll call, so each member’s vote on each issue can be identified and recorded. Trustee Walker moved to approve the ISBI report and Vice-Chairperson Moore seconded the motion. Ms. Ackerson took roll call to record the votes, and all trustees voted in the affirmative. A copy of the September 30, 2020 Quarterly Review is maintained in the ISBI office and made part of these minutes as *Exhibit A*.

#### **MINUTES OF PREVIOUS MEETING**

The minutes of Meeting No. 349 held on October 30, 2020, were presented by Chairperson Schostok for approval. Copies of these minutes were previously submitted to all trustees for review. Trustee Walker made a motion to approve the minutes, and the motion was seconded by Trustee Anderson. Ms. Ackerson took roll call to record the votes, and all 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 reported that a meeting had been held with Illinois Judges Association (IJA) and that JRS staff will be cooperating with IJA to produce an “Ask JRS” column for the IJA newsletter. He also noted that Judge Rosenbloom had requested updated figures on Tier 2 judges who have Tier 1 reciprocal service. Secretary Blair indicated that he will share this information with all trustees.

#### **REPORT OF CHAIRPERSON**

Chairperson Schostok offered no report.

#### **REPORT OF ANY TRUSTEE**

No reports were offered.

## REPORT OF SECRETARY

**State Actuary's Report.** Secretary Blair reported that the State Actuary concluded that the assumptions and methodology used for the FY 20 Actuarial Valuation are reasonable and that the certified contributions were calculated in accordance with State law. He reported that a full-scope actuarial audit was again recommended by the State Actuary and suggested an RFP be issued for a full-scope actuarial audit with the funding included in the FY 22 budget. Secretary Blair also suggested the board consider adopting a policy to establish a recommended cycle for how often the actuarial audit should be performed. Mr. Rivera noted a five-year cycle is common for this type of audit.

Secretary Blair referenced the letter outlining the State Actuary's recommendations and the GRS and JRS responses to these recommendations, both of which are made a part of these minutes as *Exhibit B*. Mr. Rivera added that more comments were added for risk metrics but that the report otherwise remained the same. After a brief discussion, Chairperson Schostok directed Secretary Blair to prepare a request for proposal for a full-scope actuarial audit.

**FY 20 Actuarial Valuation and FY 22 Certification.** Secretary Blair distributed the final version of the FY 20 Actuarial Valuation and requested that the Board preliminarily certify the FY 22 State Contribution of \$152.422 million, or 97.319% of projected payroll. He noted that the State contribution consists of approximately \$33 million for the employer's portion of the expected FY 2021 normal cost and an additional \$119.414 million due to the unfunded liabilities.

Following a review of projected benefits and contributions over the remainder of the funding plan, Vice-Chairperson Moore moved to approve the FY 20 Actuarial Valuation and the final certification of the FY 22 State contribution of \$152,422,000. Trustee Walker seconded the motion. Ms. Ackerson took roll call to record the votes, and all voted in the affirmative. Chairperson Schostok thanked Mr. Rivera and Mr. Tebeau and excused them from the remainder of the meeting.

**FY 2021 Funding Update.** Secretary Blair informed the Board that the System has received all required employer contributions for FY 21, noting the Comptroller's Office is current in making the State contributions. Secretary Blair also noted that no funds had been withdrawn from ISBI during FY 21.

**Birth and Marriage Verification Policy.** Secretary Blair provided a brief summary regarding the proposed policies to define the types of documents that could be accepted to verify birth and marriage dates. He noted that the pandemic has resulted in some members being unable to obtain marriage and birth certificates and suggested that JRS adopt a policy that allows other documents to be substituted when a marriage and/or birth certificate cannot be obtained. Secretary Blair indicated that substitute documents would be subject to review and approval by the JRS Manager.

After a brief discussion, Chairperson Schostok moved to approve the birth and marriage verification policies as presented, and the motion was seconded by Trustee Walker. Ms. Ackerson took roll call to record the votes, and all voted in the affirmative.

## REPORT OF THE MANAGER

**Annuities and Refunds for Approval.** Ms. Ackerson presented 19 retirement annuities processed since the last Board meeting totaling \$267,216.67 per month and six survivor annuities totaling \$39,955.09 per month. A review of the refunds for approval included two death after retirement refunds and three survivor annuity contribution refunds, totaling \$104,818.25. Ms. Ackerson also noted an error refund was processed

for \$550.00. Following a brief discussion, Trustee Walker moved for approval of the annuities and refunds as presented. Vice-Chairperson Moore seconded the motion. Ms. Ackerson took roll call to record the votes, and all trustees voted in the affirmative.

Death of Members. Ms. Ackerson reported the deaths of nine 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**

Secretary Blair indicated that the annual retiree and survivor statements will be distributed electronically in late January/early February. He added that the Illinois Judges Association may help disseminate the information that hardcopy statements will not be generated or mailed and instructing retired JRS members to set up a Member Services account.

**ADJOURNMENT**

There being no further business to be brought before the Board, Trustee Walker moved to adjourn at 10:55 a.m. Her motion was seconded by Trustee Anderson. Ms. Ackerson took roll call to record the votes, and all voted in the affirmative. Chairperson Schostok added that the next meeting of the Board is scheduled for Friday, March 26, 2021, at 10 a.m., and the meeting adjourned.

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Timothy B. Blair, Secretary

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

APPROVED:

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Chairperson Mary S. Schostok