

JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 308
MINUTES OF THE ANNUAL MEETING
OF THE
BOARD OF TRUSTEES

OCTOBER 22, 2010

The annual meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, October 22, 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
Chief Judge Timothy C. Evans

Absent was:

Treasurer Alexi Giannoulis

Others present:

Timothy B. Blair, Secretary
Jayne L. Waldeck, Manager, Judges' Retirement System
William Atwood, Director, Illinois State Board of Investment
Sandor Goldstein, Consulting Actuary
Paul Miller, Treasurer's Office

REVIEW OF INTEREST RATE ASSUMPTION & ACTUARIAL REPORT AS OF 6/30/2010

Sandor Goldstein presented an analysis of the Board's 8% investment return assumption. Based on the analysis, Trustee Bowman moved to adopt a more conservative 7% investment return assumption, with the stipulation that the JRS would review the assumption in a year. Trustee Evans seconded the motion and all trustee voted in the affirmative.

Mr. Goldstein continued by presenting the June 30, 2010 actuarial valuation to the Board. Mr. Goldstein reported the actuarial liabilities at June 30, 2010 to total \$1,819,447,826 while actuarial assets totaled \$619,925,786, resulting in a funded ratio of 34.1%. Based on the current financial condition of the System and the statutory funding plan, the required contribution FY 2012 State contribution totaled \$63,628,000. He further explained that these total contributions dropped dramatically from the FY 2011 certified contributions due to the new Tier 2 benefit structure for judges who become members of

JRS after December 31, 2010. This FY 2012 certified contribution assumes the State makes the entire FY 2011 certified contribution to JRS. To date, no employer contributions have been received by JRS

Following some discussion on the absence of an FY 2011 employer contribution to JRS and the effect on required future employer contributions to JRS, Mr. Goldstein presented the Board with a supplemental FY 2012 certified amount of \$67,975,000. This supplemental certified amount is based on the current statutory funding plan, but reflects the amount required to be contributed to JRS if the State makes no FY 2011 employer contribution to JRS.

Trustee Karnezis moved to approve the dual certification amount of \$63,628,000 in FY 2012 if the State is able to pay the FY 2011 contribution to JRS, and \$67,975,000, in FY 2012 if the State does not make the FY 2011 employer contribution to JRS. Trustee Bowman seconded the motion and all trustees present voted in the affirmative.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

William Atwood, Director of the ISBI, distributed copies of the Flash Report dated September 30, 2010, to the Board for review and discussion. Mr. Atwood requested the Board members refer to the Flash Report and drew the trustees' attention to the Annualized Performance Year to Date. He indicated the Total Portfolio is up 5.1% and the Total Fixed Income is up 5.6%. Investment Managers ULLICO and Amalgamated are underperforming and continue to have problems, primarily due to the poor performance in the real estate market.

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. 307 held on July 30, 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 July 30, 2010 meeting as submitted.

READING OF COMMUNICATIONS

There were no communications to be read.

REPORT OF THE CHAIRMAN

Chairman Hoffman had nothing to report.

ELECTION OF OFFICERS

Following some discussion, Trustee Karnezis moved that the existing officers be appointed for another year. No new nominations were made; therefore, Chairman Hoffman, Vice Chairman Bowman and Secretary Blair were nominated to continue as officers of the Judges' Retirement System Board of Trustees in 2011. Trustee Bowman seconded the motion and all were in favor.

REPORT OF SECRETARY

2011 Meeting Dates. The meeting dates for the coming year have been scheduled and provided to the Board members to include in their calendars. The 2011 JRS Board of Trustee Meeting Dates are as follows: January 28, 2011; March 25, 2011; July 29, 2011; and October 28, 2011. Trustee Karnezis moved to adopt these dates for calendar year 2011. Trustee Bowman seconded the motion and all were in favor.

Financial Statements and Reports of Administrative Expenses. Secretary Blair directed the trustees' attention to the financial statements for the period July 1, 2010 through September 30, 2010. He reviewed the Statement of Cash Receipts, Disbursements and Balances for the quarter, which ended with a Cash Balance of \$16,228,188.33. The Cash Balance of the Excess Benefit Fund showed a balance of \$82,106.20. In reference to the Statement of Investment Account with ISBI, funds transferred from ISBI during this quarter totaled \$19,400,000 resulting in total projected fund transfers from ISBI during fiscal year 2011 of \$83,100,000. In reviewing the Statement of Budget, Expenses and Balances for the quarter, Schedule 4A reflected total disbursements from JRS to be \$192,228.36 through September 30, 2010.

On motion by Trustee Karnezis, seconded by Trustee Bowman, and by unanimous vote, the Board accepted the financial statements for the first quarter of fiscal year 2011. 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 listing of twenty-two retirement annuities and two 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 one survivor annuity refund totaling \$55,568.65 and four error refunds totaling \$65,682.68 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.

Deaths of Members. Ms. Waldeck continued by reporting the deaths of five members since the July 2010 meeting. This report is made a part of these minutes as Exhibit B.

OLD BUSINESS

Judge Melvin J. Cole – Temporary Disability Review. The System’s medical consultant reviewed physician statements submitted by Judge Cole to substantiate his disabling condition and felt that the information contained in the statements was sufficient to establish ongoing disability. Judge Cole is eligible to remain on temporary disability with JRS through the end of his term, December 6, 2010. At that time, Judge Cole will be eligible to apply for pension benefits from JRS.

Following review of this information, Trustee Evans moved to approve the temporary disability benefit for Judge Cole and Trustee Karnezis seconded that motion. All were in favor.

Retirement Resolution – Robin Edgar. Ms. Waldeck submitted a Resolution prepared for presentation to Robin Edgar, who is retiring from JRS after more than 30 years of service with the State Retirement Systems. Following review of the Resolution, Trustee Evans moved to accept the Resolution for Robin Edgar and Trustee Bowman seconded his motion. All were in favor.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Karnezis moved to adjourn at 11:30 a.m., seconded by Trustee Bowman. Chairman Hoffman announced the next scheduled meeting will be Friday, January 28, 2011.

Timothy B. Blair, Secretary

Date

APPROVED:

Chairman