

-JUDGES RETIREMENT SYSTEM OF ILLINOIS
MINUTES OF THE ANNUAL MEETING OF THE
BOARD OF TRUSTEES
MEETING NO. 292
OCTOBER 27, 2006

The annual meeting of the Board of Trustees of the Judges Retirement System of Illinois was held on Friday, October 27, 2006, in Suite N-1810 of the Michael Bilandic Building, 160 North LaSalle Street in Chicago.

Trustees Present:

Justice Thomas E. Hoffman, Chairman
Justice John J. Bowman, Vice Chairman
Justice Frederick Kapala, Proxy for Chief Justice Robert Thomas
Chief Judge Timothy Evans
John Cieslik, Proxy for State Treasurer Judy Baar Topinka

Others Present:

Timothy Blair, Acting Executive Secretary
Scott Richards, Chief Investment Officer,
Illinois State Board of Investment
Sandor Goldstein, Consulting Actuary
Cheryl Bullerman, Recording Secretary

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

ORDER OF BUSINESS

Chairman Hoffman advised that if there were no objections, the order of business would be changed so that Scott Richards and Sandor Goldstein would not have to remain for the entire meeting.

MINUTES OF LAST MEETING

Chairman Hoffman presented the minutes of Meeting No. 291 held on July 28, 2006, for approval. Copies of the minutes were previously furnished to the trustees for preliminary review.

Trustee Cieslik moved that the minutes of Meeting No. 291 be approved as submitted. The motion was seconded by Vice Chairman Bowman, and prevailed by the affirmative vote of all trustees.

ELECTION OF OFFICERS

Chairman Hoffman announced the annual election of officers for the ensuing year was in order and opened the meeting for nominations.

Thereupon, Vice Chairman Bowman nominated Thomas E. Hoffman for reelection as Chairman of the Board, with Trustee Kapala seconding the motion. With no further nominations, the nominations were closed. On motion by Vice Chairman Bowman, seconded by Trustee Cieslik, and unanimously passed, Thomas E. Hoffman was reelected as Chairman for the calendar year 2007. Chairman Hoffman abstained from the vote.

Chairman Hoffman then nominated John J. Bowman for reelection as Vice Chairman. Trustee Kapala seconded the motion. No further nominations were forthcoming; therefore, the nominations were closed. Trustee Cieslik moved to reelect John J. Bowman as Vice Chairman. Trustee Kapala seconded the motion. The vote which followed resulted in the reelection of John J. Bowman as Vice Chairman for calendar year 2007. Vice Chairman Bowman abstained from the vote.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

Scott Richards, Chief Investment Office for the Illinois State Board of Investment provided Board members with copies of the Illinois State Board of Investment Executive Summary for the period ending September 30, 2006 and addressed the trustees.

Mr. Richards advised that the total fund reflected a positive 2.9% return for the first quarter of fiscal year 2007. Mr. Richards reviewed the performance of the individual asset classes which reflected most of the asset classes lagging the benchmark for the first quarter of the fiscal year.

After entertaining questions raised by Board members. Chairman Hoffman thanked Mr. Richards for his informative report, and excused him from the remainder of the meeting. A copy of this executive summary is maintained in the office of the Illinois State Board of Investment.

PRESENTATION OF THE JUNE 30, 2006 ACTUARIAL VALUATION

Sandor Goldstein, consulting actuary, distributed copies of the June 30, 2006 preliminary actuarial valuation and addressed the Board. The purpose of the valuation is to determine the financial position and funding requirements of the System. The actuarial assumptions accepted by the Board during their July 28, 2006 meeting, were used for the June 30, 2006 actuarial valuation.

Mr. Goldstein directed attention to Exhibit 1 summarizing the System's membership data. Exhibit 2 reflects the actuarial value of assets, with Exhibit 3 following with the actuarial liability. Exhibit 4 reflects the employer's normal cost for the year beginning July 1, 2006, which was expressed as 23.47% of payroll.

Mr. Goldstein advised that the market value of the assets of the System, less the amount of liabilities, was used for purposes of this valuation. The resulting actuarial value of assets as of June 30, 2006 was \$599,234,149.

The net rate of investment return earned by the net assets of the System, based on assets valued at market, was approximately 11.1% in comparison with the assumed rate of 8.0%. This resulted in a decrease in the unfunded liability of \$17,213,516. With salaries increasing approximately 2.3% rather than an assumed rate of 5.5%, a decrease in the unfunded liability of \$18,612,759 resulted. As of June 30, 2006, the total actuarial liability is \$1,291,394,861, and the unfunded actuarial liability is \$692,160,712. The unfunded actuarial liability reflected an increase of \$20 million from the previous fiscal year. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 46.4%.

Based on Public Act 94-0004, the required state contribution for fiscal year 2008 is \$46,872,500, or 32.62% of a projected payroll of \$143,700,000. This required contribution rate is not dependent on the results of the June 30, 2006 actuarial valuation.

