

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 312
MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF TRUSTEES

OCTOBER 28, 2011**

The regular meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, October 28, 2011, 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 Bowman, Vice-Chairman
Chief Judge Timothy Evans
Edmund Michalowski, Proxy for State Treasurer Dan Rutherford

Absent was:

Justice Themis N. Karnezis, Proxy for Chief Justice Thomas L. Kilbride

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

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

William Atwood, Executive Director of ISBI, distributed copies of the Flash Report dated September 30, 2011, to the Board members present. He reviewed the performance of the various asset classes within the portfolio and answered several questions pertaining to the portfolio and the economy. Chairman Hoffman thanked Director 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 and made a part of the minutes of the meeting as Exhibit A.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 311 held on July 29, 2011, 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 Chairman Hoffman, the Board unanimously approved the minutes of the July 29, 2011, meeting as submitted.

ACTUARIAL VALUATION AS OF JUNE 30, 2011

Sandor Goldstein, Consulting Actuary, presented copies of the JRS actuarial valuation as of June 30, 2011, to the members of the Board for review and discussion. Mr. Goldstein reviewed the "Summary of Membership Data" contained in his report to provide the Board with information regarding the data used to compile the actuarial valuation. He then reviewed the "Actuarial Value of Assets" of \$614,596,203 and explained the smoothing of actuarial gains and losses on investments used to arrive at this value, as required by statute.

Mr. Goldstein further explained the JRS provisions in effect on June 30, 2011. He emphasized that the passage of Senate Bill 550 made some clean-up changes to the provisions in effect for those members who first became JRS members after January 1, 2011. A significant change included the capping of employee contributions for Tier 2 members at the Social Security wage base, which currently is \$106,800. A few other actuarial assumptions were changed at the July Board meeting, including an adjusted mortality rate and reduced salary increase assumption (from 5% to 4%).

Mr. Goldstein reviewed the current financial condition of JRS and emphasized that actuarial liability for active JRS members amounted to \$702,573,099 on June 30, 2011. For members currently receiving benefits, total actuarial liability amounted to \$1,244,264,760. Based on JRS' total liabilities and the actuarial value of assets, the funded ratio stood at 31.5% on June 30, 2011. Based on the statutory funding formula, the required FY13 contribution is \$88,210,000, or 49.83% of payroll.

Following Mr. Goldstein's report, questions were entertained. Trustee Evans moved to certify \$88,210,000 as the required State contribution for FY13. Trustee Bowman seconded the motion and all were in favor. Chairman Hoffman thanked Mr. Goldstein and excused him from the remainder of the meeting.

READING OF COMMUNICATIONS

Secretary Blair presented copies of a letter received from United States Senator Mark Steven Kirk regarding Judith Mason. Ms. Mason is a former spouse of a deceased JRS member. The Board reviewed Secretary Blair's response to Senator Kirk and Ms. Mason regarding JRS members not making Social Security contributions. Discussion was held and Secretary Blair was directed to provide any additional requested information to Ms. Mason consistent with the Illinois Freedom of Information Act.

ELECTION OF 2012 OFFICERS

Chairman Hoffman opened the floor for nominations for Chairman of the JRS Board of Trustees for 2012. Trustee Bowman moved to nominate the current Chairman, Justice Thomas Hoffman. No further nominations were made. Trustee Evans seconded the motion to elect Justice Hoffman as Chairman. All were in favor.

For the position of Vice Chairman, Justice Hoffman nominated Trustee Bowman. There being no further nominations, Trustee Evans seconded the motion and all were in favor.

For the position of JRS Secretary, Chairman Hoffman nominated Secretary Blair. Vice Chairman Bowman seconded the motion and all were in favor.

REPORT OF THE CHAIRMAN

Chairman Hoffman informed those present that he nothing to report.

REPORT OF THE SECRETARY

2012 Meeting Dates. Secretary Blair proposed the following JRS Board of Trustee meeting dates for the coming year to be held in Room N-1810 of the Bilandic Building, Chicago, Illinois, beginning at 10 a.m.:

Friday, January 27, 2012
Friday, March 30, 2012
Friday, July 27, 2012
Friday, October 26, 2012

Following a brief discussion, Trustee Bowman moved to approve the dates. Chairman Hoffman seconded the motion and all were in favor.

Financial Statements – September 30, 2011. Secretary Blair reviewed the JRS Financial Statements and Report of Administrative Expenses for the period July 1, 2011, through September 30, 2011. He informed those present that the JRS had to withdraw \$17.5 million from ISBI to pay retirement benefits during the quarter. But, based on a \$25 million increase in the FY13 employer contribution and the projected increase in benefits, FY13 benefits are expected to be approximately the same as the incoming contributions. This should allow JRS to eliminate the need to withdraw assets from ISBI in FY13.

Secretary Blair informed the Board that the General Assembly Retirement System (GARS) Board of Trustees approved the combined JRS/GARS FY13 budget with a 75%/25% split of administrative costs between the two systems. Previously the administrative cost split was 70%/30% split. The split was changed to reflect the actual percentage of members in each system over the last 5 years.

Secretary Blair informed the Board that the Comptroller's Office has been making the required FY12 employer contribution on a timely basis and is within a month and a half of being current. Following some discussion, Trustee Bowman moved to approve the Financial Statements ending September 30, 2011, as presented. Trustee Evans seconded the motion and all were in favor.

REPORT OF MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed the listings of seven retirement annuities processed since the last meeting totaling \$78,428.16 per month. Following review of the list, Trustee Bowman moved for approval with Trustee Evans seconding the motion. All were in favor. She also reported four survivor annuity benefits were processed in the amount of \$20,195.08 per month. Trustee Evans moved for approval of the payment of the survivor annuities with Trustee Bowman seconding his motion. All were in favor. Also submitted for the review of the Board were two error refunds in the amount of \$852.49, one death before retirement refund, one termination refund and two survivor annuity refunds totaling \$206,337.54. Trustee Evans moved to approve the payment of these refunds with Trustee Bowman seconding the motion. The motion passed unanimously.

Deaths of Members. Ms. Waldeck reviewed the list of five members whose deaths were reported during this period. This report is made part of these minutes as Exhibit B.

NEW BUSINESS

Secretary Blair made the Board members aware of the existing overpayment of benefits that remains outstanding in regard to Judge Mansfield’s pension benefit. Judge Mansfield will be given the opportunity to appeal this overpayment before the Board at their next meeting in January 2012.

UNFINISHED BUSINESS

There was no unfinished business to be discussed.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Bowman moved to adjourn at 11:30 a.m. and his motion was seconded by Trustee Evans. Chairman Hoffman announced the next scheduled meeting will be Friday, January 27, 2012.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairman