

**JUDGES RETIREMENT SYSTEM OF ILLINOIS**  
**MINUTES OF THE ANNUAL MEETING OF THE**  
**BOARD OF TRUSTEES**  
**MEETING NO. 300**  
**OCTOBER 24, 2008**

The annual meeting of the Board of Trustees of the Judges Retirement System of Illinois was held on Friday, October 24 2008 in Suite N-1810 of the Michael Bilandic Building, 160 North LaSalle Street in Chicago.

Trustees Present:

Justice John J. Bowman, Vice Chairman  
Justice Alan J. Greiman,  
Proxy for Chief Justice Thomas R. Fitzgerald  
Chief Judge Timothy Evans

Absent were:

Justice Thomas E. Hoffman, Chairman  
Alexi Giannoulis, State Treasurer, Ex-Officio Member

Others Present:

Timothy Blair, Acting Secretary  
David Rolf, Attorney for the System  
William Atwood, Director, Illinois State Board of Investment  
Sandor Goldstein, Goldstein & Associates  
Cheryl Bullerman, Recording Secretary  
Timothy Elliott, Attorney for Phillip Equi  
Verna Campbell, Transcription Services, Inc.  
Andy Bevernitz, Transcription Services, Inc.  
Victoria Rock, Transcriptions Services, Inc.

In the absence of Chairman Hoffman, Vice Chairman Bowman 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 an executive summary draft as of September 30, 2008.

Mr. Atwood advised the trustees that the portfolio as of June 30, 2007 was \$12.7 billion, as of June 30, 2008 it was \$11.3 billion, and as of September 30, 2008 it was \$10.2 billion. The year to date return for the portfolio is -13.2% while the fiscal year to date return is -8.0%. Several of the asset classes were reviewed.

After entertaining questions raised by Board members, Vice Chairman Bowman 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.

## **PRESENTATION OF THE JUNE 30, 2008 ACTUARIAL VALUATION**

Sandor Goldstein, consulting actuary, distributed copies of the June 30, 2008 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, 2008 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, 2008, which was expressed as 23.25% based on a payroll of \$154,143,865.

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, 2008 was \$612,680,574.

The net rate of investment return earned by the assets of the System, based on assets valued at market, was approximately -5.8% in comparison to the assumed rate of 8.0%. This resulted in an increase in the unfunded liability of \$90,806,378. With salaries increasing approximately 3.5% rather than an assumed rate of 5.0%, a decrease in the unfunded liability of \$8,834,677 resulted. As of July 1, 2008, the total actuarial liability is \$1,457,336,054, and the unfunded actuarial liability is \$844,655,480. The unfunded actuarial liability reflected an increase of \$129,406,857 from the previous fiscal year. The ratio of the actuarial value of assets to the actuarial liability, or funded ratio, is 42%.

Based on Public Act 94-0004, the required state contribution for fiscal year 2010 is \$78,832,000, or 48.91% of a projected payroll of \$161,164,000.

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

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

Vice Chairman Bowman 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 2010 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, 2008, and, certify the FY 2010 state contribution of \$78,832,000, or 48.91% of projected payroll. Trustee Greiman seconded the motion, which prevailed by the affirmative vote of all trustees present.

## **MINUTES OF MARCH 30, 2008 MEETING**

Vice Chairman Bowman presented the minutes of Meeting No. 298 held March 30, 2008 for approval. Trustees were previously furnished copies for review and comments.

On motion by Trustee Evans, seconded by Trustee Greiman, and by unanimous vote, the minutes of the March 30, 2008 meeting were approved.

## **MINUTES OF PREVIOUS MEETING**

The trustees deferred presenting the minutes of Meeting No. 299 held July 25, 2008 for approval at this time. The minutes will be presented at the January 30, 2009 meeting.

## **READING OF COMMUNICATIONS**

There was no report.

## **ELECTION OF OFFICERS**

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

Thereupon, Trustee Greiman nominated Thomas E. Hoffman for reelection as Chairman. Trustee Evans seconded the nomination. There being no further nominations, the nominations were closed. The vote which followed, resulted in the unanimous reelection of Justice Hoffman to the office of Chairman for the calendar year 2009.

Trustee Greiman then nominated John J. Bowman for reelection to the office of Vice Chairman. Trustee Evans seconded the motion. With no further nominations, the nominations were closed. With Justice Bowman abstaining, the vote which followed resulted in the unanimous reelection of Justice Bowman as Vice Chairman for the ensuing year.

Trustee Greiman then nominated Timothy Blair for reelection as Secretary. Trustee Evans seconded the motion. No further nominations were forthcoming, and the nominations were closed. The vote resulted in the unanimous reelection of Timothy Blair as Secretary.

## **REPORT OF CHAIRMAN**

Vice Chairman Bowman indicated he had nothing to report at this time.

## **REPORT OF SECRETARY**

Calendar Year 2009 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 2009:

Friday, January 30  
Friday, March 27  
Friday, July 24  
Friday, October 30

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 2009. Receipts and disbursements were reviewed, and it was reported that \$3,250,000.00 had been transferred from the Illinois State Board of Investment during the first quarter of fiscal year 2009. Administrative expenses totaled \$98,832.10 for the period ending September 30, 2008. Lapse period expenditures (July 1, 2008 through August 31, 2008) amounted to \$28,078.84.

On motion by Trustee Evans, seconded by Trustee Greiman, and by unanimous vote, the Board accepted the financial statements for the first quarter of fiscal year 2009, as well as the lapse period expenditures as presented.

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

## **REPORT OF ACTING MANAGER**

**Retirement and Survivor's Annuities and Refunds** In the absence of Jayne Waldeck, Acting Manager, Executive Secretary Blair directed the trustees' attention to reports regarding annuities and refunds. Nine retirement annuities and five survivor annuities were reviewed.

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

A review of the refunds reflected five survivor annuity refunds totaling \$89,019.44, one termination refund in the amount of \$29,417.15, and two error refunds as being paid.

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

Official copies of these reports are made a part of these minutes as Exhibit B.

**Death of Members** Mr. Blair continued by reporting the deaths of nine members since the July, 2008 meeting. This report is made a part of these minutes as Exhibit C.

## **UNFINISHED BUSINESS**

### **Phillip C. Equi, Disabled Adult Child - Hearing**

Timothy Elliott, attorney for Phillip C. Equi, appeared before the Board at this time to present his appeal for a disabled adult child benefit for Phillip C. Equi. A record of this hearing will be made a part of Judge Phillip R. Equi's file.

At 11:25 A.M., on motion by Trustee Greiman, seconded by Trustee Evans, and by the affirmative vote of all trustees present, the Board entered into executive session to discuss the request of Phillip C. Equi.

The open session of this meeting resumed at 11:40.

Vice Chairman Bowman granted Mr. Elliott two weeks to prepare and submit a brief. Due to Mr. Rolf's schedule, he was granted until December 5 to respond, and Mr. Elliott was granted another two weeks to prepare and submit his response. At that time, the Board will review all evidence, and a decision will be made.

## **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 were reviewed by the System's medical consultant.

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

## **ADJOURNMENT**

Prior to adjournment, Trustee Greiman presented a motion to wish Chairman Hoffman a full and speedy recovery. Trustee Evans seconded the motion, and requested the minutes reflect they look forward to his return.

There being no further business to be brought before the Board, Trustee Evans moved to adjourn at 12:05 P.M., seconded by Trustee Greiman.

Vice Chairman Bowman announced the next scheduled meeting will be Friday, January 30, 2009.

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

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

APPROVED:

\_\_\_\_\_  
Vice Chairman