

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS  
MEETING NO. 303  
MINUTES OF THE ANNUAL MEETING  
OF THE  
BOARD OF TRUSTEES**

**OCTOBER 30, 2009**

The annual meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, October 30, 2009, 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 were:

Chief Judge Timothy C. 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  
Sandor Goldstein, Consulting Actuary  
Steve Bochenek, Attorney, Sorling, Northrup, Hanna, Cullen & Cochran, Ltd.

**MINUTES OF PREVIOUS MEETING**

The minutes of Meeting No. 302 held on July 31, 2009, were presented by Chairman Hoffman for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On motion by Trustee Karnezis and seconded by Trustee Bowman, the Board unanimously approved the minutes of the July 31, 2009 meeting as submitted.

**READING OF COMMUNICATIONS**

There were no communications to be read.

**ELECTION OF OFFICERS**

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

Trustee Karnezis nominated Thomas E. Hoffman for reelection as Chairman. Trustee Bowman 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 2010.

Trustee Karnezis then nominated John J. Bowman for reelection to the office of Vice Chairman. Chairman Hoffman seconded the motion. With no further nominations, the nominations were closed. The vote which followed resulted in the unanimous reelection of Justice Bowman as Vice Chairman for the calendar year 2010.

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

#### **REPORT OF CHAIRMAN**

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

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

William Atwood, Director of ISBI, provided the trustees with copies of the Flash Report draft dated August 31, 2009.

Mr. Atwood advised the trustees that the portfolio as of August 31, 2009 totaled \$9.3 billion. This compared to an assets valuation of \$8.7 billion at June 30, 2009 and \$11.3 billion at June 30, 2008. The year to date return for the entire portfolio is 8.8%, while the fiscal year to date return is 6.7%. The return of several of the individual assets classes were discussed and reviewed.

After entertaining several questions raised by the Board members, 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.

#### **PRESENTATION OF THE JUNE 30, 2009 ACTUARIAL VALUATION**

Sandor Goldstein, Consulting Actuary, distributed copies of the June 30, 2009 Actuarial Valuation and addressed the Board. The purpose of the valuation is to determine the financial position and funding requirements of JRS. The actuarial assumptions adopted by the Board at the July 28, 2006 meeting were used for the June 30, 2009 actuarial valuation.

Mr. Goldstein reviewed the highlights of this year's valuation and advised the trustees that JRS is now statutorily required, per Public Act 96-0043, to base funding requirements on the actuarial value of assets, rather than the market value of assets. The Actuarial Value of Assets is computed by "smoothing assets," or realizing only 20% of actuarial gains or losses on investments in the year in which they occur, and deferring the remaining 80% of these gains and losses to the subsequent four fiscal years.

The Actuarial Value of Assets as of June 30, 2009 was \$616,849,071, while the market value of assets on the date totaled \$483,557,337. Based on the actuarial value of assets, the total unfunded actuarial liability of JRS at June 30, 2009 equaled \$931,660,464. The funded ratio was 39.8% on that date. The current funding law still provides for achieving a 90% funded ratio by FY 2045.

Based on Public Act 94-0004, the required state contribution for fiscal year 2011 is \$90,251,000, or 53.35% of a projected payroll of \$169,155,000.

Questions were entertained by Mr. Goldstein; he was then excused from the remainder of the meeting.

#### **CERTIFICATION OF FY 2011 STATE CONTRIBUTION**

Chairman Hoffman advised that while the State contribution to JRS is predicated on the statutory formula established under Public Act 88-593, as modified by Public Acts 93-0002 and 94-0004, the Board must, by law, certify the fiscal year 2011 State contribution to the Governor and General Assembly by November 15<sup>th</sup>.

Trustee Bowman moved to certify the required FY 2011 state contribution and accept Goldstein & Associates' actuarial valuation report as of June 30, 2009. The FY 2011 state contribution of \$90,251,000 amounts to 53.35% of projected payroll of \$169,155,000. Trustee Karnezis seconded the motion and all were in favor.

#### **REPORT OF SECRETARY**

Secretary Blair informed the Board members present that there was no pension legislation to report.

Calendar Year 2010 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 website, as well as publish the schedule in a state newspaper. Should changes be necessary, proper notices will be posted per Open Meetings Act requirements.

Trustee Karnezis moved to approve the following meeting dates for calendar year 2010. Trustee Bowman seconded the motion and all were in favor.

Friday, January 29, 2010  
Friday, March 26, 2010  
Friday, July 30, 2010  
Friday, October 29, 2010

Ethics Training. Secretary Blair informed those trustees present that there would be Ethics Training following today's meeting. In addition, ISBI has invited all JRS trustees to attend ethics training planned for December 2009. Upon completion of all training, Chairman Hoffman will certify to the Supreme Court that the trustees of JRS have completed the ethics and educational training required by Public Act 96-0006.

Financial Statements and Reports of Administrative Expenses. Secretary Blair directed the trustees' attention to the financial statements for the period July 1, 2009 through September 30, 2009. He reviewed the Statement of Cash Receipts, Disbursements and Balances for the quarter, which ended with a Cash Balance of \$35,440,361.39. The Cash Balance of the Excess Benefit Fund showed a balance of \$163,739.62. In reference to the Statement of Investment Account with the ISBI, the total funds transferred from ISBI for the quarter was \$10,900,000. In reviewing the Statement of Budget, Expenses and Balances for the quarter, Schedule 4A reflected total disbursements from JRS to be \$143,020.22 through September 30, 2009.

On motion by Trustee Bowman, seconded by Trustee Karnezis, and by unanimous vote, the Board accepted the financial statements for the first quarter of fiscal year 2010.

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 MANAGER**

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

A review of the refunds reflected two survivor annuity refunds totaling \$20,348.17 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.

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

Death of Members. Ms. Waldeck continued by reporting the deaths of seven members since the July 2009 meeting. This report is made a part of these minutes as Exhibit C.

**UNFINISHED BUSINESS**

Nothing to report.

**NEW BUSINESS**

Judge Richard M. Stock – Temporary Disability Benefit. Two statements from Judge Stock’s attending physicians accompanied his application for temporary disability benefits. These documents were submitted to the Board members for review. Following some discussion, on motion by Trustee Karnezis, seconded by Trustee Bowman, and unanimously passed, the Board approved the Temporary Disability Benefit for Judge Richard M. Stock.

Judge Melvin J. Cole – Temporary Disability Benefit. Judge Cole has been in receipt of Temporary Disability Benefits since December 2007. His eligibility to continue receiving Temporary Disability Benefits is due for a review. At the date of this meeting, medical evidence to substantiate the ongoing disability had not been received. Therefore, this case is deferred.

**ADJOURNMENT**

There being no further business to be brought before the Board, Trustee Karnezis moved to adjourn at 11:45 a.m., seconded by Trustee Bowman. Chairman Hoffman announced the next scheduled meeting will be Friday, January 29, 2010.

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Timothy B. Blair, Acting Secretary

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Date

APPROVED:

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Chairman

