

**JUDGES RETIREMENT SYSTEM OF ILLINOIS**  
**MINUTES OF THE ANNUAL MEETING OF THE**  
**BOARD OF TRUSTEES**  
**MEETING NO. 296**  
**OCTOBER 26, 2007**

The annual meeting of the Board of Trustees of the Judges Retirement System of Illinois was held on Friday, October 26 2007 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 Thomas Callum,  
Proxy for Chief Justice Robert Thomas  
Chief Judge Timothy Evans

Absent was:

Alexi Giannoulis, Treasurer,  
Ex-Officio Member

Others Present:

Timothy Blair, Acting Executive Secretary  
William Atwood, Director, 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.

## **REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT**

William Atwood, Director of the Illinois State Board of Investment provided the trustees with copies of the Executive Summary as of September 30, 2007. The year to date return for the portfolio is 9.3%, while the fiscal year to date return is 1.1%. Mr. Atwood advised that the year to date number is significant based on the benchmark. He briefly reviewed the performance of the various asset classes.

Mr. Atwood then distributed a report reflecting the performance of the portfolio for fiscal year 2007 which reflected a 17.4% return.

After entertaining questions raised by Board members, Chairman Hoffman thanked Mr. Atwood 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.

## **MINUTES OF PREVIOUS MEETING**

Chairman Hoffman presented the minutes of Meeting No. 295 held on July 27, 2007, for approval. Copies of the minutes were previously furnished to the trustees for preliminary review.

Vice Chairman Bowman moved that the minutes of Meeting No. 295 be approved as submitted. The motion was seconded by Trustee Callum, and prevailed by the affirmative vote of all trustees.

## **READING OF COMMUNICATIONS**

There was no report.

## **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, Trustee Callum nominated Thomas E. Hoffman for reelection as Chairman of the Board. Trustee Evans seconded the nomination. With no further nominations, the nominations were closed. The vote which followed resulted in the unanimous reelection of Thomas E. Hoffman as Chairman for the calendar year 2008. Chairman Hoffman abstained from the vote.

Trustee Callum then nominated John J. Bowman for reelection as Vice Chairman. Chairman Hoffman seconded the motion. No further nominations were forthcoming; therefore, the nominations were closed. The following vote resulted in the unanimous reelection of John J. Bowman as Vice Chairman for calendar year 2008. Vice Chairman Bowman abstained from the vote.

### **REPORT OF CHAIRMAN**

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

### **REPORT OF SECRETARY**

**Calendar Year 2008 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. Should changes be necessary, proper notices will be posted.

As long as the dates do not conflict with other judicial meetings, the following meeting dates, were agreed upon for calendar year 2008:

Friday, January 25  
Friday, March 28  
Friday, July 25  
Friday, October 24

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 2008. Receipts and disbursements were reviewed, and it was reported that \$10.1 million had been transferred from the Illinois State Board of Investment during the first quarter of fiscal year 2008. Administrative expenses totaled \$95,601.33 for the period ending September 30, 2007. Lapse period expenditures (July 1, 2007 through August 31, 2007) amounted to \$6,757.50.

Acting Executive Secretary Blair distributed corrected copies of the fiscal year 2007 fourth quarter Statement of Cash Receipts, Disbursements and Balances; Statement of Budget, Expenses and Balance;, and Reconciliation of Treasurer's Report. Due to payroll vouchers not being entered into the accounting records as of the date of issuance, the Statement of Cash Receipts, Disbursements and Balances was overstated and the Report of Administrative Expenses for the fourth quarter of FY 2007 was understated.

On motion by Vice Chairman Bowman, seconded by Trustee Callum, and by unanimous vote, the Board accepted the financial statements for the first quarter of fiscal year 2008, as well as the lapse period expenditures. Also accepted was the corrected fiscal year 2007 fourth quarter financial statements.

Official copies of these financial statements have been placed on file and made part of the minutes of this meeting as Exhibit A.

**Retirement and Survivor's Annuities and Refunds** Acting Secretary Blair directed the trustees' attention to reports regarding annuities and refunds. Fifteen retirement annuities, and eight survivor annuities were reviewed.

There being no questions, Trustee Evans presented a motion to approve the retirement and survivor payments as reported. Trustee Callum seconded the motion and all were in favor.