After final numbers have been received from the Illinois State Board of Investment, the June 30, 2006 actuarial valuation will be finalized. Mr. Goldstein addressed questions raised by the trustees, and was then excused from the remainder of the meeting.

CERTIFICATION OF FY 2008 STATE CONTRIBUTION RATE.

Chairman Hoffman advised that while the state contribution to the System is predicated on the statutory formula established under Public Act 88-0953, as modified by Public Acts 93-0002 and 94-0004, the Board must, by law, certify the fiscal year 2008 state contributions to the Governor by November 15 of each year.

Trustee Cieslik presented a motion to accept Goldstein & Associates' actuarial valuation report as of June 30, 2006, and, by statutory mandate, certify the FY 2008 contributions of \$46,872,500. Trustee Evans seconded the motion, which prevailed by the affirmative vote of all trustees.

READING OF COMMUNICATIONS

There were no communications to be read.

REPORT OF CHAIRMAN

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

REPORT OF SECRETARY

Calendar Year 2007 Meeting Dates In order to abide by the Open Meetings Act, it is necessary to post a schedule of meetings for the ensuing year in the System's offices and on the web site, as well as publish the schedule in a state newspaper.

The following meeting dates, which do not conflict with the Chief Judges' meetings, were agreed upon for calendar year 2007:

Friday, January 26

Friday, March 30

Friday, July 27

Friday, October 26

All meetings are held in the Michael Bilandic Building, 160 North LaSalle Street, Chicago, Illinois.

Financial Statements and Report of Administrative Expenses

Acting Secretary Blair directed the trustees' attention to the financial statements for the first quarter of fiscal year 2007. Receipts and disbursements were reviewed, and it was reported that \$4.4 million was transferred from the Illinois State Board of Investment to pay benefits during the first quarter of fiscal year 2007. Administrative expenses totaled \$106,251.55 for the period ending September 30, 2006. Lapse period expenditures (July 1, 2006 through August 31, 2006) amounted to \$6,364.54.

On motion by Trustee Cieslik, seconded by Vice Chairman Bowman, and unanimously passed, the Board accepted the financial statements for the period July 1, 2006 through September 30, 2006. Official copies of these financial statements have been placed on file and made part of the minutes of this meeting as Exhibit A.

Allocation of Shared Expenses Acting

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, 2005 through April 30, 2006. The recap schedule of shared services indicated that JRS/GARS performed a net \$898 more in services for SERS on a monthly basis. The previous survey for the period of May 1, 2004 through April 30, 2005 reported that JRS/GARS performed a net \$1,453 more in services for SERS on a monthly basis.

There being no questions, Trustee Evans moved to accept the allocation of shared services for the twelve month period of May 1, 2005 through April 30, 2006. The motion was seconded by Vice Chairman Bowman, and unanimously passed by an affirmative vote of all trustees present.

Retirement and Survivor's Annuities and Refunds Acting

Secretary Blair directed the trustees' attention to reports regarding annuities and refunds. Nineteen retirement annuities, and two survivor annuities were reviewed.

A review of the refunds reflected five survivor annuity refunds totaling \$174,710.84, one termination refund in the amount of \$6.78, and four error refunds in the amount of \$5,983.11 being paid.

There being no questions regarding the annuity and refund payments, Trustee Cieslik moved to approve the applications and reports. This motion was seconded by Trustee Kapala, with an affirmative vote of all trustees.

Official copies of this report are on file in the System's Office, and marked Exhibit B.

Death of Members. Acting Secretary Blair continued by reporting the deaths of six members since the July, 2006 meeting. This report is on file in the System's office as Exhibit C.

UNFINISHED BUSINESS

There was no unfinished business to be brought before the Board.

NEW BUSINESS

Disability Benefit Two statements from Judge Harold Pennock, III's attending physicians regarding his continued permanent disability were reviewed.

The trustees were also provided with a statement from the System's medical consultant who has reviewed the file. The System's medical consultant is of the opinion that Judge Pennock continues to be permanently disabled.

Following discussion, on motion by Trustee Evans, seconded by Trustee Cieslik, and unanimously passed, the Board approved the continued permanent disability benefit for Judge Harold Pennock, III.

Blind Mailing An e-mail has been received from the Illinois Institute for Continuing Legal Education requesting approval of a blind mailing to retired judges regarding volunteer speakers for continuing education.

Trustees were advised that groups requesting mailings are not actually provided with names and addresses, but the mailings are handled by a mailing service. All costs involved in the mailing are paid for by the requesting group.

Trustee Kapala presented a motion to approve the request of the Illinois Institute for Continued Legal Education for a blind mailing. Vice Chairman Bowman seconded the motion, and all were in favor.

ADJOURNMENT

There being no further business to be brought before the Board, Vice Chairman Bowman moved to adjourn at 11:50 A.M., seconded by Trustee Cieslik.

Chairman Hoffman announced the next scheduled meeting will be Friday, January 26, 2007, at 10:00 a.m.

Acting Secretary

Date: _____

APPROVED:

Chairman