

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS  
MEETING NO. 304  
MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF TRUSTEES**

**MARCH 26, 2010**

The regular meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, March 26, 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

Absent was:

Chief Judge Timothy Evans  
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

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

William Atwood, Director of the ISBI, distributed copies of the Flash Report dated February 28, 2010, to the Board members present. Mr. Atwood requested the Board members refer to the Flash Report and drew the trustees' attention to the one-year performance numbers. Mr. Atwood explained that the markets have come back over the last year. The total portfolio is up 11.1% fiscal year to date, which is less than the benchmark of 12.1%.

The international portfolio is doing fine, posting a fiscal year to date return of 17.7%, but he was not pleased with the real estate performance (-11.7% fiscal year to date). Mr. Atwood also indicated that he was not satisfied with Amalgamated and felt they were in a very bad situation. Another manager, ULLICO is not doing well, but is a different type of fixed income. Lynmar, a manager in the Large-Cap Growth Equity, is going out of business 04/30/2010, therefore, their service was terminated. Mr. Atwood indicated that these were the primary changes dealt with at the last ISBI Board Meeting.

Mr. Atwood further reviewed the performance of the various assets classes and reported the Judges' Retirement System had received FY 2010 employer contributions from the State in excess of \$78 million. Discussion was held and Chairman Hoffman thanked Mr. Atwood for his informative report and excused him 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. 304 held on January 29, 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 January 29, 2010, meeting as submitted.

#### **READING OF COMMUNICATIONS**

Ethics Training. Acting Secretary Blair indicated that a letter had been forwarded to the Chairman Hoffman and the Supreme Court certifying that all board members had received their eight hours of Ethics Training. Discussion was held regarding a previous Attorney General's opinion regarding the authority of the legislature and Governor to require JRS Trustees to receive eight hours of Ethics Training each year.

Tier 2 Pension Formula. Acting Secretary Blair submitted a memo dated March 25, 2010, to the Board Members present regarding the recently passed legislation creating a second tier of benefits for judges who become members of the Judges' Retirement System on or after 01/01/2011. Mr. Blair also distributed copies of Senate Bill 1946 that passed both chambers on March 24, 2010. Discussion was held regarding the affect of this legislation and specific JRS changes, such as benefit formula, retirement age, final average salary, cost of living adjustments and returning to work.

Acting Secretary Blair informed the Board Members that there are concerns with the issue of retirement contributions in the new legislation. The current legislation may provide for new members of the Judges' Retirement System after 01/01/2011 to make contributions to JRS on a salary that is not being used to calculate their pension benefit. He further explained that the legislation bases benefits on a maximum final average salary of the Social Security Covered Wage Base for FY-2010 (\$106,800) with a maximum formula of 60% of final average salary after 20 years on the bench. Acting Secretary Blair also distributed information from the U.S. Bureau of Labor Statistics showing the CPI-U over the last 10 years for the Board Members' review.

Funding Projections. Acting Secretary Blair distributed copies of the JRS Funding Projections to the end of fiscal year 2045 assuming reduced benefits (Tier 2) for members beginning JRS participation on or after 01/01/2011 for the Board to review.

#### **REPORT OF THE CHAIRMAN**

Chairman Hoffman indicated he had no report for the Board at this time.

#### **REPORT OF SECRETARY**

Legislation. Acting Secretary Blair briefly referenced his prior review of Senate Bill 1946.

Preliminary Review of FY-2011 Budget. Acting Secretary Blair referenced the Executive Summary of the FY-2011 Budget Request of the Judges' and General Assembly Retirement Systems. Following review of the Executive Summary, the line item changes and the comparison of projected expenditures for FY-2010 to budget FY-2011, Trustee Bowman moved for approval of the budget and allocations for FY-2011. Trustee Karnezis seconded the motion and all were in favor. The 70/30% budget allocation between the Judges' Retirement System and the General Assembly Retirement System as specified in the contract agreement and as outlined in the FY-2011 Budget Request was reviewed and discussed. It was the consensus of those present to maintain this budget allocation and review it again next January with a possible change to a 75/25% split. This allocation reflected a total budget decrease of 4.8%.

#### **REPORT OF MANAGER**

Annuities and Refunds for Approval. Ms. Waldeck reviewed the listings of eight retirement annuities and four survivor annuities processed since the last meeting. There being no questions, Trustee Karnezis presented a motion to approve the retirement and survivor payments as reported. Trustee Bowman seconded the motion and all were in favor.

A review of refunds reflected four survivor annuity refunds totaling \$140,324.98 and three error refunds totaling \$53,155.44 as being paid during this reporting period. There being no questions regarding the refund payments, on motion by Trustee Karnezis, seconded by Trustee Bowman, and by unanimous vote, the refund payments as reported were approved.

Death of Members. Ms. Waldeck continued by reviewing the list of six members whose deaths were reported subsequent to the last meeting of the Board. This report is made a part of these minutes as Exhibit B.

**UNFINISHED BUSINESS**

There was no unfinished business to be discussed.

**ADJOURNMENT**

There being no further business to be brought before the Board, Trustee Karnezis moved to adjourn at 11:20 a.m., seconded by Trustee Bowman. Chairman Hoffman announced the next scheduled meeting will be Friday, July 30, 2010.

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Timothy B. Blair, Acting Secretary

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Date

APPROVED:

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Chairman