

JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 302
MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF TRUSTEES

JULY 31, 2009

The regular meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, July 31, 2009, 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
Chief Judge Timothy C. Evans
Justice John J. Bowman
Justice Themis N. Karnezis, Proxy for Chief Justice Thomas R. Fitzgerald

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
Sandor Goldstein, Consulting Actuary

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

William Atwood, Director of the Illinois State Board of Investment, distributed copies of the Flash Report dated June 30, 2009. He reviewed the report emphasizing the fact that the total ISBI Portfolio was down 19.3%. The Fixed Income Portfolio has been the biggest challenge with a - 2.6%. The Real Estate Portfolio for this quarter indicates a more positive move in that real estate managers are doing well. ISBI's portfolios are slightly better than most state funds. Mr. Atwood stated that relative to the global universe, ISBI is not doing as good. With \$8.8 billion in assets, 3 to 4% is JRS. Any move to build up the International Fund 10% to 20%. Mr. Atwood remains optimistic and confident that the portfolio will _____.

Mr. Atwood informed the Board members that since the last JRS meeting, the ISBI has many new members who seem to be honorable, well-intended, qualified people. The only existing members on the Board prior to the establishment of the new board are Justice Hoffman and Treasurer Giannoulis. Hynes?? Chairman Hoffman stated that the Chairman of the ISBI Board should always come from a government appointment. Chairman Powell??

Chairman Hoffman informed the board members present that the legislature amended 40 ILCS 5/1-113.18 requiring that all Board of Trustees must have eight hours of ethics training per year. This includes the retirement boards as well as the trustees of the Illinois State Board of Investment. Each Chairman must certify to the Supreme Court that their trustees have received the required eight hours of ethics training. The ISBI is preparing curriculum for its members and

possibly our trustees can take part in their training. Chairman Hoffman instructed Secretary Blair to schedule one or two hour bits after the ISBI meeting to receive training on the fiduciary responsibilities as a trustee. The one or two hour bits should cover training on the nuts and bolts of claims. Chairman Hoffman instructed Secretary Blair to order lunch and shoot for an 11 a.m. start for the training.

NEW BUSINESS

Report from Sandor Goldstein – Consulting Actuary. The Board requested that Mr. Goldstein appear before the trustees to give an explanation of how and why he recommends that the interest rate used by his actuarial firm remain at 8%. He also recommended that this issue be reviewed again when the normal time to review is due. Trustee Evans requested that Secretary Blair forward a copy of something to him. A copy of Mr. Goldstein's letter outlining this issue is included as part of these minutes.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 302 held on March 27, 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 Evans and seconded by Trustee Karnezis, the Board unanimously approved the minutes of the March 27, 2009 meeting as submitted.

READING OF COMMUNICATIONS

Freedom of Information Requests. Secretary Blair informed the trustees of two FOIA requests received by the JRS office during July 2009. Copies of the requests were distributed to each trustee. Following some discussion and review, Secretary Blair was instructed by the Board to withhold the "Date of Birth" of JRS members as requested in the Chicago Sun-Times letter but to proceed with providing the other requested information under the Freedom of Information Act. In lieu of the "Date of Birth" Secretary Blair will include the member's age at time of retirement.

Trustee Evans requested copies of the information provided pursuant to the two FOIA requests. Secretary Blair stated that he would provide copies of the responses to all trustees.

REPORT OF CHAIRMAN

Chairman Hoffman indicated he had nothing to report or discuss at this time.

REPORT OF SECRETARY

Secretary Blair informed the Board members of the Bond sale in September for the entire amount of General Revenue Fund contributions. Working with the Comptroller, we have statutory authority to get the GRF money until it is issued. We did receive February's contribution on July 17, 2009, five months late.

At \$6.5 million and approximately \$25 million in arrearages, we are statutorily entitled to these payments if we do not get the contributions.

FY-10 Cash Flow Schedule. Secretary Blair submitted copies of a memo from Dave Richter, JRS Accountant, regarding the projected monthly cash flow for FY-10. As indicated in the memo, the

JRS FY-10 projected ISBI transfers total \$17.4 million. A copy of this memo is made part of these minutes.

Financial Statements. Secretary Blair reviewed the Statements of Cash Receipts, Disbursements and Balances, Investment Account, Statement of Budget, Expenses and Balances and Reconciliation of Treasurer's Report. Following a brief discussion, Trustee Karnezis moved for approval of the Financial Statements and Report of Administrative Expenses for the period March 31, 2009 and June 30, 2009. Trustee Bowman seconded the motion and all were in favor.

Allocation of Shared Expenses. Secretary Blair submitted a memorandum detailing the results of the annual survey for the twelve month period from May 1, 2008 through April 30, 2009. The schedule of shared services indicated that periodic fluctuations have occurred but not to a degree to warrant cash reimbursement between the Judges' and General Assembly Retirement Systems and the State Employees' Retirement System. (Memo included as part of these minutes.)

REPORT OF MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed a listing of eight survivor annuities and seven retirement annuities for approval. Trustee Karnezis moved approval of the benefit listings for survivor and retirement annuities. Trustee Bowman seconded the motion and all were in favor.

Five error refunds totaling \$1,837.89, six survivor annuity refunds totaling \$96,683.47, and one death before retirement refund in the amount of \$73,766.17 were processed during this reporting period. Trustee Karnezis moved approval of the above survivor and error refunds as well as the death benefit after retirement refund. Trustee Bowman seconded the motion which prevailed by an affirmative vote of all trustees present.

FY-10 Budget Changes. An explanation of a reduction in the FY-10 Budget was submitted to the Board prior to this meeting for review. Following some discussion, Trustee Evans moved for approval of the revised FY-10 Budget with Trustee Karnezis seconding the motion. All were in favor.

UNFINISHED BUSINESS

Senate Bill 369. Secretary Blair explained that this piece of legislation passed the General Assembly and creates a four-year average salary to be used in calculating the retirement annuity of a judge who becomes a JRS member after _____, 2009.

ADJOURNMENT

On motion by Trustee Karnezis and seconded by Trustee Bowman, the meeting adjourned at 11:25 a.m. Chairman Hoffman reminded the Trustees that the next meeting is scheduled for Friday, October 30, 2009.

Acting Secretary

Date

Approved:

Chairman

Date