

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS  
MEETING NO. 307  
MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF TRUSTEES**

**JULY 30, 2010**

The regular meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, July 30, 2010, 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 John J. Bowman, Vice-Chairman

Justice Themis N. Karnezis, Proxy for Chief Justice Thomas R. Fitzgerald

Judge Moshe Jacobius, Proxy for Chief Judge Timothy Evans

Absent was:

Alexi Giannoulis, State Treasurer

Other present:

Timothy B. Blair, Acting Secretary

Jayne L. Waldeck, Acting Manager, Judges' Retirement System

Scott Richards, Illinois State Board of Investment

**REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)**

Scott Richards, ISBI, distributed copies of the Flash Report dated June 30, 2010, to the Board members present. He indicated that the preliminary returns for the end of the fiscal year won't be available until mid August. The total portfolio fiscal year to date is 8.9%, a little under the benchmark. Mr. Richards reviewed the asset classes since inception and each classes' annualized performance. He entertained questions regarding information contained in the Flash Report.

Mr. Richards then distributed copies of a memorandum from William Atwood, Director of ISBI, to Brian Wrubel of Marquette Associates (exhibit A). This memo requested a response from Marquette Associates regarding guidance on prudent changes to the portfolio that might be considered in the context of the liquidity demands described in the memo.

Acting Secretary Blair informed the Board the legislature is expected to return to Springfield in November after the election. The Board discussed the actuary's "bogey"

calculations and it was discussed the possibility of reducing that “bogey”. During this discussion, the Board requested they be kept apprised of Marquette Associates’ response to the memo from Mr. Atwood. There may be a need for alternate valuations but Sandor Goldstein should wait on the Marquette response just in case the state’s contributions are received. If the contributions are not made by the state, it may be necessary to schedule a special meeting after the legislature meets.

Mr. Richards was excused from the remainder of the meeting. A copy of the Flash Report is maintained in the office of the Illinois State Board of Investment.

### **MINUTES OF PREVIOUS MEETING**

The minutes of Meeting No. 306 held on March 26, 2010, were presented by Chairman Hoffman for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On motion by Trustee Bowman and seconded by Trustee Karnezis, the Board unanimously approved the minutes of the March 26, 2010 meeting as submitted.

### **READING OF COMMUNICATIONS**

There were no communications to be read before the Board.

### **REPORT OF THE CHAIRMAN**

The Chairman had no report.

### **REPORT OF THE SECRETARY**

A. P.A. 96-0889. Acting Secretary Blair informed the Board members present that there are some administrative problems with Tier 2 legislation passed by the legislature on March 24, 2010. He explained that he has talked to the appropriate legislative staff regarding these administrative problems and they have indicated their willingness to make the necessary changes to the bill during the fall veto session. He will continue to be in contact with the legislative staff regarding the necessary changes.

B. Financial Statements. Acting Secretary Blair reviewed the Financial Statements and Report of Administrative Expenses through March 31, 2010, and June 30, 2010. The report indicates that \$78.2 million were transferred to ISBI showing a cash balance as of June 30, 2010, of \$16,465,823. He continued by informing those present that it has been the practice of the system to attempt to maintain enough cash for payment of two months of benefits.

Acting Secretary Blair continued in his report by referring the Board member's attention to Schedule 4 of the Financial Statement as of June 30, 2010. This schedule indicates the total JRS Budget of \$722,740,000 with a Projected Budget Variance of \$153,579.78. Following review of the Financial Statements as of March 31, 2010, and June 30, 2010, Justice Karnezis moved for approval of the statements as submitted. Trustee Bowman seconded the motion and all were in favor.

## **REPORT OF MANAGER**

Annuities and Refunds for Approval. Ms. Waldeck reviewed the listings of eight retirement annuities and five survivor annuities processed since the last meeting. She also reported five survivor annuity refunds were paid in the total amount of \$176,459.94 as well as two error refunds totaling \$1,702.89. There being no questions, Trustee Bowman moved for approval of the annuities and refunds as submitted. Trustee Karnezis seconded the motion and all were in favor.

Deaths of Members. Ms. Waldeck reviewed the list of four members whose deaths were reported during this period. This report is made part of these minutes as Exhibit B.

Policy Clarification. A memorandum to the Board from Acting Secretary Blair requested the Board's approval of a clarification of a current policy regarding the application of the automatic annual increase for recalled judges and the effective dates for that increase. Trustee Karnezis moved to approve the replacement of this policy with the proposed clarification. This clarification is made part of these minutes as Exhibit C. Trustee Bowman seconded his motion and it passed unanimously.

Budget Reconciliation. Acting Secretary Blair reviewed the July changes to the JRS budget. He indicated that the FY-11 budget is a 4.06% decrease to the FY-10 budget and a 21.32% increase to FY-10 projected expenditures.

## **NEW BUSINESS**

Ethics Training. Chairman Hoffman voiced his concern whether the Board wants to make an issue of the Ethics Training requirement again this year as promulgated by the Supreme Court. Trustee Karnezis moved to instruct Chairman Hoffman to direct a letter to the Supreme Court after the election date in November. Trustee Jacobius seconded the motion and all were in favor.

Acting Secretary. Chairman Hoffman informed the Board that the State Employees' Retirement System Board of Trustees recently named Timothy Blair as the SERS Executive Secretary, removing the "Acting" title. Chairman Hoffman moved to remove the "Acting" title from Mr. Blair's JRS title and make him the permanent Secretary of the Judges' Retirement

System. Chairman Hoffman further moved to maintain Jayne Waldeck as the JRS Division Manager and Lori Demuzio as Assistant Division Manager. Trustee Karnezis seconded the motion and all were in favor.

## **ADJOURNMENT**

There being no further business to be brought before the Board, Trustee Karnezis moved to adjourn at 11 a.m., seconded by Trustee Bowman. Chairman Hoffman announced the next scheduled meeting will be Friday, October 29, 2010.

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Timothy B. Blair, Secretary

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

APPROVED:

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Chairman