A review of the refunds reflected two survivor annuity refunds totaling \$67,073.44, two termination refunds in the amount of \$43,570.67, and three error refunds in the amount of \$1,878.03 being paid. One death before retirement refund totaling \$146,685.28 and one death after retirement totaling \$18,846.47 were also paid.

There being no questions regarding the refund payments, on motion by Trustee Evans seconded by Trustee Callum, and by unanimous vote, the refund payments as reported were approved.

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

**Death of Members** Acting Secretary Blair continued by reporting the deaths of ten members since the July, 2007 meeting. This report is on file in the System's office as Exhibit C.

### **PRESENTATION OF THE JUNE 30, 2007 ACTUARIAL VALUATION**

Sandor Goldstein, consulting actuary, distributed copies of the June 30, 2007 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, 2007 actuarial valuation.

Mr. Goldstein directed attention to Exhibit 1 summarizing the System's membership data. Exhibit 2 reflects the actuarial value of assets, followed by the actuarial liability shown in Exhibit 3. Exhibit 4 reflects the employer's normal cost for the year beginning July 1, 2007, which was expressed as 23.12% based on a payroll of \$148,931,032.

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, 2007 was \$670,090,950.

The net rate of investment return earned by the assets of the System, based on assets valued at market, was approximately 16.8% in comparison to the assumed rate of 8.0%. This resulted in a decrease in the unfunded liability of \$51,310,984. With salaries increasing approximately 4.3% rather than an assumed rate of 5.0%, a decrease in the unfunded liability of \$3,952,822 resulted. As of June 30, 2007, the total

actuarial liability is \$1,385,339,573, and the unfunded actuarial liability is \$715,248,623. The unfunded actuarial liability reflected an increase of \$23 million from the previous fiscal year. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 48.4%.

Based on Public Act 94-0004, the required state contribution for fiscal year 2009 is \$59,983,000, or 38.54% of a projected payroll of \$155,645,000. This required contribution rate is not dependent on the results of the June 30, 2007 actuarial valuation.

Mr. Goldstein addressed questions raised by the trustees, and was then excused from the remainder of the meeting.

### **CERTIFICATION OF FY 2009 STATE CONTRIBUTION**

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 2009 state contribution to the Governor by November 15 of each year.

Trustee Evans presented a motion to accept Goldstein & Associates' actuarial valuation report as of June 30, 2007, and, certify the FY 2009 state contribution of \$59,983,000, or 38.54%. Trustee Callum seconded the motion, which prevailed by the affirmative vote of all trustees present.

### **UNFINISHED BUSINESS**

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

### **NEW BUSINESS**

**Disability Benefit - Judge Harold Pennock III** Two statements from Judge Harold Pennock III's attending physicians regarding his continued permanent disability have been received and are being reviewed by the System's medical consultant.

Following discussion, on motion by Trustee Evans, seconded by Trustee Callum, and unanimously passed, the Board approved the continued permanent disability benefit for Judge Harold Pennock, III contingent upon review and a finding of disability by the System's medical consultant.

**Disability Benefit - Judge Melvin Cole** Two statements from Judge Melvin Cole's attending physicians regarding his temporary total disability were received, and are being reviewed by the System's medical consultant.

Following discussion, on motion by Trustee Evans, seconded by Trustee Callum, and by unanimous vote, the Board approved the disability benefit for Judge Melvin Cole contingent upon review and a finding of disability by the System's medical consultant.

**Lawsuit Authorization** Chairman Hoffman advised the Board members that John Filan, former Director of the Governor's Office of Management and Budget, had withdrawn money from the Illinois State Board of Investment to deposit into the General Revenue Fund. The Judges Retirement System's share of the commingled funds is 2%. Chairman Hoffman wants the money returned, and does not want this to happen again.

Following discussion, the Board authorized Chairman Hoffman to file a lawsuit on their behalf for the return of the funds to ISBI, and to place an injunction against state officials to avoid this situation in the future.

## **ADJOURNMENT**

There being no further business to be brought before the Board, Trustee Evans moved to adjourn at 11:30 A.M., seconded by Trustee Callum.

Chairman Hoffman announced the next scheduled meeting will be Friday, January 25, 2008.

\_\_\_\_\_  
Acting Secretary

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

APPROVED:

\_\_\_\_\_  
Chairman