

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 327
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES**

July 31, 2015

A meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, July 31, 2015, 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 John C. Anderson
Rodrigo Garcia, Proxy for State Treasurer Michael Frerichs

Absent was:

Judge Debra Walker, Proxy for Chief Justice Rita Garman

Others present:

Timothy B. Blair, Administrative Secretary
Jeff Houch, Assistant to Secretary
Jayne L. Waldeck, Manager, Judges' Retirement System
Bill Atwood, Director, Illinois State Board of Investment

With a quorum present, Chairperson Schostok called the meeting to order at 10:00 a.m.

PUBLIC COMMENTS

Chairperson Schostok noted there were no members of the public in attendance.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

William Atwood, ISBI Director, distributed copies of the Flash Report dated June 30, 2015 and reviewed the performance of the ISBI portfolio and various selected asset classes. As of June 30, 2015, Mr. Atwood noted the total portfolio provided a 4.2% fiscal year 2015 return, gross of fees, compared to a total portfolio benchmark return of 3.6%. Mr. Atwood continued his presentation by briefly reviewing the FY 2015 performance of several asset classes, noting only the Fixed Income Portfolio and U.S. Equity Portfolio underperformed when compared to their respective benchmark.

Director Atwood continued by informing the Board that since the beginning of the year, there were six new ISBI members. Four members were appointed by Governor Rauner, while the other two were Comptroller Munger and Treasurer Frerichs. He noted the strong investment experience of the new members and the significant time the members have devoted to ISBI, including several special meetings to review the various asset classes. Director Atwood noted the new Board has a sensitivity to investment fees and some skepticism regarding active management.

Director Atwood concluded his report and asked if there were any questions. After a brief discussion about the watch list, Chairperson Schostok thanked him for his informative report and excused him from the remainder of the meeting. Vice-Chairperson Moore moved to approve the ISBI report and Trustee Anderson seconded the motion, which passed unanimously. A copy of the June 30, 2015 ISBI Flash Report is maintained in the ISBI office and made part of these minutes as *Exhibit A*.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 326 held on March 27, 2015, were presented by Chairperson Schostok for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On a motion by Vice-Chairperson Moore and seconded by Trustee Anderson, the minutes of the meeting held March 27, 2015, were unanimously approved.

READING OF COMMUNICATIONS

Chairperson Schostok asked Secretary Blair if there were any communications to be presented to the Board. Secretary Blair distributed correspondence from the former spouse of a JRS member regarding her financial situation. She had requested no action by the Board and none was taken. In addition, correspondence from a JRS member questioning the effect of concurrent SURS service on his JRS benefit was distributed and briefly discussed. Secretary Blair assured the members he would inform them of any developments on either issue.

REPORT OF CHAIRPERSON

Chairperson Schostok offered no report.

REPORT OF ANY TRUSTEE

Vice-Chairperson Moore provided information to the Board regarding a judicial symposium on pension reform. He attended the symposium previously and recommended attendance to the other members.

REPORT OF SECRETARY

Financial Statements of March 31, 2015, and June 30, 2015. Secretary Blair briefly reviewed the financial statements for both periods but focused primarily on the June 30, 2015, reports. He noted for the Board that JRS had total receipts of \$148.5 million and that JRS transferred \$20.7 million to the ISBI investment portfolio between July 1, 2014, and June 30, 2015, up from the \$14 million transferred during FY 2014. The cash balance at June 30, 2015 was slightly more than \$32.6 million, or more than enough to pay two months of benefits. Following the review, Trustee Anderson moved to approve the financial statements as presented. Vice-Chairperson Moore seconded the motion, which passed unanimously. Official copies of these Financial Statements have been placed on file and made a part of these minutes as *Exhibit B*.

Final Review of FY 2016 Operations Budget. Secretary Blair reviewed the Judges' Retirement System requested July changes outlined in the final FY 2016 budget request. Including the proposed July changes to the preliminary JRS budget approved at the April Board meeting, the requested FY 2016 budget totaled \$974,100, or a reduction of 9.81% from the FY 2015 budget. Brief discussion was held and Trustee Anderson moved to approve the FY 2016 budget as presented. Vice-Chairperson Moore seconded the motion and all were in favor.

FY 2015 Funding Update. Secretary Blair informed the Board that the System continues to receive the certified employer contributions in a timely manner.

REPORT OF THE MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed ten retirement annuities processed since the last Board meeting totaling \$99,654.71 per month and eight survivor annuities totaling \$45,164.75 per month. A review of the Refunds for Approval reflected one termination refund of \$13.73, six survivor annuity contribution refunds totaling \$247,599.41 and one error refund of \$110.00 were processed since the last meeting. There being no questions, Trustee Anderson moved for approval of the annuities and refunds. Vice-Chairperson Moore seconded the motion which passed unanimously.

Deaths of Members. Ms. Waldeck reported the deaths of six JRS members since the March meeting. This report is made a part of these minutes as *Exhibit C*.

OLD BUSINESS

No old business was reported.

NEW BUSINESS

Ms. Waldeck informed the Board of an overpayment of approximately \$40,000.00 to retired Judge Bierman. The overpayment was recently discovered by the external auditors and may not be recovered from the retiree due to a statutory provision that prevents the recoupment of certain overpayments when the benefit has been payable for more than three years. Trustee Anderson moved to adjust the monthly benefit of Judge Bierman to the correct amount beginning in August 2015. Vice-Chairperson Moore seconded the motion and it passed unanimously.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Anderson moved to adjourn at 11:25 a.m. His motion was seconded by Vice-Chairperson Moore and passed unanimously. Chairperson Schostok noted the next Board meeting is scheduled for Friday, October 30, 2015, at 10:00 a.m.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairperson Mary S. Schostok