

**JUDGES RETIREMENT SYSTEM OF ILLINOIS**

**MEETING NO. 295**

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

**July 27, 2007**

A regular meeting of the Board of Trustees of the Judges Retirement System convened on Friday, July 27, 2007, in Room N-1810 of the Michael Bilandic Building located at 160 North LaSalle Street, Chicago.

Roll call was taken with the following trustees present:

Justice Thomas E. Hoffman, Chairman  
Justice John J. Bowman, Vice Chairman  
Justice Thomas E. Callum, Proxy for  
Chief Justice Robert R. Thomas  
Chief Judge Timothy C. Evans

Absent was:

State Treasurer Alexi Giannoulis

Others in attendance:

Timothy Blair, Acting Executive Secretary  
William Atwood, Director, Illinois State Board of Investment  
Cheryl Bullerman, Recording Secretary

Chairman Hoffman presided, and with a quorum present, called the meeting to order at 10:00 A.M.

## **REPORT OF ILLINOIS STATE BOARD OF INVESTMENT**

William Atwood, Director of the Illinois State Board of Investment, distributed copies of a draft Executive Summary as of June 30, 2007, and addressed the Board. Trustees were informed that the preliminary total fund return for the fiscal year 2007 is 16.6%, Director Atwood continued his report with a review of the performance of the various asset classes subsequent to changes made in the portfolio. Mr. Atwood entertained questions raised by the trustees throughout his presentation.

Vice Chairman Bowman moved acceptance of the report of the Illinois State Board of Investment for the period ending June 30, 2007. Trustee Evans seconded the motion, which prevailed by an affirmative vote of all trustees present. A copy of this report is maintained in the office of the Illinois State Board of Investment.

Mr. Atwood then distributed a memo requesting the Board's review and approval of the ISBI allocations methodology of investments for the State Retirement Systems (State Employees', Judges, and General Assembly). ISBI is asking for approval to strengthen the existing internal controls for the allocation of earnings for the three member systems.

Following discussion, on motion by Vice Chairman Bowman, seconded by Trustee Evans, and by unanimous vote, the allocations methodology of ISBI was approved contingent on the approval by the State Employees and General Assembly Retirement Systems.

Chairman Hoffman thanked him for his informative report and excused him from the remainder of the meeting.

## **MINUTES OF PREVIOUS MEETINGS**

The minutes of the regular meeting, No. 294, held on March 30, 2007 were presented by Chairman Hoffman for approval. Copies of these minutes were previously mailed to all trustees for preliminary review.

There being no additions or corrections, Trustee Evans moved approval of the minutes of the March 30, 2007 meeting as presented. This motion was seconded by Vice Chairman Bowman, and the motion carried.

### **READING OF COMMUNICATIONS**

There were no communications to be read at this time.

### **REPORT OF CHAIRMAN**

Chairman Hoffman indicated he had nothing to report.

### **REPORT OF SECRETARY**

**Financial Statements and Report of Administrative Expenses for Quarters Ending March 31, 2007 and June 30, 2007** Financial statements were reviewed, and attention was called to the June 30, 2007 Statement of Investment Account reflecting fund transfers from ISBI for the fiscal year 2007 of \$22 million, and projected fund transfers for the fiscal year 2008 of \$24.8 million.

The Statement of Budget, Expenses and Balances for the third and fourth quarters were reviewed and a projected budget variance of \$89,000 as of June 30, 2007 was reported.

On motion by Vice Chairman Bowman, seconded by Trustee Evans, and unanimous vote, the Board approved the third and fourth quarters financial statements. Official copies of these financial statements have been placed on file and made a part of the minutes of this meeting as Exhibits A and B.

**Allocation of Shared Expenses** Acting Executive Secretary Blair reviewed a report regarding the allocation of shared personal services between systems which had been updated for the twelve month period

from May 1, 2006 through April 30, 2007. The recap schedule of shared services indicated that JRS/GARS performed a net \$708 more in services for SERS on a monthly basis. The previous survey for the period of May 1, 2005 through April 30, 2006 reported that JRS/GARS performed a net \$898 more in services for SERS on a monthly basis.

There being no questions, Vice Chairman Bowman moved to accept the allocation of shared services for the twelve month period of May 1, 2006 through April 30, 2007. The motion was seconded by Trustee Evans, and unanimously passed by an affirmative vote of all trustees present.

**Legislation** House Bill 0049 has been passed by both chambers of the General Assembly. This bill eliminates the requirement that adoption proceedings must have commenced one year prior to the member's date of death for an adopted child to be eligible for a survivor benefit.

**Court Cases** George Smith is attempting to repay a refund to the Chicago Policemen A & B Fund, and then transfer the contributions and service credit to the Judges Retirement System.

**Applications for Retirement and Survivor's Annuities and Refunds** Acting Executive Secretary Blair reviewed eight retirement annuity applications and seven survivor annuity applications for approval. On motion by Vice Chairman Bowman, seconded by Trustee Evans, and by unanimous vote, the applications for retirement and survivor annuities were unanimously approved for payment.

One termination refund in the amount of \$4,751.81, eight survivor annuity refunds totaling \$179,076.62, as well as fourteen error refunds in the amount of \$5,797.83 were also reviewed. There being no questions regarding the payments, Vice Chairman Bowman moved approval of the listed applications for refunds. Trustee Callum seconded the motion, which passed unanimously.

The listings of retirement and survivor annuity applications and refund applications have been made a part of these minutes and are attached as Exhibit C.

### **Members Whose Deaths Were Reported During Period**

Attention was directed to the listing of ten members whose deaths were reported subsequent to the last meeting. This report is made a part of these minutes and attached as Exhibit D.

### **FINAL REVIEW OF FY 2008 BUDGET**

During the March 30, 2007 meeting, the Board tentatively approved the FY 08 consolidated budget totaling \$929,600, contingent upon the Board of Trustees of the General Assembly Retirement System concurring. During their April 18, 2007 meeting, the GARS Board unanimously approved the FY 08 administrative budget as presented.

The overall final budget for FY 08 totals \$949,800. Trustees were advised that the increase is mainly due to group insurance premiums being higher than anticipated. Other items impacting the budget include transcription services, leasing equipment, and the EDP line item. This budget is a 41.2% increase over the projected expenditures for FY 07.

Following review and discussion, Vice Chairman Bowman moved to approve the final FY 08 administrative budget totaling \$949,800 as submitted, contingent on final approval by the General Assembly Retirement System Board. Trustee Evans seconded the motion, which prevailed by the affirmative vote of all trustees present.

### **UNFINISHED BUSINESS**

**John Reynolds - Refund Request** Chairman Hoffman had previously furnished the trustees with an analysis of the law governing a

refund of contributions following a felony conviction arising out of judicial duties. He also provided exhibits and a copy of the transcript of the hearing and executive session in the refund request of John Reynolds.

Following a review of the documentation and discussion, Vice Chairman Bowman moved to approve the appeal of John Reynolds for a refund of contributions representing full and final payment of all funds payable to him. Trustee Evans seconded the motion, and all were in favor.

### **NEW BUSINESS**

There was no new business to be brought before the Board at this time.

### **ADJOURNMENT**

There being no further business to be brought before the Board, on a motion by Vice Chairman Bowman and seconded by Trustee Callum, the meeting adjourned at 11:35 A.M. Chairman Hoffman announced the next meeting is scheduled for Friday, October 26, 2007.

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Secretary

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

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Chairman