

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 316
MINUTES OF THE ANNUAL MEETING
OF THE
BOARD OF TRUSTEES**

OCTOBER 26, 2012

The annual meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, October 26, 2012, at 10 a.m. in Room N-1810 of the Michael Bilandic Building, 160 North LaSalle, Chicago, Illinois.

Roll call was taken with the following trustees in attendance:

Justice Thomas E. Hoffman, Chairman

Justice Mary S. Schostok

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

Judge James R. Moore

Not Present:

Bridget Byron, Proxy for State Treasurer Dan Rutherford

Others present:

Timothy B. Blair, Secretary

Jayne L. Waldeck, Manager, Judges' Retirement System

William Atwood, Director, Illinois State Board of Investment

Alex Rivera, Gabriel, Roeder, Smith and Co.

Paul Wood, Gabriel, Roeder, Smith and Co.

With a quorum present, Chairman Hoffman called the meeting to order and introduced two new members of the Judges' Retirement System Board of Trustees, Justice Mary S. Schostok and Judge James R. Moore.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 315 held on July 27, 2012, 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, seconded by Chairman Hoffman, the minutes of the meeting held July 27, 2012 were unanimously approved.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

William Atwood, Director of ISBI, distributed copies of the Executive Summary of the ISBI report dated September 30, 2012. He first referred the Board's attention to the fact that the portfolio is currently up 15.6% for the year ended September 30, 2012. Director Atwood

continued by explaining to the Trustees that the value of the entire portfolio and the returns of the various asset classes are still volatile and will probably continue to be for the foreseeable future. He then very briefly reviewed the performance of other assets classes and the corresponding benchmarks.

Chairman Hoffman requested that Marquette Associates, the ISBI investment consultant, provide reports to the Board in the same format as previously provided. That specific reporting provided additional information regarding minority and emerging managers, a watch list, etc. Questions were then entertained regarding the Real Estate portfolio, namely Clarion Partners and CBRE Global Investors. Chairman Hoffman thanked Director Atwood for his informative report and excused him from the remainder of the meeting.

A copy of the Executive Summary is maintained in the ISBI office and made a part of these minutes as Exhibit A.

REPORT OF CONSULTING ACTUARIES

Alex Rivera and Paul Wood of Gabriel, Roeder, Smith and Company (GRS), the Board's Consulting Actuaries, briefly introduced themselves to the Board and reviewed the highlights contained in the June 30, 2012 actuarial valuation. They first provided the Board with a review of the relevant actuarial assumptions and then presented the results of the valuation. The funded ratio declined from 31.48% at June 30, 2011 to 29.74% at June 30, 2012. The required employer contribution for FY 2014 is \$126.8 million, or 74.091% of payroll, compared to the FY 2013 required employer contribution of \$88.2 million, or 49.834% of payroll. The FY 2014 contribution requirement increased significantly due to the "capping" of payroll, for funding calculation purposes, for Tier 2 members.

Following some discussion, Trustee Schostok moved to certify the FY 2014 employer contribution of \$126.8 million, or 74.091% of payroll, as presented by the consulting actuaries. Trustee Karnezis seconded the motion and all were in favor.

READING OF COMMUNICATIONS

IRS Determination Letter. Chairman Hoffman read a favorable IRS determination letter received by JRS. The letter verifies the tax-qualified status of the System.

ELECTION OF OFFICERS

Following some discussion, Trustee Karnezis moved to nominate Justice Hoffman as Chairman of the Board. Trustee Schostok seconded the motion and all were in favor. Trustee Karnezis then moved to nominate Justice Schostok as Vice Chairman of the Board. Chairman Hoffman seconded the motion and all were in favor.

Trustee Schostok moved to nominate Tim Blair as Secretary of the Board with Trustee Karnezis seconding the motion. All were in favor.

REPORT OF CHAIRMAN

The Chairman had nothing to report.

REPORT OF THE SECRETARY

2013 Meeting Dates. The meeting dates for the coming year have been scheduled and provided to the Board members to include in their calendars. The 2013 meeting dates are January 11, March 29, July 26 and October 25. Trustee Karnezis moved to approve the proposed dates with Trustee Moore seconding the motion. All were in favor.

September 30, 2012 Financial Statements. Secretary Blair directed the trustees' attention to the financial statements for the period July 1 through September 30, 2012. He reviewed the Statement of Cash Receipts, Disbursements and Balances for the quarter. He noted that total receipts of \$35,906,274.51 included \$13 million in the withdrawal of assets from the ISBI portfolio.

Secretary Blair then explained the Excess Benefit Fund for the benefit of the new trustees, and reported a balance of \$526,781.87. He further reviewed the ISBI Report showing projected net withdrawals of \$23.2 million from ISBI during FY 2013. The Statement of Budget, Expenses and Balances for the period ending September 30, 2012, indicated a total FY 2013 JRS budget of \$829,425.

Following review of this information, Trustee Karnezis moved to approve the financial statements for the first quarter of FY 2013. Trustee Moore seconded the motion and all were in favor. These financial statements are made a part of these minutes as Exhibit B.

Fraud Reporting Policy. Secretary Blair provided a Fraud Reporting Policy for review. He stated the goal of the proposed policy is to make members and third parties that interact with JRS aware of the requirement that all written submissions to JRS must be accurate and complete, and of the potential consequences of a failure to meet this requirement; and make employees aware of the obligation to immediately report any reasonable suspicion of a false statement or falsified record being submitted to JRS in an attempt to defraud JRS. Secretary Blair requested the Board approve this policy as submitted. Trustee Karnezis moved to approve the policy with Trustee Moore seconding the motion. All were in favor.

REPORT OF MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed six retirement annuities totaling \$65,285.96 per month, as well as four survivor annuities totaling \$27,898.63 per month. There being no questions, Trustee Karnezis moved for approval of the annuities and Trustee Moore seconding the motion. All were in favor.

A review of refunds reflected two Death Before Retirements and one Survivor Annuity Refund totaling \$405,338.30 as being paid during the reporting period. There being no questions regarding the refunds, on motion by Trustee Karnezis, seconded by Trustee Moore, and by unanimous vote, the refund payments were approved.

Deaths of Members. Ms. Waldeck reported the deaths of six members since the July meeting. This report is made a part of these minutes as Exhibit C.

OLD BUSINESS

There was no old business to report.

NEW BUSINESS

Trustee Resolutions. Secretary Blair provided Resolutions for signature for former Board member, Judge Timothy Evans, and for the family of former Board member, Justice John J. Bowman. Following review of each resolution, Trustee Karnezis moved to accept the Resolutions for Judge Timothy Evans and for the family of Justice John J. Bowman. Justice Schostok seconded the motion and all were in favor.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Karnezis moved to adjourn at 11:50 a.m. and his motion was seconded by Trustee Moore. Chairman Hoffman commented that the next meeting of the Board of Trustees is scheduled for Friday, January 11, 2013.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairman